

**GUJARAT ELECTRICITY REGULATORY COMMISSION
GANDHINAGAR**

**Explanatory Note for Draft GERC (Multi-Year Tariff) (First
Amendment) Regulations, 2016**

The Gujarat Electricity Regulatory Commission in exercise of the powers conferred by sub-section (2) of section 181 read with Section 36, Section 39, Section 40, Section 41, Section 51, Section 61, Section 62, Section 63, Section 64, Section 65 and Section 86 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in that behalf, and under Section 32 of the Gujarat Electricity Industry (Reorganisation and Regulation) Act, 2003 (Gujarat Act No. 24 of 2003) and all powers enabling it in that behalf, has notified the GERC (Multi-Year Tariff) Regulations, 2016.

The Commission is in receipt of a letter from State Load Despatch Centre (SLDC) regarding rate of penal interest in late payment charges of SLDC Charges invoices with reference to GERC (MYT) Regulations, 2016. In case of delayed payment by parties, the GERC (MYT) Regulations, 2016 enabled SLDC to levy penal interest at the rate of 250 basis points above State Bank Base Rate (SBBR) prevailing on 1st April of the respective financial year. However, SBI has replaced the concept of Base Rate with Marginal Cost of Funds based Lending Rate (MCLR) which does not prescribe any single rate of interest (as the case was with base rate) but the rate of interest has been linked to the time period. SLDC has sought guideline from the Commission for determination of rate of penal interest for delayed payment of SLDC Charges.

As the GERC (MYT) Regulations, 2016, in several clauses, specifies considering interest rates as per SBBR for different components, the Commission decides to amend the present GERC (MYT) Regulations, 2016 to include MCLR for determining the rate of interest, to avoid any ambiguity while implementing the Regulations.