

ICC seeks support for Energy sector

Covid-19 is expected to have a major impact on India's stressed private power sector with delayed payments made by the distribution companies to generation companies.

	Peak Demand on 20th March 2020 (MW)	Peak Demand on 26th March 2020 (MW)
All India	1,63,703	1,27,968

In a statement today, ICC expressed concern over the Power producers' total outstanding dues owed by distribution firms which stand at Rs 88,311 crore in January 2020, a clear reflection of stress in the sector. NLDC data showed, the peak power demand met has come down by about 46 GW since March 20, which would further aggravate the ailing electricity generators.

ICC feels the slump in power demand is unlikely to improve drastically till end of next month. Besides, the government has asked the power generators to continue supplying power even if they don't pay for next three months. More, the penalty on late payment has been removed till June 30. In these circumstances, there would be pressure on power generating firms to ensure uninterrupted power supply 24X7.

ICC has made the following recommendations to the Government:

1. A window for the period of lock down and 30 days from the date of relaxation needs to be treated as "force majeure" and following categories to be covered under this period- tenders, loan repayment, tax filing, performance of various obligations by the developers/ contractors, achievement of schedules. Solar and wind manufacturing industries, where the production will be impacted as the factories have shut down needs to be given time for recovery and this period is to be treated as zero period.
2. Wherever the energy sector can contribute in the critical care equipment like ventilators hospital equipment etc, a special relief package can be given to the companies to meet the accelerated demand. Capital grants can be sanctioned immediately. Lock down for the specific batteries, DC motor blower and controller manufactures can be lifted for their workforce to fight this war like situation.
3. Freight subsidy and expeditious booking by rail, road and air for those in the energy sector engaged in the essential services and medical supplies.
4. Electricity generation, transmission and distribution companies, which have kept their services on, as they fall under the essential services category, have done a commendable job by ensuring regular supply of electricity.

Need to be assured/ guaranteed/ secured for the payment of electrical dues to ensure essential services continue in an uninterrupted fashion. Bulk consumers like industries and commercial establishments may face a financial crunch in making timely payments of their electricity dues. This could be facilitated through overdraft/ loan facilities to them to make timely payments for electricity consumption.

7. Need assured supply of fuel, oil, coal and other commodities essential to their functioning and commercial operations.

ICC also appreciates the proactive initiatives by Government to handhold Industry during these testing times. The support is much needed to help the organisations to recoup and get back to full steam.

Issued on behalf of Indian Chamber of Commerce.