

# IL&FS T.N. Power Company flags unresolved issues over delayed payment by Tangedco

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IL&FS Tamil Nadu Power Company Limited (ITPCL), an imported coal-based plant that supplies power to Tamil Nadu Generation and Distribution Corporation (Tangedco), has said that issues pertaining to delayed payments by the State power utility are yet to be resolved.

Tangedco has not been paying ITPCL on a weekly basis as per a directive by the Union Ministry of Power, but only on or before the completion of 75 days from the date of invoice, ITPCL said, raising the issue at the Southern Regional Power Committee (SRPC).

Till date, undisputed payments to the tune of over ₹533 crore are pending against March 18, 2024 invoices from Tangedco.

Despite repeated attempts by the Committee and payment reminders by ITPCL, Tangedco continues to make payments only by 75 days of the invoice, a spokesperson from the IL&FS Group said, adding that the delay severely affected cash flow.

ITPCL has a long-term



**Voicing concerns:** ITPCL raises the issue with SRPC. It says that Tangedco has not been paying it on a weekly basis as per a directive by the Union Ministry of Power. FILE PHOTO

power purchase agreement with Tangedco for a contracted capacity of 540 MW.

In May 2022, the Ministry directed imported coal-based power plants to operate and generate at their capacity amid an increase in power demand and a mismatch in the demand and supply of domestic coal. It was issued under Section 11 of the Electricity Act, 2003.

According to Section 11 of the Electricity Act, the government may, in extraordinary circumstances, ask a generating company to operate and maintain any station in accordance with its directions. The directions have been extended up to June 30.

ITPCL told the SRPC that they have to make payments in advance since they are an imported coal-based plant. If the payment issues with Tangedco remain, they may not be able to adhere to the directions under Section 11 and continue the supply of power, it said.

Tangedco officials informed the SRPC that streamlining the payments would require some more time.

ITPCL has also raised concerns over the benchmark energy rates fixed by the Ministry, stating that the rates were much less than the actuals. It has filed a petition before the Central Electricity Regulatory Commission on the issue.