



BHUTAN POWER CORPORATION LIMITED

CUSTOMER CREDIT POLICY

Bhutan Power Corporation Limited (BPC) is the sole supplier of electricity in the country. For the electricity supplied to the customers, billing is done every month and the customers are provided payment conditions in the supply rules. Despite the payment conditions provided to clear the bills, some customers default and there are possibilities of receivables becoming bad debt. In order to increase the cash flows and minimize bad debt for the company, BPC's customer credit policy are as follows:

1. Objective

The objective of this credit policy is to reduce bad debt and increase collection efficiency.

2. Scope

This credit policy shall apply to all customers drawing electricity from BPC and Druk Green Power Corporation Limited (DGPC) for receivables on wheeling for the export energy.

3. Regulation Provisions

This policy is in line with the following regulations:

i. Tariff Order

Tariff Approval Order No. BEA/CEO/BPC/2022-2023/184 dated 31st August 2022 considered arrear of 35 day (thirty-five) for all categories of customers.

ii. BPC License Conditions

The BPC License Condition 2007, clause 6.7 authorizes BPC to disconnect the supply to any customer who fail to make payment within the due date of the second unpaid bill after recording the reading for the third month. *The customer connection shall be disconnected whose dues are beyond 60 days (sixty) in line with clause 5 below.*

4. Credit Terms

i. Credit Allowed without Charges

30 days (thirty) for payment of bill from the date of bill generation for all categories of customers.

ii. Credit Allowed with Late Payment Surcharge of 2% per month

Another 30 days (thirty) from the date of second bill generation. The second bill shall contain surcharge of 2% levied on the bill amount at 12:00 midnight on the due date. There shall be no surcharge levied on the earlier surcharge.

5. Disconnection of supply

For the customers with outstanding amount beyond 60 days (sixty), the supply connection shall be disconnected after serving 24 hours' disconnection notice.

6. Office Responsible for Credit Realization

The Electricity Services Division (ESD) and Electricity Services Sub-Division (ESSD) offices under the Distribution & Customer Services Department (DCSD) shall be responsible and accountable for realization of the dues from the customers within the credit policy and license conditions of the BPC

7. Responsibilities of the Officials in the Concerned Office

The Metering & Billing Head in each ESD/ESSD shall:

- a) Carry out age analysis of defaulters on monthly basis;
- b) Disconnect the supply to any customer who fails to make the payment within the due date of the second unpaid bill after serving a disconnection notice in line with the supply conditions;
- c) To minimize inconvenience to the customers, such disconnection shall not be carried out on a non-working day, or on a day preceding a non-working day.

- d) The supply shall be reconnected only if the customer:
 - i. has settled the overdue account
 - ii. pays the reconnection fee;
 - iii. obtained staggered payment approval from the competent authority.
- e) Follow up with the disconnected customers if they do not come forward to clear the dues;
- f) Forward the details of disconnected customers who refuse to clear the dues to the legal division of BPC for legal recourse;

8. Waiver off Late Payment Surcharge, Extension of Due Date of Payment or Approval for Payment on Installment Basis

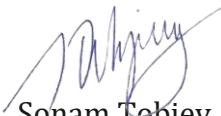
The late payment surcharge shall be waived off with the approval from the competent authority only if there is an error in levying the surcharge. The extension of due date of payment and or approval for staggered payment shall be carried out by the ESDs/ESSDs upon obtaining approval of the competent authority of the company.

9. DGPC for the wheeling payment for the export energy

As per the agreement between DGPC and BPC for the sale and purchase of electrical energy. the monthly bills shall be raised by the 10th day of every succeeding month. The payment shall be paid latest by 30 days from the date of raising of the bill. A late payment on simple interest charges @0.05% of the billed amount per day of delay for payments received beyond the 30 days shall be levied.

10. Implementation

This document is issued for strict compliance by all concerned.


Sonam Tobjey
Chief Executive Officer