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ELECTRICITY REGULATORY COMMISSION

(BALANCING AND SETTLEMENT) DIRECTIVES, 2083

(For Comments and Suggestions)

Electricity Regulatory Commission

Sano Gaucharan, Kathmandu, Nepal

Shrawan, 2083 (August 2026)

Electricity Regulatory Commission

BALANCING & SETTLEMENT DIRECTIVES, 2083

PREAMBLE

Preamble: With the objective of establishing rules and standards to be followed by different entities to ensure appropriate and transparent balancing and settlement of power transactions in the Integrated Nepal Power System, aligning with national energy policy goals and supporting both operational integrity and market confidence;

Now, therefore, the Commission, in exercise of the powers conferred on it by section 43 of the Electricity Regulatory Commission Act, 2074 (2017 AD) and as mandated by Section 12(a) thereof hereby makes the following Directives; -

CHAPTER 1

PRELIMINARY

1. **Short Title and Commencement:** (1) These Directives may be cited as "the Balancing and Settlement Directives, 2083", which is hereafter known as BS Directives.

   (2) These Directives shall come into force on the date of notification by the Commission.

   (3) This BS Directives shall apply to all grid-connected generating companies, distribution licensees, system operators, Open Access Users, market participants and designated agencies in Nepal in a manner as specified in this Directives.

2. Definitions: (1) unless the context otherwise requires, in this Directives;-

(a) "Act" means the Electricity Regulatory Commission Act, 2074 (2017 AD);

(b) "Accounting Month" means the period between starting day and ending day (both included) of each month as per Nepalese Calendar;

(c) "Buyer" means a person purchasing electricity through a transaction scheduled in accordance with the Grid Code;

(d) "Commission" means the Electricity Regulatory Commission of Nepal, formed under the Electricity Regulatory Commission Act, 2074 (2017 AD);

(e) "Day" means a period starting at 00:00 hrs and ending at 24:00 hrs;

(f) "Deviation" means the Deviation as defined in DSM Directives;

(g) "Deviation Charge Pool Account" means the Deviation Charge Pool Account as defined in DSM Directives;

(h) "DSM Directives" means the Deviation Settlement Mechanism Directives, 2083;

(i) "Distribution Licensee" means a Licensee authorised to operate and maintain a Distribution System for supplying electricity to the consumers in its licensed area;

(j) "Grid" means "The Grid" as defined in Grid Code;

(k) "Grid Code" means the Nepal Electricity Grid Code, 2080 issued by the Commission;

(l) "Infirm Power" means electricity injected into the Grid prior to the date of commercial operation of a unit of the generating stations;

(m) "Meter" means "Meter" as defined in the Open Access Directives;

(n) "Nodal Agency" means the "Nodal Agency" as defined in the Open Access Directives;

(o) "Open Access" has the meaning as given in the Open Access Directives;

(p) "Open Access Directives" means the Directives on Open Access in Electricity Transmission and Distribution System, 2082;

(q) "Open Access Customer" means Open Access Customer defined in Open Access Directives;

(r) "Pool Participant" means the market participants in the Nepal Electricity Market who meet the conditions such as having a valid license for electricity generation or transmission or distribution or trade adhering to the Grid Code;

(s) "Seller" means a person, including a generating unit or a distribution licensee or a trader, selling electricity through a transaction scheduled in accordance with the Grid Code;

(t) "Time Block" means "Time Block" as defined in the Open Access Directives;

(u) "Working Day" means a day other than public holiday declared by Government of Nepal.

(2) Standard technical terms that are not otherwise defined are understood to have their usual meanings.

CHAPTER 2

INFRASTRUCTURE AND CAPABILITY REQUIREMENTS

3. **Infrastructure and Capability Development**: Each applicable entity shall develop and maintain, at all interface points with the Grid as specified by the Nodal Agency, the physical infrastructure and the technical and operational capability required to fully implement these Directives.

4. **Responsibility of the Nodal Agency**: (1) The Nodal Agency shall be responsible for co-ordinating with the Generating Licensees, Transmission Licensees, Distribution Licensees & Open Access Customers including any other concerned agencies for undertaking the installation of Meters at all the interface points in the Transmission and/or Distribution System of Nepal.

(2) Without prejudice to sub-section (1), the Nodal Agency shall have the following responsibilities: -

(a) Identifying the hardware and software required at sub-station level for Automatic Meter Reading of Meters and implementation thereof, in co-ordination with the concerned entities;

(b) Periodic review of the time synchronisation of equipment at each sub-station including Meters;

(c) Identifying the hardware and software required for centralised data processing at a location designated by the Nodal Agency;

(d) Ensuring real time communication between concerned entities including various sub stations & generating stations and the Nodal Agency & Load Dispatch Centre (LDC) for on-line data transfers;

(e) Ensuring adequate arrangement for manual downloading of data from Meters at site at the end of the accounting month for necessary accounting purpose, till Automatic Meter Reading facilities are implemented;

(f) Ensuring the acquisition or development of software for implementation of the BS Directives;

(g) Ensuring the operationalization of these Directives.

(3) The testing and pilot operations of the Balancing and Settlement software shall be completed prior to full operationalisation of the Balancing and Settlement mechanism

and the commercial settlement of deviation charges through the Deviation Charge Pool Account amongst the Pool Participants.

(4) The Software/Hardware shall be capable of storing the repository of data regarding the settlements, including all interface data, for a period of not less than five (5) years. Such data shall be available—

(a) for each Deviation Settlement Week, once the corresponding weekly Deviation settlement statement has been finalised; and

(b) for each Accounting Month, once the corresponding monthly consolidated statement of account has been finalised.

(5) The collected data as referred to in Sub-section (4) shall be securely stored by the Nodal Agency, and back-ups thereof shall be maintained at a geographically separate location situated in a different seismic zone from the primary site, as a contingency against data catastrophe, for the period mentioned in Section 12 of these Directives.

(6) The system holding the data shall be protected by appropriate cybersecurity measures, including anti-virus software, firewalls, access controls, and data encryption, to ensure the confidentiality, integrity, and availability of the data and to prevent any unauthorised access, alteration, or destruction.

CHAPTER 3

COMMERCIAL SETTLEMENT MECHANISM

5. **Preparation of a monthly consolidated statement of account**: (1) The Nodal Agency shall prepare an accounting statement for the month of business within ten (10) working days of the start of succeeding month in respect of each applicable entity, giving the following details:

    (a) Total Energy scheduled (in MWh) during the month. This shall be based on the aggregation of the implemented schedule of each time block of the month. This statement shall form the basis of payment of energy charges by the buyer to the seller.

    (b) Transmission charges, as per Open Access Directives to be paid by each applicable entity.

(c) Distribution charges/ wheeling charges, cross subsidy surcharges, additional surcharges, stand-by charges, as per Open Access Directives, if any, to be paid by an applicable entity

(d) The scheduling and operational charges, as per Open Access Directives, if any, to be paid by an applicable entity

(2) Such accounting statement shall be issued to all applicable entities by the Nodal Agency and shall also be uploaded in the website of the Nodal Agency within first ten (10) working days of the succeeding month.

(3) Based on the accounting statement prepared by the Nodal Agency:

(a) the bill for transmission charges shall be raised by the transmission licensee(s).

(b) The bill for wheeling charges/ distribution charges, cross-subsidy surcharges, additional surcharges and stand-by charges shall be raised by the distribution licensee(s).

(c) The bill for energy charges shall be raised by the sellers.

(4) In case of detection of any error or mistake after issuance of such accounting statement, such mistake or error shall be communicated immediately through a revised statement and will be given effect in the statement of the earliest available month to the concerned entity showing such adjustment separately with due explanation.

(5) The due date for payment of energy charges shall be governed by the power purchase agreement between seller and buyer.

(6) All other bills shall be paid within fifteen (15) days from the date of raising the bills.

(7) Failure to pay the bills within stipulated time shall attract the late payment surcharge @ 1.25% per month (or 0.04% per day for an incomplete month).

6. **<u>Weekly Settlement of Deviation Charges:</u>** (1) Notwithstanding the monthly settlement cycle under Section 5, the settlement of Deviation Charges shall be undertaken on a weekly basis as provided in this Section.

(2) For the purposes of this Section, a "Deviation Settlement Week" means a period of seven (7) consecutive days commencing from Sunday 00:00 hrs and ending on the following Saturday 24:00 hrs. Each weekly Deviation Settlement cycle shall commence at 00:00 hrs of the first day (Sunday) immediately following the end of the relevant Deviation Settlement Week (hereinafter referred to as the "Cycle Start Date").

(3) The weekly Deviation Settlement timeline, Cycle Start Date, shall be as follows:

(a) Within seven (7) days from the Cycle Start Date: Each concerned entity shall submit to the Nodal Agency the Meter data pertaining to the relevant Deviation Settlement Week.

(b) Within fourteen (14) days from the Cycle Start Date: The Nodal Agency shall verify the submitted meter data, compute the Deviation and the associated Deviation Charges in the manner specified in the DSM Directives, and issue the statement thereof to the concerned entities. The statement so issued shall be treated as the bill for the purpose of settlement of Deviation Charges.

(c) Within twenty-one (21) days from the Cycle Start Date: The applicable entities shall pay the net Deviation Charges into the Deviation Charge Pool Account.

(d) Within twenty-eight (28) days from the Cycle Start Date: The Nodal Agency shall complete the disbursement of amounts from the net Deviation Charge Pool Account to the eligible entities entitled to receive the same.

(4) This process shall be undertaken for every successive Deviation Settlement Week on a rolling basis.

(5) Failure to pay Deviation Charges within the stipulated time shall attract a late payment surcharge @ 1.25% per month (or 0.04% per day for an incomplete month).

(6) In case of any non-compliance by any entity, the Nodal Agency shall intimate the same to the Commission for initiation of penal action, if any, under the provisions of the Act.

7. **Payment Security Mechanism:** (1) Payment security mechanism for supply of power from a seller to a buyer shall be governed by the terms and conditions stipulated in the relevant power purchase agreement.

(2) The payment security mechanism for Open Access customers shall be governed by the Open Access Directives.

(3) The payment security mechanism for each applicable entity under the purview of DSM shall be governed by DSM Directives.

(4) In case of any non-compliance by any entity, the Nodal Agency shall intimate the same to Commission for initiation of penal action, if any, under the Provisions of the Act.

8. **Monthly Energy Balance:** (1) On the basis of the above accounting, a monthly report is to be prepared by the Nodal Agency showing energy balancing of the Grid, which shall be submitted to the Commission every month by consolidating data for the preceding month (hereinafter referred to as Reporting Month).

(2) Energy Balancing for this purpose shall mean the accounting for amount of energy injected in the transmission system and drawal of such energy by entities along with actual transmission losses incurred in this process.

CHAPTER 4

ACCOUNTING OF INFIRM POWER

9. **Accounting of Infirm Power**: (1) Injections of infirm power shall be accounted separately and shall not be subject to commercial scheduling or DSM charges.

(2) The Nodal Agency shall record the quantum of infirm energy and include it in the daily energy account.

10. **Payment of Infirm Power**: Payment, if any, for infirm power shall be determined as per guidelines under Tariff Directives or tariff orders issued by the Commission.
11. **Period of Infirm Power Injection:** The period of infirm injection shall not exceed 6 months from the date of first synchronization, extendable by the Commission upon valid justification.

CHAPTER 5

DATA ARCHIVING REQUIREMENTS

12. **Maintain of Records:** (1) All Entities shall properly preserve respective record of documents / information / data for the period as specified in following table:

S.N.	Documents/Information/Data	Mode & Period of Storage	Responsibility
1	Short term Open Access and associated contracts/ agreements by entities	Electronic /Paper – 2 years	Nodal Agency, LDC
2	Declared Capacity of all Generating Stations (all revisions)	Electronic /Paper – 5 years	Nodal Agency, Generating Station, LDC
3	Demand, Entitlement and Requisition of each Distribution Licensees (all revisions)	Electronic /Paper – 5 years	Nodal Agency, Distribution Licensee, LDC
4	Schedules of Generating Stations, Distribution Licensees, Open Access Customers (all revisions)	Electronic /Paper – 5 years	Nodal Agency, Generating Station, Distribution Licensees
5	Meter data from Interfaces with Generating Stations, Distribution Licensees, Open Access Customers in 15-minute Time Block	Electronic/ Paper – 5 years	Nodal Agency
6	Details of Nodal Agency's instructions to Generating Stations, Distribution Licensees, Open Access Customers	Electronic /Paper – 2 years	Nodal Agency

7	Details of requests from Generating Stations, Distribution Licensees, Open Access Customers to Nodal Agency	Electronic /Paper – 2 years	Nodal Agency
8	Any other information deemed necessary for Operational, Commercial or Market Audit purpose	Electronic /Paper – 12 months	Nodal Agency, Generating Station, Distribution Licensees

(2) The records shall be easily retrievable at any time for the purpose of Audit by the Commission or any other independent Audit Agency appointed by the Commission or for addressing any legal dispute.

CHAPTER 6

MISCELLANEOUS

13. **<u>Forecasting mechanism & scheduling principles</u>**: Forecasting mechanism & scheduling principles shall be as specified under the provisions of the Grid Code.
14. **<u>Grievance Redressal:</u>** Any grievance arising in connection with the application of these Directives shall be resolved in accordance with the provisions of the Electricity Regulatory Commission (Grievance Redressal Mechanism for Open Access Customers) Directives.
15. **<u>Power to amend</u>**: The Commission may at any time at its sole discretion vary, alter, modify, add or amend any provisions of these Balancing and Settlement Directives, where the same is necessary for ends of justice or to overcome any impasse.
16. **<u>Power to remove difficulties:</u>** If any difficulty arises in giving effect to any of the provisions of this Balancing and Settlement Directives, the Commission may, for reasons recorded in writing, direct the distribution licensees or transmission licensee or generation licensees or trading licensee or the Nodal Agency or Open Access Customer for taking suitable actions, not inconsistent with the provisions of the Act, as may appear to be necessary for removing the difficulty.

17. **Issue of Orders and Practice Directions:** Subject to the provisions of the Act, the Commission may, from time to time, issue orders and practice directions with regards to the implementation of this Balancing and Settlement Directives. Such orders or practice directions may be issued suo-moto by the Commission or upon an application made by any affected party.
18. **Savings:** Nothing in these Balancing and Settlement Directives shall, expressly or impliedly, bar the Commission dealing with any matter or exercising any power under the Act for which no Directives have been framed, and the Commission may deal with such matters, powers and functions in a manner it thinks fit.