

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 172/SM/2012**

**Coram:  
Dr. Pramod Deo, Chairperson  
Shri V.S.Verma, Member  
Shri M.Deena Dayalan, Member**

**Date of Order: 28.5.2013**

**In the matter of**

Review of the order dated 5.11.2012 in Petition No.172/SM/2012 regarding default in opening of Letter of Credit in accordance with Central Electricity Regulatory Commission (Unscheduled Interchange Charges and related matters) Regulations, 2009 by the regional entities during 2012-13.

**In the matter of**

Suo Motu review by the Commission

**And  
In the matter of**

Tripura State Electricity Corporation Ltd	<b>.. Respondent</b>
Vs	
North Eastern Regional Load Despatch Centre, Shillong	<b>..Proforma Respondent</b>

**ORDER**

The Commission by its order dated 22.8.2012 directed the respondents including, Tripura State Electricity Corporation Ltd (TSECL) to show cause as to why action under Section 142 of the Electricity Act, 2003 should not be taken against them for non-compliance of the provisions of Regulation 10 (4) of the UI Regulations



for not opening the Letter of Credit for the amount required under the regulations. In response to show cause notice, TSECL had not filed its reply. Based on the NERLDC information to the effect that TSECL has opened LC for insufficient amount, the Commission vide its order dated 5.11.2012 imposed a penalty of ₹ 90,000 on TSECL for non-compliance of the Regulation 10 (4) of the UI Regulations.

2. TSECL in its affidavit dated 28.11.2012 has submitted that TSECL has been found overall in the status of receivable from pool after adjustment of payable to UI pool. TSECL always complied with the direction of Commission and provisions of UI Regulations provided NERLDC declares the increase/decrease in amount from time to time. It has been further submitted that TSECL had opened LC of ₹ 11.83 lakh based on declared value by NERLDC and therefore, the same should not be considered insufficient based on the then average payable weekly UI liability. In the circumstances, the respondent TSECL has prayed that the order dated 5.11.2012 may be reviewed and TSECL may be exempted from payment of said penalty.

3. The matter has been examined. Regulation 10 (4) of the UI Regulations provides as under:

"All regional entities which had at any time during the previous financial year failed to make payment of Unscheduled Interchange charges including Additional Unscheduled Interchange charges within the time specified in these regulations shall be required to open a Letter of Credit (LC) equal to 110% of its average payable weekly UI liability in the previous financial year, in favour of the concerned RLDC within a fortnight from the date these Regulations come into force.

Provided that if any regional entity fails to make payment of Unscheduled Interchange Charges including Additional Unscheduled Interchange Charges by the time specified in these regulations during the current financial year, it shall be required to open a Letter of Credit equal to 110% of weekly outstanding liability in favour of respective Regional Load Despatch Centre within a fortnight from the due date of payment.

Provided further that LC amount shall be increased to 110% of the payable weekly UI liability in any week during the year, if it exceeds the previous LC amount by more than 50%."

4. As per the said provision, defaulting regional entity is required to open/enhance an LC in favour of respective Regional Load Despatch Centre within a fortnight of due date of payment. However, the TSECL has not complied with the UI Regulations. Regulation 10 (4) of the UI Regulations does not require the RLDC to give advice to the constituents regarding the opening of LC or the amount of LC.

5. Once the mechanism of LC is enforced strictly at the first instance of default by the utilities, it will ensure that the UI receivables by the utilities can also be paid on time or can be easily set off by NERLDC against the payment which are required to be made to such utilities. NERLDC has submitted that before expiry of the existing LC of ₹ 11.83 lakh, TSECL has been advised vide letter dated 1.10.2012 to enhance LC amount to ₹ 97.20 lakh based on 110% of the payable weekly liability in any week during the year, as it exceeded the earlier LC amount by more than 50%. In response, TSECL has submitted that it has not received the said letter dated 1.10.2012 for enhancing LC amount to ₹ 97.20 lakh. These appears to be communication gap between NERLDC and TSECL.

6. Since TSECL has opened the LC for a lesser amount on the basis of its *bona fide* understanding of the Regulation 10 (4) of UI Regulations and has net receivable from the UI pool, as a special case, we waive the penalty of ₹ 90,000/- imposed on TSECL in our order dated 5.11.2012. It is however, made clear that the TSECL shall revise the LC amount of ₹ 97.20 lakh in terms of the second proviso to

Regulation 10 (4) of the UI Regulations and submit the same within a period of 15 days from the date of this order. The TSECL is directed to comply with UI Regulations in letter and spirit in future.

**Sd/-**  
**(M.Deena Dayalan)**  
**Member**

**sd/-**  
**(V.S.Verma)**  
**Member**

**sd/-**  
**(Dr. Pramod Deo)**  
**Chairperson**