

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No.17/SM/2014

Coram:

Shri Gireesh B. Pradhan, Chairperson

Shri M. Deena Dayalan, Member

Shri A.K. Singhal, Member

Shri A.S. Bakshi, Member

Date of Order : 22.12.2014

In the matter of

Default in payment of Unscheduled Interchanges (UI)/Deviation Settlement Charges for the energy drawn in excess of the drawl schedule by Uttar Pradesh Power Corporation Limited.

And

In the matter of

1. Uttar Pradesh Power Corporation Ltd,
Shakti Bhawan, 14, Ashok Marg,
Lucknow-226 007
2. Chairman cum Managing Director,
Uttar Pradesh Power Corporation Limited,
Shakti Bhawan,
Lucknow-226 007
3. Director (Finance)
Uttar Pradesh Power Corporation Ltd,
Shakti Bhawan, 14, Ashok Marg,
Lucknow-226 007

..Respondents

ORDER

The Commission vide order dated 28.1.2014 in Petition No.171/SM/2013 directed Uttar Pradesh Power Corporation of India Limited (UPPCL) to make a payment of at least ₹ 600 crore deviation charges by 31.3.2014 and the balance outstanding amount including current amount, if any, to be liquidated in equal monthly installments



by 31.7.2014 which shall be made before the last day of the month. Relevant portion of the said order dated 28.1.2014 is extracted as under:

“10. It is noted that during the hearing on 31.10.2013, Shri S.K. Agarwal, Director (Finance), UPPCL had assured the Commission that all outstanding dues would be liquidated in equal monthly installments by 31.3.2014. However, learned counsel for UPPCL during the hearing of Petition No. 143/MP/2013 (Tata Power Delhi Distribution Limited Vs. National Load Despatch Centre and others) submitted that UPPCL be allowed to make payment @ ₹ 100 crore per month starting February 2014. We express our disappointment on the failure of UPPCL to know its commitment to liquidate the outstanding dues by 31.3.2014 which was assured by Director (Finance) of UPPCL during the hearing on 31.10.2014. It may be noted that further delay in liquidation of the outstanding UI dues will put extra burden on UPPCL in the form of late payment surcharge apart from causing hardship to the entities to whom the UI charges are payable. Accordingly, we had directed UPPCL during the hearing on 7.1.2014 to make a payment of at least ₹ 600 crore by 31.3.2014 which was conveyed vide Record of Proceedings dated 7.1.2014 in Petition No.143/MP/2013. We confirm our direction issued in Petition No.143/MP/2013 and direct UPPCL to liquidate of ₹ 600 crore by 31.3.2014 and the balance outstanding amount including current amount, if any, should be liquidated in equal monthly installments by 31.7.2014. Such payments shall be made before the last day of the month. The Commission also allows flexibility to UPPCL to make the payment on different dates within the same month.”

2. Northern Regional Load Despatch Centre (NRLDC) has reported that in the month of October, 2014, UPPCL has paid ₹ 20 crore against UI. The net outstanding deviation settlement charges as on 8.10.2014 against UPPCL is ₹ 868.88 crore excluding the amount of ₹ 371.25 crore covered under the directions of the Hon'ble High Court of Allahabad, in addition to ₹ 162.72 crore on account of interest thereon.

3. The Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulations, 2014 (hereinafter referred to as 'Deviation Settlement Regulations') came into force with effect from 17.2.2014. As per Regulation 10 of the Deviation Settlement Regulations, payment of deviation charges which enjoys highest priority shall be made within 10 days of the issue of the statement of Charges for

Deviation by the Regional Power Committee and for delay beyond 12 days, the defaulting entity shall be liable to pay interest 0.04% per day.

4. NRLDC has informed that there is also liability of ₹ 480.57 crore principal and ₹ 1.30 crore delayed payment interest against Deviation Charges. However, UPPCL not made any payment against Deviation charges so far.

5. NRLDC has further informed that UPPCL has not opened the Letter of Credit (LC) against deviation charges delayed payment in spite of several persuasions.

6. It is noted that during the hearing on 7.1.2014 in Petition No. 143/MP/2013, Shri S.K. Agarwal, Director (Finance), UPPCL had assured that all outstanding dues would be liquidated in equal monthly installments by 31.3.2014 and balance outstanding amount including current amount would be paid by 31.7.2014.

7. Despite the commitment of Director (Finance), UPPCL to liquidate the entire outstanding amount of UI and to pay the current UI charges/deviation settlement charges, UPPCL has not been honoured the commitment. The conduct of UPPCL including its Managing Director and Director (Finance) is in violation of the regulations of the Commission as well as order of the Commission.

8. In view of the above, the Commission *prima facie* is of the view that contravention of the regulations and order of the Commission has been committed and accordingly the respondents are directed to show cause, latest by 20.1.2015 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 the Deviation Settlement Regulations and the Commission`s direction in regard to timely payment of UI/Deviation settlement charges.

9. The matter shall be listed on 29.1.2015 for further directions.

10. Officer-in-charge of NRLDC or his representative shall assist the Commission in the proceedings.

Sd/-
(A.S. Bakshi)
Member

sd/-
(A. K. Singhal)
Member

sd/-
(M. Deena Dayalan)
Member

sd/-
(Gireesh B. Pradhan)
Chairperson