

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram

- 1. Shri Bhanu Bhushan, Member
2. Shri R.Krishnamoorthy, Member**

**Petition No. 131 /2007
(Suo-motu)**

In the matter of

Default in payment of Unscheduled Interchanges (UI) charges for the energy drawn in excess of the drawal schedule

And in the matter of

Uttar Pradesh Power Corporation Limited

..... Respondent

ORDER

According to the regulations of the Commission and the Indian Electricity Grid Code (hereinafter referred to as IEGC), all regional constituents are required to pay Unscheduled Interchange (UI) charges for the energy drawn by them in excess of their respective drawal schedules. The UI accounts are issued by the Regional Power Committee (RPC) secretariat on a weekly cycle. Clause 5 of Annexure-I of Chapter 6 of the Indian Electricity Grid Code clearly stipulates that payment of UI charges shall have a high priority and the concerned constituents shall pay the indicated amounts into the regional pool account operated by the RLDC within ten days of the issue of statement by the RPC Secretariat. Clause 7 of the said annexure further provides that if UI payments are delayed beyond 12 days from the date of issue of the statement, the defaulting constituents shall have to pay simple interest @ 0.04% for each day of delay.

2. Member-Secretary, Northern Regional Power Committee (hereinafter referred to as NRPC) vide his letter dated 4.10.2007 has submitted to the Commission a status report on payment of UI charges payable/receivable into/from NR UI pool account as on 30.9.2007. On perusal of the said report, it has come to the notice of the Commission that principal amount of Rs.577.99 crore was outstanding against Uttar Pradesh Power Corporation Limited (UPPCL) on account of UI drawal for the period up to 2.9.2007. The arrears would further increase after addition of interest on the outstanding principal.

3. The huge arrears due from UPPCL on account of non-payment of UI charges is a matter of serious concern, particularly because UPPCL being a State utility is expected to behave in a responsible manner and discharge its obligations. Moreover, the capacity charge and energy charge components of tariff cover only scheduled energy and any excess drawal is paid for only through the UI mechanism. Non-payment of UI charges therefore amounts to extracting energy from the grid without paying for it. It is further noted that UPPCL had defaulted in payment of the UI charges in the past also, and only after persistent efforts by the Commission through its orders dated 24.1.2006, 8.6.2006 and 20.6.2006 in Petition No.99/2005, it could be cajoled to liquidate its outstanding UI dues. The Commission is further concerned that on account of continuing overdrawal from the grid by UPPCL this year and laxity in payment of UI charges, the outstanding UI amounts are growing at an alarming level and urgent remedial action is called for.

5. UPPCL is hereby directed to show cause, latest by 25.11.2007, as to why action under appropriate provisions of the Electricity Act, 2003 should not be initiated against UPPCL for recovery of outstanding UI dues along with

interest, apart from recommending to the Central Government for appropriating the outstanding UI dues from the Central Plan Assistance earmarked for the State of Uttar Pradesh.

6. We also direct the Secretary of the Commission to endorse copies of this order to Cabinet Secretary and Secretary (Power), Government of India, Chief Secretary, Government of Uttar Pradesh, and Chairperson, UPSEC for their kind information and remedial actions as considered appropriate.

Sd/-
(R. KRISHNAMOORTHY)
MEMBER

sd/-
(BHANU BHUSHAN)
MEMBER

New Delhi dated the 5th November, 2007