

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

**Petition No. 132/2007
(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

Power Development Department, Govt. of J & K Respondent

ORDER

Member-Secretary, Northern Regional Power Committee (NRPC), vide his letter dated 4.10.2007 had reported to the Commission that the UI charges to the tune of Rs. 410.25 crore as on 30.9.2007 payable to the NR UI Pool Account are outstanding against the Power Development Department (PDD), J&K. The outstanding dues are further compounded on account of the reactive energy drawal and interest on the outstanding principle. Considering the gravity of the situation, we had directed the PDD, J&K in our order dated 5.11.07 to show cause as to why action under the appropriate provision of the Electricity Act 2003 should not be taken against it for recovery of outstanding UI dues along with interest by 25.11.2007. Since no response was received, the Commission had given another opportunity to the PDD, J&K, through order dated 28.11.2007, to respond to our order by 15.12.2007. We are constrained to record our disappointment that the PDD, J&K never bothered to respond to the orders of the Commission.

2. The outstanding UI dues have increased to Rs. 593.315 crore as on 6.1.2008. It needs to be appreciated that the capacity charge and energy charge components of tariff paid to the Central generating companies cover only the scheduled energy and any excess drawal is paid for only through UI mechanism. Any non-payment of UI charges therefore amounts to abstraction of electricity from the regional grid without paying for it. It is thus a very serious matter, and cannot be allowed to go on unchecked.

3. Further, since the total availability of electricity in the grid is limited, any over-drawal by one State automatically means under-drawal by other States, and they are deprived of their rightful shares in Central generating stations. The other States need to be compensated for the loss suffered, and this is provided for in the mechanism by disbursement to them of the UI charges paid by the over-drawing State. If UI charges are delayed or not paid by the over-drawing State, there is no money to compensate the under-drawing States, and they have a legitimate grievance. This is another reason why timely payment of UI charges has to be ensured.

4. It is gathered from NRLDC that the weekly bill of PDD, J&K for UI is around Rs.10 crore, the monthly amount being over Rs.40 crore, while payments received are hardly about Rs.20 crore a month, and that too not regular. In order to ensure that the problem arising out of the huge UI arrears is not further compounded, the Commission hereby directs PDD, J&K to open a revolving LC for assuring regular payment of Rs.40 crore every month to the regional UI account, till liquidation of dues. Member-Secretary, NRPC is directed to coordinate with PDD, J&K regarding opening of the LC as above, and apprise the Commission about the progress.

5. In case there is no response from PDD, J&K even to this order, the Commission would be constrained to advise curtailment of power supply through opening of lines feeding power to PDD, J&K. While such an extreme measure

should normally not be resorted to, it may be unavoidable in case PDD, J&K continues to fail in discharging its responsibility and liability, and no other remedial measure is materializing.

6. The Commission may also be constrained to impose other restrictions on PDD, J&K, in order to realize UI charges due, out of its earnings from electricity trading and barter/banking arrangements in case there is no positive development in the matter by 15.3.2008.

7. 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 J & K and Chairperson, J&K SERC for their kind information and remedial actions as considered appropriate.

sd/-
(R. KRISHNAMOORTHY)
MEMBER

sd/-
(BHANU BHUSHAN)
MEMBER

New Delhi, dated the 29th February 2008