

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

**Petition No. 55/2008
(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

Madhya Pradesh Power Trading Corporation Ltd., Jabalpur **Respondent**

ORDER

As per the report received from Executive Director (SO & NRLDC), PGCIL, an amount of Rs.197 crore was said to be outstanding against the respondent, Madhya Pradesh Power Trading Corporation Ltd. on account of UI drawal as on 24.3.2008. The Commission, in its order dated 9.5.2008, had directed the respondent to show cause as to why action under appropriate provisions of the Electricity Act, 2003 should not be initiated against it for recovery of outstanding UI dues, along with interest.

2. The respondent in its affidavit dated 27.5.2008 has explained that the economy of the State of Madhya Pradesh is primarily dependent on agriculture and, therefore, supply of power to the farmers during the rabi season assumes utmost importance. During the rabi season, it has been explained, the State was facing acute power shortage of 1500 MW to 1800 MW during peak hours and 1000 MW to 1200 MW during off-peak hours. The power shortage was mainly for delay in commercial

operation of certain projects like 500 MW Sanjay Gandhi TPS at Birsinghpur, 200 MW Unit of Amarkantak TPS, Sipat TPS of NTPC and Mejia TPS of DVC of which the respondent is said to be the beneficiary besides the outage of some existing generating stations. The respondent has claimed to have made all out efforts to arrange short-term power from various sources, including the traders, but could manage only 10% of its requirement by such purchases. The increase in UI rates by the Commission is said to be one accentuating factor, resulting in hike in average per unit rate of short-term power purchase from Rs.5.44/unit during 2006-07 to Rs.6.53/unit during 2007-08.

3. The respondent has submitted that in the WRPC meeting held on 3rd May 2008, it had tentatively indicated to liquidate the outstanding UI dues in three instalments commencing from May 2008 with the hope that the Commission would direct UPPCL (in Petition No. 107/2007) to pay at least 50% of the outstanding amount of Rs.365 crore to respondent due to non-supply of MP's share in Rihand and Matatila HEPs of UP. It has been explained that the UI dues have remained outstanding as no such direction was issued to UPPCL. However, the respondent has exercised extreme caution to avoid overdrawal during May 2008, which has reduced its UI liability by approximately Rs.13.72 crore.

4. It has been submitted that in the ensuing monsoon season, the power demand in the State is likely to come down. It is claimed that cheaper power from hydel power generation capacity allocated to the State of Madhya Pradesh is likely to be available and after meeting the requirement of the State, surplus power would be sold to other utilities. The respondent expects to earn sufficient revenue during July to October

2008 by selling the surplus power which would enable it to liquidate the outstanding UI dues starting from July 2008 onwards. Accordingly, it has been prayed that no penal action be initiated and the respondent be permitted to liquidate the outstanding UI dues from July 2008 to October 2008.

5. We have considered the submissions of the respondent. In these proceedings we are not concerned with the reasons for overdrawal. Our principal concern at this stage is to ensure recovery of the dues on account of overdrawal. As such, we are not taking notice of the explanation for overdrawal given by the respondent.

6. We note that despite the categorical assurance given at the WRPC meeting held on 3.5.2008 to liquidate the outstanding dues in three monthly installments of Rs.100 crore per month from May 2008, the respondent has not made any payment. We are not impressed by the explanation of the respondent given to support its renegeing on the assurance at the WRPC meeting. In Petition No.107/2007, the claim made by the respondent against UPPCL is very old as it relates to the period 1962-63 onwards. The matter is *sub judice* and the respondent's claim is yet to be adjudicated. We strongly deprecate delaying tactics of the respondent by inventing alibis and passing of the blame on others for its own defaults.

7. As per the latest intimation received from WRLDC vide its letter dated 29.5.2008, the outstanding UI dues as on 29.5.2008 against the respondent has mounted to Rs.333.98 crore. We direct the respondent to take necessary action to liquidate the entire principal amount of UI arrears in four equal monthly installments by paying Rs.85 crores every month before the last day of the particular month, starting

from June 2008. We have decided on a flexible time schedule for making the payments within the same month, to alleviate hardship of the respondent. The direction for payment of arrears shall be in addition to the respondent's liability for timely payment of current UI dues, if any, as per the weekly UI charge statements issued by WRPC Secretariat. In October 2008, the respondent should pay the interest on the dues which got accumulated from time to time and also the remaining outstanding UI dues. If the respondent fails to comply with the above directions, the Commission may be constrained to direct WRLDC to physically curtail the supply to the respondent, without any further notice or proceedings. WRLDC is directed to apprise the Commission of the status of UI payments by the respondent, in the first week every month starting from July 2008.

8. Let us make it clear that the payment of UI dues through installments as permitted above will not entail any relaxation of provisions of the IEGC with regard to computation and payment of interest for the delay in payment of UI charges. It is further clarified that the foregoing is without prejudice to compliance by the respondent of any other provisions in the Commission's regulations and the IEGC.

**Sd/-
(R. KRISHNAMOORTHY)
MEMBER**

**Sd/-
(BHANU BHUSHAN)
MEMBER**

New Delhi, dated the 4th June 2008