

Central Electricity Regulatory Commission
7th Floor, SCOPE Complex, Lodhi Road, New Delhi- 110033

15th April 2007

Press Release

CERC warns UPPCL to clear outstanding dues for over-drawing from the grid or face physical curtailment of power supply

The Central Electricity Regulatory Commission (CERC) has ordered UP Power Corporation Ltd (UPPCL) to clear the entire principal arrears for over-drawing from the inter-state grid in six equal installments of Rupees 128 crore per month, each, starting from May 2008. This shall be in addition to the timely payment of current dues, if any, on account of unscheduled interchange (UI). Should the UPPCL fail to comply with the orders, the Commission has warned that it may be constrained to direct the Northern Regional Load Dispatch Centre (NRLDC) to physically curtail the power supply without further proceedings.

The Commission has asked the NRLDC to keep it informed about the payment status of UPPCL into the UI pool account. NRLDC has been directed to draw a practicable scheme for physical curtailment of power supply by 15th May 2008 in consultation with the Member Secretary, Northern Regional Power Committee (NRPC) for enforcement, if necessary.

Over the last six months (October 2007 – March 2008), the UPPCL paid a total UI amount of Rs 190 crore, while the UI charges for over-drawal during the same period were Rs 360 crore. Accordingly, the principal amount overdue has increased from Rs 597 crore as on 30.9.2007 to Rs 767 crore as on 31.3.2008. This had happened despite the 'proposal' by UPPCL to liquidate the dues in 12 equal installments every month starting from October-November 2007.

For the recovery of long standing UI dues, which the State utilities are otherwise unable to liquidate, the Commission had suggested appropriation from the Central Plan Assistance in order to avoid physical curtailment of power to a State. Since the suggestion has not yet been accepted, the Commission has presently no alternative but to revert to physical curtailment of supply even if it jeopardizes grid security, since allowing continued UI payment default would only encourage total anarchy in grid operation, which the commission cannot allow.

State utilities pay to the generating companies on the basis of scheduled energy and real-time deviations from schedules are settled as per the UI mechanism. Non-payment of UI charges amounts to making no payment for the energy drawn in excess of the schedule. In other words non-payment of UI amount is nothing short of a theft. It also means that the States who have under-drawn with respect to their schedules at that time cannot be compensated and they end up paying for more energy than they actually draw.

The Commission has observed in its orders that it is painfully aware of the hardship being faced by the consumers of UP due to poor quality of supply and frequent load shedding. However, UPPCL is primarily responsible for planning to meet the demand of consumers of UP and the existence of demand-supply gap indicates inadequate planning and action over many years. In any case, this does not entitle UPPCL to resort to over drawing energy from the grid and then not to pay for it.

Earlier vide its orders dated 5.11.2007; the Commission had issued show cause notice to UPPCL. The Commission has expressed disappointment and dissatisfaction with the conduct of UPPCL.

Ravinder
Chief (Engg)