

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram**

- 1. Dr. Pramod Deo, Chairperson**
- 2. Shri R.Krishnamoorthy, Member**
- 3. Shri S.Jayaraman, Member**
- 4. Shri V. S. Verma, Member**

**Petition No 29/2009  
(Suo-motu)**

**In the matter of**

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

**And in the matter of**

Power Development Department, Govt. of J&K, Srinagar      **Respondent**

**Following were present on behalf of the parties**

1. Shri Sandeep Naik, Secretary, PDD, J&K
2. Shri Dileep Dhyani, Advocate, PDD, J&K
3. Shri Samara Lakra, NRLDC
4. Shri D.K. Jain, NRLDC
5. Shri R.P. Aggarwal, NRPC

**ORDER  
(Date of Hearing: 16.4.2009)**

The case relates to payment of interest on late payment of UI charges by the respondent.

2. The respondent did not make timely payment of UI charges for the electricity over-drawn from the grid, for a number of years. This resulted in

accumulation of arrears amounting to Rs.666.68 crore as on 30.4.2008. Therefore, by order dated 13.5.2008, the respondent was directed to pay the entire principal amount of arrears in six monthly installments of not less than Rs.111 crore each, starting from June 2008, and also make timely payment of current UI dues, if any.

3. It was brought to the Commission's notice that substantial amount of arrears was paid by the respondent. Taking note of this aspect, the Commission by its order dated 10.12.2008 directed Member-Secretary, Northern Regional Power Committee to intimate to the respondent the amount of interest payable for the delayed payment of UI charges. The respondent was directed to settle the payment of interest by 31.1.2009, on receipt of intimation in this regard from the Member-Secretary. Subsequently, the Member-Secretary informed that an amount of Rs.317.20 crore (rounded) was due against the respondent on account of interest for late payment of UI charges. This amount remained unpaid.

4. Proceedings under Section 142 of the Electricity Act, 2003 for non-compliance of the Commission's order dated 10.12.2008 were, therefore, initiated against the respondent by order dated 16.2.2009. These proceedings culminated in imposition of penalty of Rs. one lakh. The amount of penalty has since been deposited by the respondent.

5. Notwithstanding the payment of penalty, it is necessary to settle the interest dues. Therefore, Shri Sandeep Naik, Secretary of the respondent

Department was called to finalise the payment schedule. Shri Naik appeared before the Commission. He explained that payment of interest was linked to passing of the State Budget, in the month of July. He informed that the interest amount could be released in installments thereafter. Subsequently, in the letter No.CE/C&S/J/T-50 II/235-38 dated 25.4.2009, Chief Engineer, Commercial & Survey Wing of the respondent Department has intimated that outstanding interest amount will be paid in 12 equated monthly installments, commencing from July 2009.

6. We have considered the matter very carefully. The interest amount payable by the respondent is to be disbursed to the State utilities, whose share of power was drawn by the respondent. The concerned utilities have already paid the tariff for the electricity consumed. In the normal course, the amount of interest does not earn further interest. Therefore, we feel concerned that the amount should be settled at the earliest. In these *suo motu* proceedings, we cannot fix installments for payment of interest in the absence of the parties who are to receive the amount. At the same time, to an extent we appreciate the difficulties of the respondent. On consideration of the totality of circumstances, we feel that the entire amount of interest outstanding against the respondent should be settled latest by 30.9.2009. We direct accordingly. On equitable considerations, the respondent shall be liable to pay further interest @ 12% per annum, with effect from 1.10.2009, on the outstanding amount of interest as on 30.9.2009.

7. General Manager, Northern Regional Load Despatch Centre shall keep the Commission informed of the pace of payment of interest by the respondent.

8. With the above, the present proceedings stand concluded.

**Sd/-**  
[V. S. VERMA]  
MEMBER

**Sd/-**  
[S. JAYARAMAN]  
MEMBER

**Sd/-**  
[R. KRISHNAMOORTHY]  
MEMBER

**Sd/-**  
[DR. PRAMOD DEO]  
CHAIRPERSON

**New Delhi, dated 11<sup>th</sup> May 2009**