

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram  
Dr. Pramod Deo, Chairperson  
Shri Shri R.Krishnamoorthy, Member  
Shri S. Jayaraman, Member  
Shri V. S Verma, Member**

**Petition No. 259/2009  
(Suo-motu)**

**In the matter of**

Default in payment of interest on Unscheduled Interchange (UI) charges for the energy drawn in excess of the drawal schedule by Jammu and Kashmir.

**And in the matter of**

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

**ORDER**

On noticing default in payment of Unscheduled Interchange (UI) charges by the respondent, the Commission initiated suo moto proceedings vide Petition No. 132/2007. After taking note of the fact that substantial amount of arrears of UI charges was paid by the respondent, the Commission vide its order dated 10.12.2008 directed Member-Secretary Northern Regional Power Committee (NRPC) to calculate the amount of interest payable by the respondent on account of delayed payment of UI charges and convey the same to the respondent who was directed to settle the arrears by 31.1.2009. Member-Secretary NRPC, vide his letter dated 23.12.2008 intimated that the interest payable by the respondent up to November 2008 was Rs. 317,19,65,977/=.

2. On noticing that the outstanding interest on late payment of UI charges was not cleared as directed vide the Commission's order dated 10.12.2008 and that a sum of Rs. 317.20 crore was outstanding against the respondent, the Commission, vide its order dated 16.2.2009 in suo motu proceedings No. 29/2009 directed the respondent to show cause as to why penalty under Section 142 of the Electricity Act, 2003 (the Act) be not imposed on it for the default in complying with the above directions of the Commission.

3. Suo motu proceedings initiated vide the above order dated 16.2.2009 were concluded vide Commission's order dated 11.5.2009 with the following directions:

“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.”

3. In the above backdrop of the Commission's directions, it has come to notice that as on 30.9.2009, net outstanding amount against the respondent was Rs. 51.84 crore out of which a sum of Rs. 57.11 crore was towards interest. It has also come to notice that the respondent has not made any payment since February 2009. However the part of receivable UI was adjusted against the outstanding interest, starting from the month of June 2009. As a result, a sum of Rs 150.00 crore was adjusted against the total cumulative interest up to 31.3.2009 amounting to Rs. 207.11 crore and a sum of Rs. 50.11 crore was outstanding.

4. We are dismayed over the conduct of the respondent who has presented it self as a chronic defaulter in the matter of payment of UI charges and interest thereon. Time and again we have been insisting on the necessity and importance of making prompt and timely payment to the UI charges pool account, but with no avail. Default by any constituent in this regard is to the detriment of other constituents, whose power has been over-drawn by the defaulting constituent.

5. From the above, it prima facie appears that the respondent has failed to comply with the directions in the Commission's order dated 11.5.2009. Accordingly, the respondent is directed to show cause, latest by 30.11.2009 as to why penalty under section 142 of the Act be not imposed on it for non compliance of the directions of the Commission.

6. Officers in charge of NRLDC and NRPC or their representatives shall also assist the Commission at the hearings.

7. List on 8.12.2009 for further directions.

**Sd/=**  
**(V.S. Verma)**  
**Member**

**Sd/=**  
**(S. Jayaraman)**  
**Member**

**Sd/=**  
**(R.Krishnamoorthy)**  
**Member**

**Sd/=**  
**(Dr. Pramod Deo)**  
**Chairperson**

**New Delhi, dated the 13<sup>th</sup> November 2009**