

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 159/2011 (Suo-motu)

Coram

1. Dr. Pramod Deo, Chairperson
2. Shri S.Jayaraman, Member
3. Shri V.S.Verma, Member
4. Shri M.Deena Dayalan, Member

DATE OF HEARING: 26.7.2011

DATE OF ORDER: 21.10.2011

In the matter of

Default in payment of Unscheduled interchanges (UI) charges for the energy drawn in excess of the drawn schedule by Tamil Nadu Electricity Board, Chennai.

And

In the matter of

1. Tamil Nadu Electricity Board, Chennai
2. Chairman-cum-Managing Director, Tamil Nadu Electricity Board, Chennai

Respondents

Following was present:

Shri S.Vallinayagam, Advocate, TNEB
Shri S.Arulsamy, TNEB
Shri V.K.Jain, TNEB
Shri V.Balaji, SRLDC

ORDER

It was noticed from the report of Southern Regional Load Despatch Centre that an amount of ₹ 29.00 crore including surcharge was outstanding against the Tamil Nadu Generation and Distribution Company Ltd.



(TANDEDCO) on account of arrears of UI drawl as on 31.5.2011. The Commission in its order dated 12.7.2011 had directed TANDEDCO and its Managing Director (Respondent Nos. 1 and 2, respectively) to show cause as to why action under Section 142 of the Electricity Act, 2003 (hereinafter referred to as 'the Act') shall be not initiated against them for non-compliance of the provisions of the Central Electricity Regulatory Commission (Unscheduled Interchange charges and related matters) Regulations, 2009 (hereinafter referred to as 'UI regulations).

2. The first respondent in its reply affidavit dated 20.7.2011 has submitted that it has been taking all possible steps to mobilize funds through various financial institutions and banks and the pending bills in respect of UI charges will be cleared on or before 15.8.2011. It has been further submitted that delay in releasing the payment was not intentional, and same was due to financial constraint being faced by the respondent organization. The first respondent has further submitted that the TANGEDCO has already paid nearly 50% of the amount of UI charges outstanding as on 31.5.2011.

3. During the course of hearing, the representative of the respondents submitted that a payment of ₹ 5 crore has been made recently and about ₹ 101 crore is outstanding against TANGEDCO. He submitted that considering the financial health of the company, the

Commission may consider to allow the respondent to make the payments in installments.

4. The representative of SRLDC has submitted that apart from outstanding ₹ 101 crore on account UI charges, the first respondent has also defaulted in paying reactive charges to the tune of ₹ 2.4 crore. He further submitted that the receiving constituents are pressurising SRLDC to ensure prompt payment of UI receivables. As a result, the UI settlement system has been crippled on account of non- payment by the first respondent.

5. On perusal of the report submitted by the SRLDC, it is observed that though the respondents have made some payment during the months of July, August and September, 2011, an amount of ₹ 79.54 crore is still outstanding. The respondents have not complied with the provisions of UI regulations.

6. We note with concern that some of the constituent States have not understood the UI mechanism in its correct prospective. Any constituent utility drawing power from the grid over and above its schedule is getting the power at the cost of other constituents. Consequently, it is under obligation to make prompt payment for consuming the power which legitimately belongs to other constituents. By not making prompt payment for the power drawn under UI, the first respondent has not only deprived the other constituents of their legitimate UI dues, but has created impediments in the operation of the commercial mechanism. The respondents have

therefore, clearly violated the provisions of Regulation 10 of the UI regulations. Accordingly, we impose a penalty of ₹ one lakh on the first respondent under Section 142 of the Act which shall be deposited within 15 days from the date of issue of this order.

7. We further direct the second respondent to ensure that the outstanding dues including current UI dues are liquidated by 31.10.2011. If the outstanding UI dues are not liquidated on or before 31.10.2011, we direct the second respondent to personally appear before us on 15.11.2011 to explain the reasons for non-compliance with the provisions of UI regulations and our directions in this order.

8. Officer-in-charge of SRLDC and the Member-Secretary, SRPC or their representatives shall be present at the hearing to assist the Commission in the proceedings.

Sd/-	sd/-	sd/-	sd/-
(M.DEENA DAYALAN) MEMBER	(V.S.VERMA) MEMBER	(S.JAYARAMAN) MEMBER	(Dr. PRAMOD DEO) CHAIRPERSON