

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No.40/2012 (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: 10.7.2012**

**DATE OF ORDER: 23.7.2012**

**In the matter of**

Default in payment of Unscheduled interchanges (UI) charges for the energy drawn in excess of the drawn schedule by Power Development Department, Jammu and Kashmir.

**And**

**In the matter of**

1. Power Development Department, Jammu and Kashmir
2. Secretary, Power Development Department, Jammu and Kashmir
3. Chief Secretary, Government of Jammu and Kashmir

**Respondents**

**Following were present:**

Shri Sudhansu Pandey, Principal Secretary, J & K  
Shri Krishanu Adhikari, Advocate for the respondents  
Shri Vikas Sharma, PDD, J & K  
Shri H.K.Chawala, NRLDC  
Miss Jyoti Prasad, NRLDC

**ORDER**

From the report submitted by Northern Regional Load Despatch Centre, it came to the notice of the Commission that an amount of ₹ 330.38 crore



including surcharge as on 30.11.2011 towards UI payment was outstanding against Power Development Department, Jammu and Kashmir. Since, failure to make payment of UI Charges within the stipulated time resulted in 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), we have directed to issue notice to Respondent Nos. 1 to 3 as to why they should not be held personally liable for penalty for non-compliance with the directions of the Commission.

2. In response to our notice, Principal Secretary, Power Development Department, State of Jammu and Kashmir has filed an affidavit dated 7.6.2012 in which it was submitted that on account of phases of revisions brought about in the concerned tariffs in the past few years, the State of J&K has been earnestly trying to make budgetary adjustments in order to meet the said revisions and on account of the same, there was an inadvertent delay in depositing of the UI charges. It was further prayed that the lenient view be taken to extend the time to deposit the balance amount of Rs. 637.185 crore as on 6.5.2012 in equated monthly installments by 31.3.2013 for which a request has already been made to the Finance Department of the State. On the request of the learned counsel for the respondent during the hearing of the petition on 14.6.2012, we had allowed the Power Development Department, State of Jammu and Kashmir to file a payment plan by 5.7.2012. We had further directed the Second Respondent to appear before us on

10.7.2012 with a firm payment schedule for liquidation of outstanding UI dues.

3. Shri Sudhansu Pandey, Principal Secretary, Power Development Department, State of Jammu and Kashmir appeared before the Commission on 10.7.2012 as directed. During the course of the hearing Shri Pandey submitted that an installment of ₹ 72.80 crore was paid on 4.1.2011 and no further payment has been made afterwards. He further submitted that an amount of ₹ 640 crores is outstanding against Power Development Department, State of Jammu and Kashmir on account of arrears of UI dues and accrued interest thereon. He submitted that the matter has been taken very seriously by the State Government and directions have been issued to all technical officers manning the SLDCs not to resort to over-drawl from the grid. Shri Pandey further submitted that an amount of ₹29.5 core has recently been released by the Finance Department of the Govt. of J&K towards the outstanding UI dues and penalty. Shri Pandey requested the Commission to permit Power Development Department, State of J&K to pay the entire amount of the outstanding UI dues along with interest during the current financial year in 10 monthly equated installments.

4. We have considered the submission made by Shri Pandey. It needs to be understood that UI is a pool account. The States over-drawing from the grid in deviation of their schedule are required to pay at the prescribed UI rates to the UI pool account and the States under-drawing from the grid or the generators which have been injecting into the grid shall get payment from the

UI pool account at the prescribed rate. Therefore, default in payment by any State defeats the self regulating mechanism of UI. The request of Shri Pandey for payment in installments will result in accumulation of interest and additional burden on the State. It is, therefore, in the interest of Power Development Department, State of J&K to liquidate the outstanding dues along with interest at the earliest. We therefore, direct the Principal Secretary, Power Development Department, State of J&K to file on affidavit the payment plan to liquidate the outstanding UI dues along with interest by 3.8.2012. We make it clear that the current UI charges shall be liquidated as and when it arises.

5. We intend to clarify that over-drawl from the grid is not the solution to meet the long term requirement of power of the State. The State of J&K requires higher quantity of power during the winter season. Dependence on over-drawl from the grid to meet the requirement of power would not only add financial burden on the State to liquidate the UI dues and accumulated interest, it would also in-danger the safety, security and reliability of the Northern Regional Grid. Therefore, in the interest of the grid and the consumers of J&K, we would expect the State Government to go for planned power purchase on long term and medium term basis to meet the consumers load.

6. As regards the payment of penalty imposed vide our order dated 15.6.2010 in Petition No. 259/2009 and order dated 25.10.2011 in Petition No.

135/2011, Shri Pandey submitted that the Finance Department has been instructed to remit the penalty amount to the Commission. We direct that Power Development Department, J&K shall file a confirmation regarding payment of the penalty before the next date of hearing.

7. The matter shall be listed for hearing on 14.8.2012.

Sd-  
**(M.DEENA DAYALAN)**  
**MEMBER**

Sd-  
**(V.S.VERMA)**  
**MEMBER**

Sd-  
**(S.JAYARAMAN)**  
**MEMBER**

Sd-  
**(Dr. PRAMOD DEO)**  
**CHAIRPERSON**