

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 239/SM/2012

Coram:

**Dr. Pramod Deo, Chairperson
Shri S.Jayaraman, Member
Shri V.S.Verma, Member
Shri M.Deena Dayalan, Member**

**Date of Hearing: 08.01.2013
Date of Order : 14.01.2013**

In the matter of

Default in payment of Unscheduled Interchanges (UI) charges for the energy drawn in excess of the drawn schedule by Uttar Pradesh Power Corporation Limited, Lucknow.

And

In the matter of

1. Uttar Pradesh Power Corporation Limited, Lucknow
 2. Chairman-cum-Managing Director, Uttar Pradesh Power Corporation Limited, Lucknow
- ... Respondents**

Following were present:

Shri A.P.Mishra, Managing Director, UPPCL
Shri S.K.Agarwal, Director (Finance), UPPCL
Shri V.V.Sharma, NRLDC
Shri H.K.Chawala, NRLDC
Ms Joyti Prasad, NRLDC
Shri Barpanda, NRLDC

ORDER

In our order dated 5.12.2012, we had directed as under:

"5. We have considered the reasons adduced by the respondents in its written submission. The respondent vide its affidavit 12.4.2012 had sought time to make immediate payment of ₹ 50 crore from the month of May 2012 onwards



every month in addition to UI charges which may fall due on weekly basis. The Commission, after considering the request and financial problem of respondent, had allowed UPPCL to liquidate the outstanding UI amount in six month installments starting from June, 2012. We are constrained to observe that despite the indulgence shown by the Commission, the respondent has not honored its commitment. In our view, no useful purpose shall be served by allowing further time to the respondent to liquidate the outstanding dues.

6. We direct the second respondent to appear before us on the next date of hearing with a firm payment schedule for liquidation of outstanding UI dues and to explain as to why he would not be held personally liable for non-compliance with the order of the Commission dated 19.10.2012."

2. As directed, Shri AP Mishra, Managing Director of UPPCL and Shri SK Agarwal, Director (Finance) of UPPCL appeared before the Commission.

3. The representative of the NRLDC brought to our notice that UPPCL was allowed by the Commission to make a payment of ₹113 crore from the month of June 2012 onwards. However, UPPCL has not paid any installment and as on 31.12.2012, an amount of ₹2200 crore is outstanding on account of against UPPCL.

3. MD, UPPCL apologized for the failure of UPPCL for not making the payments as per the previous order of the Commission dated 21.5.2012 in Petition No.41/2012 and submitted that due to the precarious financial conditions of the company, UPPCL could not honour its commitment and directions of the Commission. Director (Finance), UPPCL submitted the following:

(a) The accumulated UI dues pertained to the previous year and since August 2012, UPPCL has stopped overdrawal from the grid.

(b) At present UPPCL has an accumulated liability of ₹14,500 crore which includes the outstanding dues of ₹ 2200 crore. The liability is so huge that it is not simply possible to make lumpsum payment without bank loans. Government of India and UP cabinet has approved the scheme for rehabilitation of distribution companies and funds will be provided by the banks and financial institutions to liquidate the outstanding power purchase liability.

(c) The financial restructuring has been approved by the banks and the Government of Uttar Pradesh. The respondent is likely to get loans from the banks by April 2013. Moreover, after revision of tariff by the State Commission since November 2012, the cash flow problem of UPPCL is likely to be eased.

(d) UPPCL would be able to make payment of ₹100 crore per month starting January 2013 and shall ensure that the entire UI dues are liquidated by April 2013 after the loans are sanctioned by the banks.

(e) It would be ensured that there would be no overdrawal from the grid.

4. The representative of NRLDC submitted that contrary to the claim that there would be no overdrawal, UPPCL was over drawing 1000 MW from the grid in the morning of 8.1.2013. We have taken a serious note of the situation. UPPCL by overdrawing from the grid is not only responsible for endangering grid security but has landed the UI account which is a pool account into a deep mess. We direct MD UPPCL to personally ensure that there is no overdrawal from the grid. We direct NRLDC to

open the feeders in case of overdrawal by the constituents of the Northern Region including UPPCL.

5. We have considered the submissions of MD, UPPCL and Director (Finance), UPPCL. Poor financial condition of UPPCL has been relied as the main reason for not clearing the outstanding UI dues in time. At the cost of repetition, it needs to be emphasised that the UI dues payable by UPPCL are receivable by other constituents of the UI pool who have correspondingly underdrawn while UPPCL indulged in overdrawal from the grid. Therefore, the outstanding UI dues against UPPCL belong to other States who have been deprived of the benefits of their own money. Therefore, in the interest of all constituents of the UI pool, it is necessary that the outstanding dues are liquidated by UPPCL at the earliest.

6. We have noted the submissions of MD, UPPCL and Director (Finance), UPPCL regarding the payment plan to pay @ ₹100 crore per month starting from January, 2013 and to liquidate the entire outstanding dues in April 2013. We direct MD UPPCL to place on record the payment plan under affidavit by 20.1.2013. We further direct MD, UPPCL and Director, Finance UPPCL to faithfully comply with the payment plan failing which they would be held personally liable for non-compliance of the provisions of the UI Regulations and directions of the Commission. We also direct that till the outstanding dues are liquidated, the notice against the MD, UPPCL shall remain pending.

7. The payment through installments as permitted above, will, however, not entail any relaxation in provisions of the Grid Code with regard to computation and payment

of interest for the delay in payment of UI charges. It is clarified that this relief has been granted as one time relaxation and should not be quoted as precedent in future.

8. NRLDC is directed to apprise the Commission in the first week of every month starting from January 2013 about the UI payment status of UPPCL. If any default is made by UPPCL in making payment, NRLDC is granted liberty to approach the Commission for appropriate directions.

sd/-
(M.Deena Dayalan)
Member

sd/-
(V.S.Verma)
Member

sd/-
(S.Jayaraman)
Member

sd/-
(Dr. Pramod Deo)
Chairperson