

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 136/SM//2013**

**Coram:  
Shri V.S.Verma, Member  
Shri M.Deena Dayalan, Member**

**Date of Order: 18.7.2013**

**In the matter of**

Default in opening of Letter of Credit in accordance with Central Electricity Regulatory Commission (Unscheduled Interchange Charges and related matters) Regulations, 2009.

**And  
In the matter of**

1. Power Development Department, Jammu and Kashmir...
2. Secretary, Power Development Department, Jammu and Kashmir

**Respondents**

**ORDER**

As per clause (4) of Regulation 10 of the Central Electricity Regulatory Commission (Unscheduled Interchange Charges and related matters) Regulations, 2009 (UI Regulations), all the regional entities which had any time during the previous financial year failed to make payment of UI charges payment of UI charges are required to open a Letter of Credit (LC) equal to 110% of its average payable weekly UI liability in the previous financial year, in favour of the concerned RLDC within a fortnight from the date these regulations came into force.

2. Since, the UI Regulations came into force on 3.5.2010, the regional entities were required to open LC by 17.05.2010. Moreover, the regional entities who had



failed to make payment of UI charge including additional UI charge within the stipulated period during 2010-11 were required to open the LC within a fortnight from the due date of payment. Accordingly, the Commission in its order dated 1.12.2011 had observed as under:

" 3. A chart showing the status of UI payment by the regional entities during 2009-10, 2010-11 and from 1.4.2011 till 31.10.2011 is enclosed as **Annexure** to this order. It clearly emerges from the chart that the regional entities in the following states which were required to open LC have not complied with the provisions of the UI Regulations.

(a) Punjab	(i) Nagaland
(b) Uttar Pradesh	(j) Tamil Nadu
(c) J&K	(k) Bihar
(d) Arunachal Pradesh	(l) Jharkhand
(e) Assam	(m) Chhattisgarh
(f) Manipur	(n) Madhya Pradesh
(g) Meghalaya	(o) Goa
(h) Mizoram	(p) Daman & Diu

4. The respondents are directed to show cause by 20.12.2011 as to why appropriate actions under section 142 of the Electricity Act, 2003 should not be taken against them for non-compliance of the provisions of 10(4) of the UI Regulations."

3. In response to show cause notice dated 1.12.2011, the respondent Jammu and Kashmir neither had filed any reply nor had entered appearance in person or through advocate. The Commission vide its subsequent order dated 30.8.2013 had further observed as under:

"15. As per information received from Regional Load Despatch Centres, Jharkhand, Assam, Chhattisgarh, Goa and Daman and Diu have opened a Letter of Credit in terms of Regulation 10 (4) of the UI Regulations. However, Punjab and Tamil Nadu have opened LCs for insufficient amount. The respondents Uttar Pradesh, J & K, Arunachal Pradesh, Nagaland, Bihar, Jharkhand, Manipur, Meghalaya, Mizoram and Madhya Pradesh have not opened the LC. In our view, respondents, who have opened the LC for insufficient amount and who have not opened the LCs have clearly violated the provisions of Regulation 10 (4) of the UI regulations and the order dated 1.12.2011. Accordingly, we impose a penalty of ₹ one lakh each on the Uttar Pradesh, J & K, Arunachal Pradesh, Nagaland, Bihar, Jharkhand, Manipur, Meghalaya, Mizoram, Madhya Pradesh and ₹ 90,000/- each on Punjab and Tamil Nadu under Section 142 of the Act. The penalties shall be deposited within 15 days from the date of issue of this order."

4. The first respondent has not complied with the directions of the Commission`s orders dated 1.12.2011 and 30.8.2012 in Suo-motu Petition No. 210/2011 despite issue of reminders dated 7.11.2012 and 8.4.2013. Notice is issued to Respondent Nos. 1 and 2 as to why action under Section 142 of the Electricity Act, 2003 should not be taken for non-compliance of the order of the Commission for their failure to deposit penalty as directed vide order dated 30.8.2012.

5. The matter shall be listed on 13.8.2013 for further directions.

Sd/-

**(M.Deena Dayalan)**  
**Member**

sd/-

**(V.S.Verma)**  
**Member**