

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

- 1. Dr. Pramod Deo, Chairperson**
- 2. Shri Bhanu Bhushan, Member**
- 3. Shri R. Krishnamoorthy, Member**

**Petition No. 132/2007
(Suo-motu)**

In the matter of

Default in payment of Unscheduled Interchanges (UI) charges for the energy drawn in excess of the drawal schedule

And in the matter of

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

ORDER

From the report of the Member–Secretary, Northern Regional Power Committee vide his letter dated 4.10.2007, it transpired that the principal amount of Rs.410.25 crore was outstanding against the respondent on account of UI drawal for the period up to 2.9.2007. This amount would get further inflated after addition of interest on the outstanding principal and also on account of over-drawals during the period subsequent to 2.9.2007.

2. As the huge arrears due from the respondent on account of non-payment of UI charges were matters of serious concern, the Commission initiated suo-motu proceedings directing the respondent vide its order dated 5.11.2007 to show cause, as to why action under appropriate provisions of the Electricity Act, 2003 (hereinafter “the Act”) should not be initiated for recovery of the outstanding UI dues along with interest, apart from recommending to the Central Government for appropriating the outstanding UI dues from the Central Plan Assistance earmarked for the State of Jammu & Kashmir. Despite repeated efforts to elicit the personal attention of the officials concerned, there was no response to the notices of the Commission.

3. In the course of the proceedings, it also emerged that during the period from October 2007 to April 2008, a sum of Rs. 301 crore became payable by the respondent towards UI over-drawals against which the respondent had paid only a sum of Rs. 44.94 crore. As on 30.4.2008, outstanding UI charges payable by the respondent had reached Rs.666.68 crore.

4. Under the above circumstances, the Commission, vide its order dated 13.5.2008 directed that -

11. We direct the respondent to take necessary action to liquidate the entire principal UI arrears in six (6) equal monthly installments by paying Rs.111 crore every month, starting from June 2008. Such payments shall be made before the last day of the month. The Commission also allows a flexibility to make the payment on different dates within the same month in installments with the condition that the amount of at least Rs.111 crore per month is paid before the last day of the particular month. This shall be in addition to the timely payment of current UI dues, if any, as per the weekly UI charge statements issued by NRPC Secretariat. If the respondent fails to comply with the above directions, the Commission may be constrained to direct the NRLDC to physically curtail the supply to the respondent by opening of lines feeding power to the respondent, without any further proceedings.

12. Further, NRLDC is directed not to schedule the energy offered by the respondent for sale or bartering of energy for return in future with effect from 1.7.2008 unless the payment of UI charges as above starts in June 2008. However, sale of energy by the respondent through bilateral trade may be allowed by the Commission subject to fulfillment of condition that the entire sale proceeds shall be got pledged by the buyer to the NR UI pool account.

13. 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 further clarified that the foregoing is without prejudice to the other provisions in Commission's regulations and IEGC.

14. NRLDC is directed to apprise the Commission in the first week of every month starting from July 2008 about the UI payment status of the respondent. NRLDC shall also draw up, in consultation with Member Secretary, NRPC, a practicable scheme for physical curtailment of supply to the respondent, for enforcement in case necessary, and submit the same to the Commission by 15th June 2008.

5. Copies of the above order were also endorsed to the senior functionaries of the Government of J&K and the Central Government,

including the Chief Secretary, Government of J & K for their information and appropriate remedial action.

6. As per the reports received from the NRLDC, further to the above order of the Commission, the respondent paid a sum of Rs. 109.98 crore in the month of June 2008, besides earning credit of UI charges amounting to Rs. 22.87 crore. During the months of July and August 2008, the respondent did not make any payment towards the outstanding UI charges although it had UI credits amounting to Rs. 26.97 crore and Rs. 53.26 crore, respectively. Non-payment of the specified amount (Rs. 111 crore) each in July and August 2008 by the respondent amounts to non-compliance of specific directions of the Commission as contained in the order dated 13.5.2008.

7. Under the above circumstances, we are *prima facie* of the opinion that the respondent has made itself liable for penal action. Accordingly, the respondent is hereby directed to show cause, latest by 25.9.2008, as to why penalty under Section 142 of the Act, be not imposed on it.

8. List for further directions on 30.9.2008.

Sd/=	Sd/=	Sd/=
(R. KRISHNAMOORTHY) MEMBER	(BHANU BHUSHAN) MEMBER	(DR. PRAMOD DEO) CHAIRPERSON

New Delhi dated 10th September 2008