

CENTRAL ELECTRICITY REGULATORY COMMISSION
Core-3, 5th Floor, SCOPE Complex, Lodi Road, New Delhi – 110 003

In the matter of:

Regulation of power supply to the beneficiaries in case of non-payment of dues of Central Power Utilities

ORDER

The issue of regulation of power supply to the beneficiaries in case of non-payment of dues of Central Power Utilities has been under consideration of the Commission for quite some time. The Commission vide their letter No. L-7/4(3)/99-CERC(i) dated 16th December, 1999 had directed CTU to forward the procedure for regulation of inter-state transmission of energy to beneficiaries before 27.12.1999. In the said letter, the Commission had also directed that till such time the procedure is submitted to the Commission, CTU should ensure that prior approval of the Commission is obtained before implementing any proposal for regulation of power supply to the beneficiaries.

Subsequently, the Commission received letter from NTPC regarding regulation of power supply to UPSEB. In view of this letter, the Commission vide their letter dated 15th February 2000 again directed CTU to prepare the draft generic procedure for regulation of power supply on technical and commercial grounds and submit to the Commission as per the procedure prescribed in Chapter II of the Conduct of Business Rules of the Commission latest by March 15, 2000. The Commission also modified its earlier directive conveyed vide letter dated 16th December, 99 to the extent that pending the finalisation of the procedure, the CTU was allowed to proceed with the regulation of power supply as per the existing rules and the procedures.

As CTU failed to submit the draft generic procedure within the stipulated time, the CTU was granted extension of time first till 30th April 2000 vide letter dated 20th April 2000 and later till May 20, 2000 vide letter dated 4th May 2000. Regrettably, the CTU failed to adhere to this extended dead line.

In view of the urgent need to finalise the generic procedure for regulation of power supply, the Commission had called representatives of the NTPC and CTU on 8th June 2000. Consequently, the CTU vide their letter No. CDO/52 dated 16.06.2000 forwarded draft generic procedure for regulation of power supply though not as per the procedure prescribed in the Chapter II of the Conduct of Business Rules of the Commission. The procedure for regulation of power supply which has interim approval of the Commission is enclosed with this Order. This procedure shall be followed till the final procedure is formally approved by the Commission after hearing the interested parties.

Sd/-
(A.R. RAMANATHAN)
Member
Chairman

Sd/-
(G.S. RAJAMANI)
Member

Sd/-
(D.P. SINHA)
Member

Sd/-
(S.L.RAO)

New Delhi

Dated: 21st June, 2000

CENTRAL ELECTRICITY REGULATORY COMMISSION
Core-3, 5th Floor, SCOPE Complex, Lodi Road, New Delhi – 110 003

ENCLOSURE TO ORDER DATED 21ST JUNE ,2000

**GENERIC PROCEDURE FOR REGULATION OF POWER SUPPLY ON
COMMERCIAL GROUNDS**

1. The utility proposing to regulate power supply of the beneficiary for recovery of its dues shall make a request to the CTU under intimation to Member Secretary of the REB concerned and the defaulting beneficiary. The CTU shall be responsible for the overall supervision of the regulation process
2. The proposal of regulation shall indicate as to whether the power supply to defaulting beneficiary would be restricted by reducing the generation at ISGS (Inter-State Generating Station) or by diverting that power to other beneficiaries. In case of regulation by POWERGRID to recover their dues, the proposal shall be prepared in consultation with ISGS. In case the regulation of power supply is to be effected by diverting the power, the utility shall also hold consultations to identify beneficiaries, which are willing to absorb additional power.
3. The CTU shall evaluate the proposal(s) of regulation depending on the facts and circumstances of the case within three days of receipt.
4. In case, CTU is satisfied with the proposal of regulation, it shall direct the RLDC concerned to prepare a scheme for regulation of power supply. In case of POWERGRID's request, the CTU shall forward the proposal to the Commission for approval prior to issuance of directive to the RLDC after due evaluation as at (3) above. In case, the CTU is not satisfied with the proposal it shall record its views and intimate to the utility accordingly.
5. The RLDC shall carry out necessary studies and come out with the scheme of regulation within five days of receipt of direction from the CTU. The scheme shall:
 - a. Specify the various stages of regulation and duration of each stage.
 - b. Identify the generating stations where generation would be reduced or from where power shall be diverted to other beneficiaries along with the quantum of reduction/diversion of power during each stage of regulation.
 - c. Specify the transmission lines/ICTs (Inter Connecting Transformers) which are to be opened to effect regulation as well as sequence of opening of these elements.
 - d. Outline the precautions to be taken during each stage of implementation of the scheme.
 - e. Mention other aspects, which merit consideration in the opinion of RLDC, including arrangement for sharing of fixed charges.
1. The scheme so prepared by RLDC shall be forwarded to CTU for concurrence and to Member Secretary, REB for views/suggestions . The CTU and Member Secretary, REB shall independently examine the scheme from the viewpoint of grid security. In addition, Member Secretary, REB shall analyse the scheme for effect on sensitive (Defence /Railways etc.) installation/localities and the consequential impact, if any on international agreements and other sovereign obligations. The Member Secretary, REB shall communicate the views/suggestions to CTU within two days of receipt.

2. Thereafter, the CTU shall consolidate its views within another two days and communicate the approved scheme to RLDC.
3. The scheme concurred by the CTU shall be intimated to all the beneficiaries/constituents by RLDC.
4. The Member Secretary, REB shall, if required, re-allocate the shares of ISGS for implementation of the scheme.
5. RLDC shall then issue instructions under the Section 55 of the amended Electricity (Supply) Act, 1948 to the defaulting beneficiary for regulating its drawal on its own (self-regulation) according to the curtailed schedule under intimation to Member-Secretary REB, and the concerned utility.
6. In case the RLDC finds that the defaulting SEB is not responding to the instruction issued as per (10) above within a reasonable time, the RLDC shall issue instructions for implementing the approved scheme of regulation. The required action shall be carried out immediately after 24 hours of issuance of such instructions.
7. RLDC shall inform all concerned regarding reduced security level of the regional grid, if envisaged during period of regulation. RLDC may issue suitable instructions to the constituents to cope up with the reduced grid security during this period.
8. RLDC shall keep the CTU and Member Secretary, REB informed about the implementation of the scheme of regulation and its effect.
9. The CTU shall inform the Commission about the initiation as well as outcome of the process of regulation.
10. Prior permission of the Commission shall not be necessary on case-to-case basis [except in case of POWERGRID as mentioned at (4) above], so long as the above procedure is followed.

Sd/-
(A.R. RAMANATHAN)
Member

Sd/-
(G.S. RAJAMANI)
Member

Sd/-
(D.P. SINHA)
Member

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(S.L.RAO)
Chairman

New Delhi

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