

**Central Electricity Regulatory Commission**  
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**Press Release**

**CERC issues show cause notices to UP and J&K States for failing to pay UI dues**

Central Electricity Regulatory Commission (CERC) has issued show cause notices to Uttar Pradesh Power Corporation Ltd (UPPCL) and Power Development Department, (PDP), Govt. of J&K to explain by November 25<sup>th</sup>, 2007 that why action should not be initiated against them for recovery of outstanding dues on account of unscheduled inter-change (UI) charges. It has come to the notice of Commission that principal amount of Rs.577.99 Crs and Rs. 410.25 Crs was outstanding against UPPCL and PDD (J&K), respectively for the period up to 2.9.2007. The arrears would further increase after addition of interest on the outstanding principal amount. The Commission has also observed that both of these entities have been defaulting in payment of UI charges in the past as well.

2.0 The capacity charge and energy charge components of tariff cover only scheduled energy and any excess drawal is paid for only through UI mechanism. Non-payment of UI charges therefore amounts to extracting energy from the grid without paying for it.

3.0 The Commission is concerned that UPPCL and PDD (J&K) have been continuously overdrawing from the grid and on account of non-payment of UI charges, the outstanding UI payments are growing at alarming level, and urgent remedial action is required. A copy of the show cause notice has been served to Cabinet Secretary and Secretary (Power), Govt. of India, Chief

Secretaries, of Uttar Pradesh and J&K as well as Chairpersons of UPSERC and J&K SERC for their information and remedial action.

4.0 The UI accounts are issued by Regional Power Committee (RPC) Secretariat on a weekly cycle and as per the Indian Electricity Grid Code, payment of UI charges have high priority. The concerned constituents are required to pay the indicated amount into regional pool account operated by the RLDC within 10 days.

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