

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No: 186/MP/2021

Coram:

**Shri Jishnu Barua, Chairperson
Shri Ramesh Babu V., Member
Shri Harish Dudani, Member
Shri Ravinder Singh Dhillon, Member**

Date of Order: 7^h August, 2025

In the matter of:

Petition under Section 79(1)(c) read with Sections 142 and 146 of the Electricity Act, 2003 regarding non-compliance of the order dated 8.6.2013 in Petition No. 245/MP/2012 passed by the Commission and for consequential direction.

And in the matter of:

Dakshin Gujarat Vij Company Limited,
Kapodra Char Rasta,
Nana Varachha Road, Surat,
Gujarat – 395006

...Petitioner

Vs.

- 1) Arcelor Mittal Nippon Steel India Limited,
(Formerly known as Essar Steel India Limited)
Hazira, Surat,
Gujarat – 394270
- 2) Western Regional Load Dispatch Centre,
(Power System Operation Corporation Limited)
F -3, MIDC Area, Marol,
Andheri (East), Mumbai,
Maharashtra – 400093
- 3) Central Transmission Utility of India Limited,
Plot No. 2, Sector 29, Gurgaon,
Haryana - 122002
- 4) Power Grid Corporation of India Limited,
Plot No. 2, Sector 29, Gurgaon,
Haryana - 122002
- 5) Gujarat Energy Transmission Corporation Limited,
Sardar Patel, Vidyut Bhavan,

Parties Present:

Ms. Ranjitha Ramachandran, Advocate, DGVCL
Shri Aneesh Bajaj, Advocate, DGVCL
Shri B K Patel, DGVCL
Shri Gopal Jain, Sr. Advocate, AMNSIL
Ms. Ruby Ahuja, Advocate, AMNSIL
Shri Vishal Gehrana, Advocate, AMNSIL
Shri Varun Khanna, Advocate, AMNSIL
Ms. Kritika Sachdeva, Advocate, AMNSIL
Shri Piyush Sharma, Advocate, AMNSIL
Shri Dushyant Manochha, Advocate, AMNSIL
Ms. Ashika Jain, Advocate, AMNSIL
Ms. Anannya Ghosh, Advocate, AMNSIL

ORDER

The present Petition has been filed by the Petitioner, Dakshin Gujarat Vij Company Limited ('DGVCL') seeking the following relief(s):

- (a) *Recall the permission granted in the Order dated 08.06.2013 passed by the Hon'ble Commission in Petition No 245/MP/2012 granting connectivity to the inter-state transmission network of CTU for the premises of the Respondent No. 1 and also the regional entity status to Respondent No. 1 on account of violation on the part of Respondent No. 1 of the conditions of due payment of cross subsidy to DGVCL for the period post 16.12.2019;*
- (b) *Direct CTU, Powergrid and WRLDC not to entertain any application for grant of open access or otherwise allow any scheduling or dispatch to Respondent No. 1 till all the outstanding amount towards Cross Subsidy Surcharge are duly paid to DGVCL;*
- (c) *Direct WRLDC to get consent of DGVCL before issuing NOC for open access to Respondent No. 1 and in the event of non-payment, DGVCL would have the right to withdraw the open access permission granted to Respondent No. 1;*
- (d) *initiate proceedings against Respondent No. 1 and its directors and officials under section 142 of the Electricity Act, 2003 for the failure on the part of Respondent No. 1 to comply with the order dated 08.06.2013 passed by the Hon'ble Commission;*
- (e) *direct the filing of the complaint in the appropriate court as per section 146 of the Electricity Act, 2003 for deliberate and wilful default and with the intent not to obey the order dated 08.06.2013;*

(f) Award cost of the present proceedings; and

(g) Pass such further order(s) as deemed appropriate in the facts of the case.

Background

2. Respondent No.1 (*formerly* Essar Steel India Limited/ESIL), a steel manufacturing facility at Hazira in Gujarat, was procuring power from its sister concern, Essar Power Madhya Pradesh Limited (EPMPL) located in the State of Madhya Pradesh through the Power Purchase Agreement ('PPA') for sale and purchase of 700 MW power. Further, EPMPL was granted the LTOA for the supply of power to ESIL by Respondent No. 3/ CTUIL. ESIL was granted connectivity by CTUIL, subject to the condition that ESIL would be connected with the inter-State transmission system through a radial mode and would have to get itself disconnected from the State Transmission Utility of Gujarat.

3. Thereafter, *vide* letter dated 12.10.2012, ESIL wrote to Respondent No. 2/ Western Regional Load Despatch Centre (WRLDC) requesting (a) transfer of load control area jurisdiction of ESIL from SLDC Gujarat to WRLDC, Mumbai; (b) grant of status of a regional entity for the purpose of using Open Access power; and (c) for treating ESIL as a direct UI pool member. The said request was not acceded to by WRLDC *vide* its letter dated 18.10.2012, citing that there is no provision in the Grid Code which provides for transfer of the load control area from the SLDC to RLDC. Further, *vide* the aforesaid letter, WRLDC submitted that it would schedule ESIL power under LTOA through Gujarat, treating it as an embedded entity of Gujarat and accordingly suggested that ESIL approach the Commission in this regard.

4. Consequently, ESIL filed the Petition No. 245/MP/2012 for directing WRLDC to transfer the load control area jurisdiction of ESIL from SLDC, Gujarat, to WRLDC, Mumbai and also granting the status of a regional entity to ESIL under the Grid Code

for the purpose of scheduling of power and unscheduled interchange accounting.

5. The Commission, *vide* its order dated 8.6.2013 in Petition No. 245/MP/2012, examined the issues involved in the matter and ordered as under:

“49. In the light of the above discussion and after considering the views of Central Electricity Authority, the following directions are issued for compliance by all concerned:

(a) The load control area jurisdiction of ESIL shall be shifted from Gujarat SLDC to WRLDC, Mumbai after disconnection of ESIL from Gujarat Transmission system;

(b) ESIL shall be granted status of a Regional Entity of Western Regional Grid.

(c) Scheduling and Energy accounting of ESIL shall be carried out by WRLDC in accordance with the prevailing Regulations.

(d) All telemetry, voice and data communication in accordance with the IEGC shall be provided by ESIL to the satisfaction of WRLDC before commencement of scheduling of ESIL.

(e) ESIL shall comply with various provisions of Connectivity Regulations, Grid Code, UI Regulations and other relevant regulations of the Commission and maintain its drawal as per schedule.

(f) All instructions of WRLDC shall be complied with by ESIL in accordance with the 2003 Act and Grid Code and any instance of non-compliance by ESIL would be viewed seriously and dealt with in accordance with law.

(g) RLDC may like to satisfy itself about the effectiveness of the system of load shedding scheme in case of Generator outage and suggest suitable operational protocol to the petitioner to make this system responsive for safer grid operation. Petitioner shall provide necessary arrangements at its own cost.

(h) ESIL shall be granted status of Designated ISTS Customer (DIC) and since it is connected at 400 kV node of CTU network and not connected with state system, it will be considered as a separate (drawal) zone in accordance with the principles adopted for generating stations directly connected at 400 kV ISTS under the Sharing Regulations as amended from time to time. Till computation of POC charges for next application period, Gujarat Withdrawal Zone charges and losses shall be applied in case of ESIL.

(i) Staff of the commission shall process the case for necessary amendment to the Grid Code to clarify the position of bulk consumers which are connected only to inter-State transmission system and the major portion of its long term power is coming from a generator located outside the state in which bulk consumer is located. (j) M/s. ESSAR steel Ltd shall remain liable to pay all

applicable cross subsidy charges including surcharge and other charges, if any, applicable under the provisions of the 2003 Act and as per the provisions of the regulations of State Regulatory Commission. Necessary metering arrangement shall be in accordance with the arrangement as already agreed to between ESIL and DGVCL.

(k) The issue of dues of DGVCL needs to be sorted out by DGVCL and ESIL bilaterally.”

6. Subsequently, AMNSIL filed two Petitions, i.e. Petition Nos. 1420 of 2014 and 1601 of 2016 before the Gujarat Electricity Regulatory Commission ('GERC') disputing the liability of Respondent No.1 to pay the Cross Subsidy Surcharge ('CSS'). *Vide* its separate orders dated 10.7.2023, GERC dismissed the Petitions filed by AMNSIL, and upheld the liability of AMNSIL to pay the CSS to DGVCL.

7. The Petitioner, DGVCL has filed the present Petition seeking directions in respect of the non-payment of CSS for the period post 16.12.2019 (i.e. vesting of undertaking of ESIL in Respondent No.1/ Arcelor Mittal Nippon Steel India Limited ('AMNSIL') pursuant to culmination of resolution process under IBC, 2016) which was a condition subject to which the Commission in the order dated 8.6.2013 in Petition No. 245/MP/2012 granted AMNSIL, the facility of direct connectivity to the network of CTUIL, the regional entity status, and the ability to have open access directly on inter-State transmission line for sourcing the electricity from the third party source.

8. The matter was heard at length on several occasions by the Commission, whereby both sides made detailed submissions in their favour. However, during the course of the hearing dated 7.5.2025, the Respondent AMNSIL apprised the Commission that the parties are attempting to resolve the issue of clearing the outstanding dues, and accordingly, requested listing the matter for hearing in the month of July, 2025.

9. The matter was again listed for the hearing on 3.7.2025, whereby the Petitioner and Respondent, AMNSIL, submitted that they have arrived at a mutual settlement and the issue of payment of outstanding dues has been resolved. On the request of the Petitioner, the Commission permitted the Petitioner to place on record the terms and conditions of such settlement as agreed upon between the parties. The Petitioner, *vide* its compliance affidavit dated 9.7.2025, filed the joint application to place the terms of arrangement for payment by AMNSIL to the Petitioner along with the undertaking dated 9.7.2025 furnished by Respondent, AMNSIL.

10. During the proceedings on 29.7.2025, the learned counsels for the Petitioner and the Respondent, AMNSIL, mentioned that they have settled their disputes amicably and a joint affidavit has also been filed, in compliance with the directions of the Commission. Accordingly, the learned counsels prayed that the settlement arrived at between the parties may be taken on record and the Petition may be disposed of in terms of the same.

Decision

11. As stated, the Petitioner and the Respondent, AMNSIL, have filed a joint application dated 9.7.2025 stating that an amicable and unequivocal settlement has been reached between the parties, in terms of the undertaking dated 9.7.2025. Both parties in their joint application have prayed to take the said undertaking on record and to dispose of the Petition accordingly.

12. In view of the submissions of the parties, the joint application dated 9.7.2025, along with the undertaking dated 9.7.2025, is taken on record. Some of the relevant clauses in the said undertaking are extracted below:

“1. That, as per DGVCL, and in terms of the decisions (both) dated 10.07.2023 of the Gujarat Electricity Regulatory Commission (GERC) for the

period post December, 2019 an amount of ₹ 678.71 Crs (Rupees Six Hundred Seventy Eight Crores Seventy One Lacs) is outstanding towards Cross Subsidy Surcharge for the period from January- 2020 to June-2023, including the Delayed Payment Surcharge (DPS) as on 15.07.2025, payable to Dakshin Gujarat Vij Company Limited:(hereinafter referred to as “DGVCL”).

2. This amount of ₹ 678.71 Crores (approx..) includes an amount of ₹ 78 Crores (as per AMNS being an amount which relates to CSS charged on captive consumption by AMNS from Essar Power (MP) Limited and Essar Power Orissa Limited) and interest thereon. AMNS has approached the Chief Electrical Inspector/Central Electricity Authority for certification of the captive status and undertakes to submit the certification, upon its issuance. Either party shall have the right to take such legal action, as it may deem fit to challenge the certification. In case, DGVCL does not challenge the certification within a period of 30 days from the communication of such certification to DGVCL, DGVCL shall proportionally adjust the amount to the extent of such certification towards principal and interest, thereof, in the balance instalment.

3. Subject to the above, AMNS agrees to pay the outstanding amount of ₹ 678.71 Crores computed as on 15.07.2025 in Eight (8) monthly instalments which is provided at Annexure I along with interest for the period commencing from 15.07.2025 to 15.02.2026, on reducing balance basis. The outstanding interest as on 15.07.2025 is Rs. 48.68 Crores. AMNS undertakes to pay the above outstanding amount along with interest in 8 instalments commencing from 15.07.2025. The computation of the same is as enclosed.

4. Such payments shall be without prejudice to the rights and contentions of the parties in the pending legal proceedings of AMNS and DGVCL, disputing the applicability of CSS and in the interest thereon, before various fora (and any appellate or incidental proceedings arising therefrom). The list of pending proceedings are as under:

a. Review Petition Nos. 2243 and 2244 of 2023 filed by AMNS before the Gujarat Electricity Regulatory Commission;

b. Petition No. 186/MP/2021 filed by DGVCL before Central Electricity Regulatory Commission;

c. Appeal No. 13 of 2021 filed by AMNS before the Appellate Tribunal for Electricity;

d. Civil Appeal Nos. 2444-2445 of 2019 and 4488 of 2023 filed by AMNS before the Hon'ble Supreme Court.

5. This undertaking shall be binding on the parties as well as their successors and assigns. AMNS is executing this undertaking voluntarily.

6. In the event of a failure by ANINS to pay the amounts as undertaken at Para 3 above, the entire amount will become payable by AMNS to DG VCL and DGVCL shall be at liberty to initiate appropriate legal action in this regard...”

13. In consideration of the submissions of the parties that all disputes between the Petitioner and the Respondent, AMNSIL, as raised in the instant matter have been amicably resolved in terms of the joint application dated 9.7.2025, along with the undertaking dated 9.7.2025, Petition No. 186/MP/2021, is disposed of in the terms of the above.

Sd/- (Ravinder Singh Dhillon) Member	Sd/- (Harish Dudani) Member	Sd/- (Ramesh Babu V.) Member	Sd/- (Jishnu Barua) Chairperson
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