

पावर ग्रिड कारपोरेशन ऑफ इंडिया लिमिटेड

(भारत सरकार का उद्यम)

POWER GRID CORPORATION OF INDIA LIMITED (A Government of India Enterprise)



केन्द्रीय कार्यालय: "सौदामिनी" प्लॉट सं. 2, सेक्टर-29, गुडगाँव-122 001, (हरियाणा) दूरभाष: 0124-2571700-719, फ़ैक्स : 0124-2571762,
"Saudamini" Plot No. 2, Sector-29, Gurgaon-122 001, (Haryana) Tel. : 0124-2571700-719, Fax : 0124-2571762, Web.: www.powergridindia.com

CIN : L40101DL1989GOI038121

(WITHOUT PREJUDICE)

CC/ Comml/RoP-HESCOM/2019

Dt.: 18.01.2019

To

The Managing Director,
M/s Hubli Electricity Supply Company Ltd (HESCOM),
Navanagar, PB Road,
Hubli, Karnataka.

Dear Sir,

Sub: "Notice for Regulation of power supply" for default of Hubli Electricity Supply Company Ltd (HESCOM), Karnataka in making payment of outstanding dues and opening Letter of Credit

- Ref: 1. Our Ltr no. CC:Comml:Hescom dtd 16.11.2018
2. Our Ltr no. CC:Comml:Hescom dtd 10.01.2019
3. Our Ltr no. PGC:SR-II:COMML:2018-19 dtd 14.01.2018
4. Transmission Service Agreement dtd 10.07.2011

1. HESCOM, Karnataka is a Designated Inter-State Transmission System Customer (DIC) which is availing Inter-state Transmission System (ISTS) network for transfer of power from various power plants located in different parts of country to HESCOM and is under obligations to make timely payment of transmission tariff and to open requisite Letter of Credit (LC) towards Payment Security Mechanism (PSM) in line with Electricity Act 2003 read with relevant contractual provisions and CERC Regulations.
2. It is, however, a matter of serious concern that HESCOM is consistently failing to make payment against the monthly bills raised on it towards transmission tariff despite various commitments by HESCOM and regular follow-up by CTU. As a consequence, total dues of HESCOM have accumulated to Rs 157 Cr as on 17.01.2019, which includes an amount of Rs 100 Cr. outstanding for more than 60 days (*out of which an amount of Rs 39 Cr. has even crossed 120 days*) based on the bills already raised by CTU.
3. Further, HESCOM has established an LC for an amount of Rs 17.6 Cr. only as against the requirement of Rs 28.1 Cr. as per the provisions of CERC Regulations. Renewal of LC for Rs 10.5 Cr. has not been done by HESCOM despite regular follow up and reminders from CTU.
4. CTU has been mandated with the responsibility of Billing, Collection and Disbursement of transmission charges towards ISTS licences from all the DICs. Such huge outstanding dues

as brought out above are seriously affecting the cash flows of all the ISTS Licensees and causing adverse impact on the ability to carry on as a business enterprise and to fulfil loan repayment liabilities towards creation of transmission assets.

5. Regulation 4 of CERC (Regulation of Power Supply), 2010 reads as under:-

"In case of outstanding dues or in case the letter of credit or any other agreed Payment Security Mechanism is not maintained as per the Agreement, the generating Company or the transmission licensee, as the case may be, may serve a notice for regulation of power supply, on the Defaulting Entity, for reducing the drawl schedule in the case of the generating company or withdrawal of open access / access to Inter-State Transmission System in the case of the transmission licensee."

6. In above regard, attention is invited to various correspondence issued by CTU, as referred above, which demonstrates the default of HESCOM in payment of legitimate dues. As per the provisions of **Regulation 4 of CERC (Regulation of Power Supply) Regulation 2010, provisions of BCD procedure** approved by CERC and terms of TSA, the CTU is constrained to issue this "Notice for Regulation of Power Supply".

7. Accordingly, in case of failure of HESCOM to clear the outstanding dues by **29.01.2019 (by 4.30 PM)**, the regulation of power supply of HESCOM through their Long Term Access shall be effected as follows:-

• Quantum of power to be regulated	:	60 MW of power drawl of HESCOM from ISTS network
• Commencement of Regulation of power supply	:	From 00.00 Hrs of 01.02.2019
• Period of Regulation of Power supply	:	Initially for 3 months or till clearing of the dues outstanding for more than 60 days
• Source of regulation of Power Supply	:	To be regulated from various Power plants of NTPC & NLC as per enclosed Annexure-1 .
• The regulation of power shall be carried out through Southern Region Transmission Corridors.		
• All other liabilities of HESCOM shall be as per the provisions of CERC Regulations		

8. Further, it may be informed that the dues for an amount of Rs 39 Crore are exceeding 120 days as on 18.01.2019 (included in the dues mentioned at Para 2 above) and as per Para 59(c) of CERC Order dtd 02.09.2015 under Pet. no. 142/MP/2012, this calls for curtailment of Short Term Open Access (STOA). The relevant portion of the said CERC Order dtd 02.09.2015 is reproduced below:-

"During the period of regulation of power supply, for defaults in payment of transmission charges, STOA to the regulated entity shall be denied by NLDC/RLDCs under Regulation 25A of Open Access Regulations from the date of commencement of regulation of power supply. When Regulation 25A is invoked independent of regulation of power supply, default trigger date for invoking

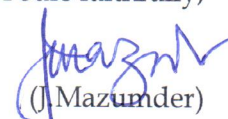
Regulation 25A of Open Access Regulations shall be 90 days from the due date of payment of various charges covered under the respective Regulations. **NLDC/RLDCs shall deny short term open access to the defaulting entity on occurrence of the default trigger dates as mentioned above without having to approach the Commission on the basis of the request of concerned RLDC or Central Transmission Utility, as the case may be.**"

Thus as per the above, in case the dues >120 days is not liquidated by HESCOM latest by 24.01.2019, the STOA transactions shall be liable to be curtailed w.e.f. 26.01.2019, prior to resorting to Regulation of Power supply as stated at Para 6 above.

9. Through a copy of this Notice, SRLDC is being requested to:
- Take necessary action to curtail the STOA transactions of HESCOM with effect from 26.01.2019.
 - Prepare implementation plan for Regulation of Power Supply of HESCOM & implement the same w.e.f. 00:00 Hrs. of 01.02.2019.
10. In view of above, it is advised to liquidate the outstanding dues greater than 120 days by **24.01.2019 (by 4.30 PM)** and clear the dues greater than 60 days & reinstate the LC by **29.01.2019 (by 4.30 PM)** failing which regulation of power supply shall also be enforced as stipulated above.

Thanking You,

Yours faithfully,



Chief General Manager(Commercial), CTU

CC.

- Executive Director,
Southern Regional Load Despatch
Centre
29, Race Course Cross Road,
Bangalore -560009
- (i) With a request to implement the STOA curtailment of HESCOM, Karnataka w.e.f. 26.01.2019 in line with Para 59(c) of CERC Order dtd 02.09.2015 under Pet.no. 142/MP/2012, upon confirmation by us on 24.01.2019.
- (ii) With a request to prepare the implementation plan for Regulation of power supply of HESCOM, Karnataka and implement the same as per CERC Regulation, 2010. The proposed regulation of power from various generators as per Annexure-1 may be reviewed and finalised. Indemnification bond furnished earlier holds good for subject Regulation of power of HESCOM.

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2. Executive Director (Comml.),
NTPC Ltd,
Core 7, Scope Complex,
Lodhi Road
New Delhi - 110016
With a request to take necessary action for implementation of Regulation of power supply of HESCOM, Karnataka from NTPC Plants, as per CERC Regulation, 2010.
3. Executive Director (Comml)
NLC Ltd
Block-I,
Neyveli - 607 801
Cuddalore District, Tamilnadu.
With a request to take necessary action for implementation of Regulation of power supply of HESCOM, Karnataka from NLC Plants, as per CERC Regulation, 2010.

Copy of Notice dtd 18.01.2019 for Regulation of Power supply issued to HESCOM, Karnataka is enclosed for kind information of:

1. Secretary (Power), MoP, GOI, Shram Shakti Bhawan, Rafi Marg, New Delhi.
Fax : 011-23721487
2. Chief Secretary, Govt of Karnataka , Secretariat, Vidhana Soudha, Bangalore
3. Secretary, CERC, 3rd & 4th Floor, Chandra Lok Building, 36, Janpath, New Delhi, 110 001. Fax: 011-23753923
4. Addl. Chief Secretary to GoK Enery Dept. & Chairman, HESCOM, Karnataka Govt Secretariate, Room No. 236, 2nd Floor, Vikasa Soudha, Dr.Ambedkar Veedhi, Bangalore.
5. Secretary, Karnataka Electricity Regulatory Commission, No. 9/2, 6th & 7th Floor, Mahalaxmi Chambers, MG Road, Bangalore -560001. Fax No: 080-25591412
6. Member Secretary, Southern Regional Power Committee, 29, Race Course Road, Bangalore - 560009. Fax No: 080-22352616
7. CMD, POSOCO, 61, IFCI Tower, 9th Floor, Nehru Place, New Delhi - 110019.
8. Superintending Engineer, Karnataka SLDC, 29, Race Course Road, Bangalore - 56000.
9. Executive Director, POWERGRID, SR-II, Bangalore



Annexure-1

Regulation of Power Supply of HESCOM, Karnataka -
Tentative list of generators and quantum of Power to be regulated

S. No	Gene- rating Company	Generating Station	Station Capacity	Share of Karnataka	Share Allocation of HESCOM	Quantum of power to be regulated to HESCOM under this notice
1	NTPC	Ramagundam St-I & II	1960 MW	390 MW	76 MW	30 MW
2	NLC	TPS-II Stage-I & II	1233 MW	310 MW	60 MW	30 MW
	Total				136 MW	60 MW

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