

(WITHOUT PREJUDICE)

CC/ Comml./ROP-SIKKIM/2020/1

Dt.: 11.08.2020

To
The PCE cum Secretary,
Energy & Power Dept., Govt. of Sikkim,
Kaji Road, Gangtok-737101, Sikkim.

Dear Sir,

Sub: "Notice for Regulation of Power Supply" for default of Energy & Power Department, Sikkim in making payment of outstanding dues towards Tr. charges.

Ref : Our letter CC:Comml:Sikkim dtd 29.07.2020 on liquidation of dues

1. Energy & Power Department, Sikkim 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 the country to Sikkim and is under obligations to make timely payment of transmission tariff and to open requisite Letter of Credit towards Payment Security Mechanism in line with the Electricity Act 2003 read with the relevant contractual provisions and CERC Regulations.
2. The status of payment made by the Energy & Power Dept, Govt Sikkim during last one year are given below.

Months	Aug '19	Sept' 19	Oct' 19	Nov '19	Dec' 19	Jan' 20	Feb' 20	Mar' 20	Apl' 20	May' 20	Jun'20	July'20 (till 29 th)
Amount of payment made (Rs. In Crs)	0.00	0.00	0.00	3.54	3.62	0.00	0.00	1.40	0.00	0.00	0.00	0.00

3. It is a matter of serious concern that Sikkim is consistently failing to make payment against the monthly bills raised on it towards transmission tariff despite regular follow-up by CTU. As a consequence, total dues of Sikkim have grown to an amount of **Rs.21.30 Cr** as on date, out of which an amount of Rs.18.11 Crs is outstanding for >45 days (the said amount of Rs 18.11Crs has even crossed 60 days out of which an amount of Rs 14.56 Crs is pending for >120 days) based on the bills already raised by 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 this regard, attention is invited to the correspondence issued by the CTU, as referred above, which demonstrates the default of Sikkim 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 Sikkim to clear the total outstanding dues >60 days latest by **27.08.2020**, the regulation of power supply of Sikkim through their Long Term Access shall be effected as follows:-

• Quantum of power to be regulated	:	35 MW of power drawl of Sikkim from ISTS network
• Commencement of Regulation of supply	:	From 00.00 Hrs of 01.09.2020.
• Period of Regulation of Power supply	:	Initially for one month 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 NHPC & NTPC from which Sikkim has allocation of power under Long Term Access, the quantum shall be in proportion of the allocation from NHPC & NTPC may be decided by ERLDC based on merit order of despatch.
• The regulation of power shall be carried out through Eastern Region Transmission Corridor.		
• All other liabilities of Sikkim shall be as per provisions of CERC Regulations.		

8. Further, CERC vide Order dtd 02.09.2015 under Pet. no. 142/MP/2012 at Para 59 (c) mentioned on curtailment of Short Term Open Access (STOA) during the regulation of power supply. 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.”

9. Through a copy of this Notice, ERLDC is being requested to:


Prepare implementation plan for Regulation of Power Supply of Sikkim & implement the same **w.e.f. 00:00 Hrs. of 01.09.2020.**

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10. In view of above, it is requested to liquidate the outstanding dues greater than 60 days by **27.08.2020** failing which regulation of power supply shall be enforced as stipulated above.

Thanking You,

Yours faithfully,



(J. Mazumder)

Chief General Manager (Commercial), CTU

CC ::

Executive Director
Eastern Regional Load Despatch
Centre, POSOCO, 14, golf Club
Road, Tollygunge, Kolkata, West
Bengal 700033.

With a request to prepare the implementation plan for Regulation of power supply of Sikkim and implement the same as per CERC Regulation, 2010. ***The proposed regulation of power supply from various power plants of NHPC & NTPC from which Sikkim has allocation of power under Long Term Access, the quantum shall be in proportion of the allocation from NTPC & NHPC may be decided by ERLDC based on the merit order of despatch.*** Indemnification bond furnished earlier holds good for subject Regulation of power of Sikkim.

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 Sikkim from NTPC Plants, as per CERC (Regulation of Power supply) Regulation, 2010.

Executive Director (Comml)
NHPC Ltd,
NHPC Office Complex,
Sector 33, Faridabad -121003

With a request to take necessary action for implementation of Regulation of power supply of Sikkim from NHPC HEP Projects, as per CERC (Regulation of Power supply) Regulation, 2010.

Copy of Notice dtd 11.08.2020 for Regulation of Power supply issued to Sikkim is enclosed for kind information of :

1. Secretary (Power), MoP, GOI, Shram Shakti Bhawan, Rafi Marg, New Delhi.
2. Chief Secretary, Manan Bhavan, Gangtok, Sikkim 737101,
3. Secretary, CERC, 3rd & 4th Floor, Chandra Lok Building, 36, Janpath, New Delhi.
4. Chairperson, Sikkim SERC, P.O. Deorali, Sikkim 737102.
5. Member Secretary, Eastern Regional Power Committee, 14, Golf Club Road, Tollygunge, Kolkata, West Bengal 700033.
6. CMD, POSOCO, B-9, 61, IFCI Tower, 9th Floor, Nehru Place, New Delhi – 110019.
7. Superintending Engineer (LDC), State Load Dispatch Center, Gangtok, Sikkim.
8. ED, POWERGRID / Odisha/ ER-I / ER-II.