

Ref: CC/ Comml/RoP-Coastal Energen/2020/1

Dt.: 14.08.2020

To  
Coastal Energen Pvt Ltd  
7th Floor, Buhari Towers, 4 Moores Road  
Chennai-600006, Tamil Nadu.

Dear Sir,

**Sub: "Notice for Regulation of power supply" for default of M/s Coastal Energen Pvt Ltd in payment of dues**

1. M/s Coastal Energen Pvt Ltd (Coastal Energen) is a Designated Inter-State Transmission System Customer (DIC) which is availing Inter-state Transmission System (ISTS) network for transfer of power from its generating plant in Tamilnadu to different parts of country 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 Transmission Service Agreement (TSA) and CERC Regulations.
2. It is, however, a matter of serious concern that Coastal Energen is failing to make timely payment against the monthly bills raised on it towards transmission tariff despite regular follow-up by CTU. As a consequence, the total dues of Coastal Energen have accumulated to **Rs 44.41 Crs** as on date, which includes an amount of Rs. 24.21 Crs. > 45 days (an amount of Rs. 21.56 Crs has even crossed 60 days and an amount of Rs. 7.30 Crs is pending for >90 days) based on the bills already raised by CTU.
3. CTU has been mandated with the responsibility of Billing, Collection and Disbursement of transmission charges collected from all the DICs to respective ISTS licencées in the country. 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.
4. 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.  
....."*
5. Please refer to various correspondence issued by the CTU which demonstrates the default of Coastal Energen in payment of legitimate dues in time. 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".



6. Accordingly, in case of failure of Coastal Energen to clear the outstanding dues >60 days latest by 24.08.2020, the regulation of power supply of Coastal Energen through their Long Term Access shall be effected as follows:-

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| • Quantum of power to be regulated                                                                                                             | : | 100 MW of power injected by Coastal Energen to ISTS network <u>for transfer to Tamilnadu under its LTA.</u> |
| • Commencement of Regulation of Power supply                                                                                                   | : | From 00.00 Hrs of 29.08.2020                                                                                |
| • Period of Regulation of Power supply                                                                                                         | : | Initially for two months or till clearing of the entire dues outstanding for more than 60 days.             |
| • Source of regulation of Power Supply                                                                                                         | : | The generation plant of Coastal Energen located in Tamilnadu.                                               |
| • The regulation of power shall be carried out through Southern Region Transmission Corridor ( <u>for 100 MW to Tamilnadu under its LTA</u> ). |   |                                                                                                             |
| • All other liabilities of Coastal Energen shall be as per the provisions of CERC Regulations                                                  |   |                                                                                                             |

7. Further, as per Para 59 (c) of CERC Order dtd 02.09.2015 under Pet. no. 142/MP/2012, the STOA also shall be curtailed during the regulation of power supply, as 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. ...."*

8. Through a copy of this Notice, SRLDC is being requested to prepare an implementation plan for Regulation of Power Supply of Coastal Energen and implement the same w.e.f. 00:00 Hrs. of 29.08.2020 upon confirmation by us on 25.08.2020.
9. In view of above, it is advised to liquidate the outstanding dues greater than 60 days as per above latest by 24.08.2020 failing which regulation of power supply shall be enforced as stipulated above.

Thanking You,

Yours faithfully,



(J.Mazumder)

Chief General Manager (Commercial)

CC:

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| 1. | Executive Director<br>Southern Regional Load<br>Dispatch Centre<br>29, Race Course Cross Road,<br>Bangalore -560009 | With a request to prepare the implementation plan for Regulation of power supply of Coastal Energen from its generation plant in Tamilnadu and implement the same as per CERC (Regulation of Power Supply) Regulations, 2010 and CERC Order dtd 02.09.2015 in Pet 142/MP/2012. Indemnification bond furnished earlier holds good for subject Regulation of power supply of Coastal Energen. |
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Copy of Notice dtd 14.08.2020 for Regulation of Power supply issued to M/s Coastal Energen Pvt Ltd is enclosed for kind information of:

1. Secretary, CERC , 3<sup>rd</sup> & 4<sup>th</sup> Floor, Chanderlok Building, 36, Janpath, New Delhi, 110 001
2. Member Secretary, Southern Regional Power Committee, 29, Race Course Road, Bangalore - 560009.
3. CMD, POSOCO, 61, IFCI Tower, 9<sup>th</sup> Floor, Nehru Place, New Delhi 110019
4. ED, POWERGRID - SR-II, Bengaluru.