

(WITHOUT PREJUDICE)

CC/ Comml/RoP-CESCOM/2020/

Dt.: 01.10.2020

To
The Managing Director,
Chamundeswari Electric Supply Company Ltd (CESCOM),
#CA 29, Vijayanagar 2nd stage,
Hinkal, Mysore - 17,

Dear Sir,

Sub: "Notice for Regulation of power supply" for default of CESCOM, Karnataka in making payment of outstanding dues.

Ref : Our letter Ref : CC:Comml:CESCOM dtd 09.09.2020

1. CESCOM, 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 CESCOM 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 CESCOM is failing to make regular payment against the monthly bills raised on it towards transmission tariff despite various commitments by CESCOM and regular follow-up by CTU. As a consequence, total dues of CESCOM have accumulated to Rs 191.26 Cr as on date, which includes an amount of Rs. 170.45 Crs outstanding for > 45 days (an amount of Rs 150.60 Crs has even crossed 60 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 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.
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. In above regard, attention is invited to various correspondence issued by CTU, as referred above, which demonstrates the default of CESCO 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".
6. Accordingly, in case of failure of CESCO to clear the outstanding dues by **15.10.2020**, the regulation of power supply of CESCO through their Long Term Access shall be effected as follows:-

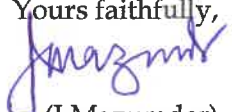
• Quantum of power to be regulated	:	75 MW of power drawl of CESCO from ISTS network
• Commencement of Regulation of power supply	:	From 00.00 Hrs of 20.10.2020
• Period of Regulation of Power supply	:	Initially for 2 months or till clearing of the entire dues outstanding for more than 60 days.
• Source of regulation of Power Supply	:	To be regulated from various Power plants of NTPC & NLC from which CESCO has allocation of power under Long Term Access, the quantum shall be in proportion of the allocation from NTPC & NLC, which may be decided by SRLDC based on merit order of despatch.
• The regulation of power shall be carried out through Southern Region Transmission Corridor.		
• All other liabilities of CESCO 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, 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....."

8. Through a copy of this Notice, SRLDC is being requested to prepare an implementation plan for Regulation of Power Supply of CESCO & implement the same w.e.f. 00:00 Hrs. of 20.10.2020 upon confirmation by us on 16.10.2020.
9. In view of above, CESCO is requested to liquidate the outstanding dues greater than 60 days by **15.10.2020** failing which regulation of power supply shall also be enforced as stipulated above.

Thanking You,

Yours faithfully,

(J. Mazumder)

Chief General Manager (Commercial), CTU

CC.

1. Executive Director,
Southern Regional Load
Despatch Centre
29, Race Course Cross Road,
Bangalore -560009
With a request to prepare, the implementation plan for Regulation of power supply of CESCO, Karnataka and implement the same as per CERC Regulation, 2010. *For the proposed regulation of power from various Power plants of NTPC & NLC from which CESCO has allocation of power under Long Term Access, the quantum shall be in proportion of the allocation from NTPC, & NLC which may be decided by SRLDC based on the merit order of despatch.* Indemnification bond furnished earlier holds good for subject Regulation of power supply of CESCO.
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 CESCO, 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 CESCO, Karnataka from NLC Plants, as per CERC Regulation, 2010.

Copy of Notice dtd 01.10.2020 for Regulation of Power supply issued to CESCO, Karnataka is enclosed for kind information of:

1. Secretary (Power), MoP, GOI, Shram Shakti Bhawan, Rafi Marg, New Delhi.
2. Chief Secretary, Govt of Karnataka , Secretariat, Vidhana Soudha, Bangalore
3. Secretary, CERC, 3rd & 4th Floor, Chandra Lok Building, 36, Janpath, New Delhi,
4. Secretary, Karnataka Electricity Regulatory Commission, No. 9/2, 6th & 7th Floor, Mahalaxmi Chambers, MG Road, Bangalore -560001.
5. Chief Financial Advisor, CESCO, corporate Office, # CA 29, Vijayanagar, 2nd Stage, Hinkal, Mysore - 17
6. Member Secretary, Southern Regional Power Committee, 29, Race Course Road, Bangalore - 560009.
7. CMD, POSOCO, 61, IFCI Tower, 9th Floor, Nehru Place, New Delhi - 110019.
8. Superintending Engineer, Karnataka SLDC, 29, Race Course Road, Bangalore - 560009.
9. Executive Director, POWERGRID, SR-II, Bangalore.