

WITHOUT PREJUDICE

CC/Comml./ROP-UPPCL /2020-21/4

Dt.: 18.12.2020

To,
Director (Finance),
M/s Uttar Pradesh Power Corporation Ltd.
Shakti Bhawan,
14, Ashok Marg,
Lucknow - 226001, UP

Dear Sir,

Sub: "Notice for Regulation of Power Supply" for default of M/s Uttar Pradesh Power Corporation Ltd (UPPCL) in making payment of outstanding dues"

Ref: Our letter CC:Comml.:UPPCL:2020-21 dtd.: 10.12.2020 - on liquidation of dues

1. UPPCL 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 UPPCL 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 CERC Regulations.
2. Vide letters dated 10.12.2020, UPPCL was requested to liquidate the outstanding dues >45 days amounting to Rs. 1189 Crs by 17.12.2020, else CTU will be constrained to proceed with Regulatory action as per the provisions of CERC Regulations and Orders but there was poor response from UPPCL.
3. It is, however, a matter of serious concern that UPPCL is consistently failing to make payment against the monthly bills raised on it towards transmission tariff despite various commitments by UPPCL and regular follow-up by CTU. As a consequence, total dues of UPPCL have accumulated to Rs 1678 Cr as on date, out of which an amount of Rs.1128.93Cr. outstanding for more than 45 days (and the same amount of Rs. 1128.93 Crs has crossed 60 days and Rs.485 Crs. has even crossed 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 various correspondence issued by the CTU, as referred above, which demonstrates the default of UPPCL 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 UPPCL to clear the total outstanding dues > 60 days latest by **31.12.2020**, the regulation of power supply of UPPCL through their Long Term Access shall be effected as follows:-

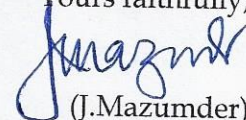
• Quantum of power to be regulated	:	900 MW of power drawl of UPPCL from ISTS network
• Commencement of Regulation of supply	:	From 00.00 Hrs of 05.01.2021.
• Period of Regulation of Power supply	:	Initially for two months or till clearing of the entire dues outstanding for more than 60 days
• Source of regulation of Power Supply	:	To be regulated from various Power plants of NTPC, NHPC & SJVNL from which UPPCL has allocation of power under Long Term Access, the quantum shall be in proportion of the allocation from NTPC, NHPC & SJVNL may be decided by NRLDC based on merit order of despatch.
• The regulation of power shall be carried out through Northern Region Transmission Corridor.		
• All other liabilities of UPPCL 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, NRLDC is being requested to prepare implementation plan for Regulation of Power Supply of UPPCL & implement the same w.e.f. 00:00 Hrs. of 05.01.2021 upon confirmation by us on 01.01.2021.
10. In view of above, it is requested to liquidate the outstanding dues greater than 60 days by 31.12.2020 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,
Northern Regional Load
Dispatch Centre,
18A, SJSS Marg, Katwaria Sarai,
New Delhi - 110016

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

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 UPPCL from NTPC Plants, as per CERC 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 UPPCL from NHPC HEP Projects, as per CERC Regulation, 2010.

Executive Director (Comml)
SJVNL, 205-206, 2nd Floor,
Gulmohar Enclave, Bhanot House,
Yusuf sarai, New Delhi - 110049

With a request to take necessary action for implementation of Regulation of power supply of UPPCL from SJVNL Projects, as per CERC Regulation, 2010

Copy of Notice dtd 18.12.2020 for Regulation of Power supply issued to UPPCL is enclosed for kind information of :

1. Secretary (Power), MoP, GOI, Shram Shakti Bhawan, Rafi Marg, New Delhi.
2. Chief Secretary, Govt of Uttar Pradesh, Secretariat, Lucknow -206 001, UP.
3. Secretary, CERC, 3rd & 4th Floor, Chandra Lok Building, 36, Janpath, New Delhi, 110 001.
4. Secretary, UP Electricity Regulatory Commission, II Floor, Kisan Mandi Bhawan, Gomati Nagar, Vibhuti Khand, Lucknow- 226 010,UP.
5. Member Secretary, Northern Regional Power Committee, 18-A, Shaheed Jeet singh Marg, Katwaria Sarai, New Delhi -110016.
6. CMD, POSOCO, B-9, 61, IFCI Tower, 9th Floor, Nehru Place, New Delhi - 110019.
7. General Manager (SLDC), UPPCL, 5th Floor, Shakti Bhawan, 14, Ashok Marg, Lucknow- 226001, UP.
8. ED - NR-III, POWERGRID