

**(WITHOUT PREJUDICE)**

CC/ Comml/RoP-HESCOM/2021/

Dt.: 23.02.2021

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: 1.0 Our letter CC:Comml:HESCOM: dtd : 27.01.2021 - on clearing of dues  
2.0 Our letter CC:Comml:HESCOM: dtd : 11.01.2021 - on clearing of dues  
3.0 Our letter CC:Comml:HESCOM: dtd : 08.02.2021 - on clearing of dues

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. Vide letters dated 08.02.2021, HESCOM was requested to clear the outstanding dues >45 days by 20.02.2021, else CTU will be constrained to proceed with Regulatory action as per the provisions of CERC Regulations and Orders.
3. It is, however, a matter of serious concern that HESCOM is consistently failing to clear the dues against 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 151.11 Cr as on date, out of which an amount of Rs.110.47 Cr. is outstanding for >45 days (an amount of Rs. 78.17 Cr has even crossed 60 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. ...."*

केन्द्रीय कार्यालय : "सौदामिनी" प्लॉट सं. 2, सेक्टर-29, गुरुग्राम-122001, (हरियाणा), दूरभाष : 0124-2571700-719  
Corporate Office : "Saudamini", Plot No. 2, Sector-29, Gurugram-122001, (Haryana) Tel. : 0124-2571700-719

पंजीकृत कार्यालय : बी-9, कुतुब इंस्टीट्यूशनल एरिया, कटवारिया सराय, नई दिल्ली-110016 011-26560112, 26564812, 26564812, 26564892, सीआईएन : L40101DL1989GOI038121  
Registered Office : B-9, Qutab Institution Area, Katwaria Sarai, New Delhi-110016. Tel.: 011-26560112, 26564812, 26564812, 26564892, CIN : L40101DL1989GOI038121  
Website : www.powergridindia.com

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 HESCOM, 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 HESCOM 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 HESCOM.
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 of Power Supply) 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 of Power Supply) Regulation, 2010.

**Copy of Notice dtd 23.02.2021 for Regulation of Power supply issued to HESCOM, Karnataka is enclosed for kind information of:**

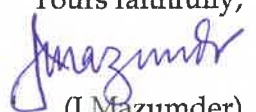
1. Secretary (Power), MoP, GOI, Shram Shakti Bhawan, Rafi Marg, New Delhi.
2. Chief Secretary, Govt of Karnataka , Secretariat, Vidhana Soudha, Bangalore
3. Secretary, CERC, 3rd & 4th Floor, Chandra Lok Building, 36, Janpath, New Delhi, 110 001.
4. Addl. Chief Secretary to GoK Energy Dept. & Chairman, HESCOM, Karnataka Govt Secretariate, Room No. 236, 2<sup>nd</sup> 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.
6. Member Secretary, Southern Regional Power Committee, 29, Race Course Road, Bangalore - 560009.
7. CMD, POSOCO, 61, IFCI Tower, 9<sup>th</sup> Floor, Nehru Place, New Delhi - 110019.
8. Superintending Engineer, Karnataka SLDC, 29, Race Course Road, Bangalore - 56000.
9. Executive Director, POWERGRID, SR-II, Bangalore

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 **27.02.2021**, the regulation of power supply of HESCOM through their Long Term Access shall be effected as follows:-

• Quantum of power to be regulated	:	150 MW of power drawl of HESCOM from ISTS network
• Commencement of Regulation of power supply	:	From 00.00 Hrs of 05.03.2021
• Period of Regulation of Power supply	:	Initially for one month or till clearing of the entire dues outstanding for >60 days
• Source of Regulation of Power Supply	:	To be regulated from various Power plants of NTPC & NLC from which HESCOM 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 Corridors.		
• All other liabilities of HESCOM shall be as per the provisions of CERC Regulations		

8. 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....."*
9. Through a copy of this Notice, SRLDC is being requested to prepare implementation plan for Regulation of Power Supply of HESCOM & implement the same w.e.f. 00:00 Hrs. of 05.03.2021 upon confirmation by us on 01.03.2021.
10. In view of above, it is requested to clear the outstanding dues greater than 60 days by **27.02.2021** failing which regulation of power supply shall be enforced as stipulated above.

Thanking You,

Yours faithfully,  
  
(J Mazumder)  
Chief General Manager (Commercial), CTU