



(WITHOUT PREJUDICE)

Ref: CC/Comml./ROP-Essar-MP/2018

Dt: 27.02.2018

To,
Essar Power M.P Ltd
Essar House, 11 K K Marg,
Mahalaxmi,
Mumbai - 400034

Dear Sir,

Sub: "Notice for Regulation of power supply" for default of M/s Essar Power M.P Ltd in payment of dues and opening of requisite Letter of Credit

- Ref:
1. Our Ltr no. C/CTU-Plg/LTA/Essar-MP Dated 19.05.2017
 2. Our Ltr no. C/Comml/WRLDC/LTA-Essar P MP-450 MW Dated 29.09.2017
 3. Our Ltr no. CC/Comml./SupplTAA:450/EPML/2017 dated 11.12.2017
 4. Our Ltr no. CC/Comml./SupplTAA:450/EPML/2018 dtd 19.01.2018
 5. Transmission Service Agreement dtd 17.08.2012

1. M/s Essar Power M.P Ltd 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 at Madhya Pradesh 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) as per provisions of CERC Sharing Regulations.
2. It is mentioned that Long Term Access (LTA) quantum of 450 MW of M/s Essar Power M.P Ltd was operationalized with effect from 01.10.2017 vide our letter no. C/CTU-Plg/LTA/Essar-MP Dated 19.05.2017 and accordingly M/s Essar Power M.P Ltd is liable to pay the transmission charges from the date of LTA operationalization and open requisite LC towards payment security mechanism. The dues, as on date, are Rs 16.50 Crore out of which an amount of Rs 14.2 Crore is outstanding for more than 60 days.
3. Further, M/s Essar Power M.P Ltd is yet to establish the LC for Rs. 20.32 Crore as Payment Security Mechanism towards this LTA as per the CERC Regulations, despite several reminders in this regard as referred above.
4. CTU has been mandated with the responsibility of Billing, Collection and Disbursement of transmission charges collected from all the DICs to respective ISTS licences 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.

5. Regulation 4 of CERC (Regulation of Power Supply), Regulations 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. Further, it may be informed that as per CERC order dtd 02.09.2015 under Pet. No. 142/MP/2012, during the period of Regulation of Power Supply, the STOA to the defaulter shall also be curtailed. The relevant portion of the 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..."

7. 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".

8. Accordingly, in case of failure of M/s Essar Power M.P Ltd to clear the outstanding dues and establish the requisite LC latest by 04.03.3018, the regulation of power supply of M/s Essar Power M.P Ltd through their Long Term Access shall be effected as follows:-

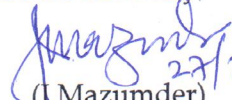
• Quantum of power to be regulated	:	As no power is being scheduled under the Target LTA, the regulation of power supply of Essar Power MP Ltd shall be implemented through curtailment of STOA as per CERC (Regulation of Power Supply), Regulations 2010 and CERC Order dtd 02.09.2015 under Pet no. 142/MP/2012 as referred above.
• Commencement of Regulation of supply	:	From 00.00 Hrs of 07.03.2018
• Period of Regulation of Power supply	:	Initially for one month or till clearing of the entire dues outstanding for more than 60 days and opening of new LC for 450MW LTA
• Source of regulation of Power Supply	:	The generation plant of M/s Essar Power M.P Ltd located in Madhya Pradesh.
• The regulation of power shall be carried out through Western Region Transmission Corridor.		
• All other liabilities of M/s Essar Power M.P Ltd shall be as per the provisions of CERC Regulations		

9. Through a copy of this Notice, WRLDC are being requested to implement the Regulation of Power Supply of M/s Essar Power M.P Ltd through curtailment of STOA & implement the same w.e.f. 00:00 Hrs. of 07.03.2018.

:: 3 ::

10. In view of above, it is requested to liquidate the outstanding dues greater than 60 days and open the requisite LC as per above latest by **04.03.2018 (by 04.30PM)** failing which regulation of power supply through curtailment of STOA shall be enforced as stipulated above.

Thanking You,

Yours faithfully,

(J. Mazumder)

General Manager (Commercial)

CC:

1.	Executive Director Western Regional Load Despatch Centre, POSOCO F-3, MIDC Area, Marol, Andheri(East), Mumbai - 400093	With a request to implement the Regulation of power supply of M/s Essar Power M.P Ltd through curtailment of STOA from its generation plant in Chattisgarh, as per CERC (Regulation of Power Supply) Regulations,2010 and CERC Order dtd 02.09.2015 under Pet no. 142/MP/2012.
2.	Executive Director, NLDC, POSOCO, B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi - 110016. Fax No: 011 - 26524525	With a request to advise the Power Exchanges to implement the Regulation of power supply of M/s Essar Power M.P Ltd through curtailment of STOA from its generation plant in Chattisgarh, as per CERC (Regulation of Power Supply) Regulations,2010 and CERC Order dtd 02.09.2015 under Pet no. 142/MP/2012.

Copy of Notice dtd 27.02.2018 for Regulation of Power supply issued to M/s Essar Power M.P Ltd is enclosed for kind information of:

1. Member Secretary, Western Regional Power Committee, F-3, MIDC Area, Marol, Andheri(East), Mumbai - 400093
2. CMD, POSOCO, B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi -110016. Fax No: 011 - 26524525
3. Executive Director, POWERGRID, WR2, Baroda