



(WITHOUT PREJUDICE)

Ref: CC/Comml./ROP-KSK/2018

Dt.: 01.03.2018

To,
KSK Mahanadi Power Co. Ltd
8-2-293/82/A/431/A, Road No. 22,
Jubilee Hills, Hyderabad, 500033
Telangana

Dear Sir,

Sub: "Notice for Regulation of power supply" for default of M/s KSK Mahanadi Power Co.Ltd (KSK Mahanadi) in making payment of dues and opening of requisite Letter of Credit

Ref: 1. Your letter no. PGCIL:GUR/AS/2500101/1480 dtd 14.12.2017
2. Transmission Service Agreement dtd 05.12.2012

1. M/s KSK Mahanadi is a Designated Inter-State Transmission System Customer (DIC) which is availing Inter-state Transmission System (ISTS) network for transfer of power from KSK Mahanadi 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 the CERC Regulations.
2. It is, however, a matter of serious concern that KSK Mahanadi is regularly failing to make payment against the monthly bills raised on it towards transmission tariff despite its recent commitment vide letter dtd 14.12.2017 referred above and regular follow-up by CTU. As a consequence, the total dues of KSK Mahanadi have accumulated to **Rs 202.80 Cr** as on date, out of which an amount of **Rs 90.4 Cr.** is outstanding for more than 60 days (the dues >60 days will further increase to **Rs 150.2 Crore by 05.03.2018**). Further, the existing LCs have already lapsed and KSK Mahanadi is yet to reinstate the same as per the provisions of CERC Regulations despite regular follow up and reminders from 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 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.

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 drawal 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. 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..."
6. 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" in view of default of KSK Mahanadi in liquidating the dues & reinstatement of LCs.
7. Accordingly, in case of failure of M/s KSK Mahanadi to clear the outstanding dues and establish the requisite LC latest by **08.03.2018**, the regulation of power supply of M/s KSK Mahanadi through their Long Term Access shall be effected as follows:-

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| • Quantum of power to be regulated | : | 300 MW of power injected by KSK Mahanadi to ISTS network |
| • Commencement of Regulation of supply | : | From 00.00 Hrs of 13.03.2018 |
| • Period of Regulation of Power supply | : | Initially for 2 months or till clearing of the entire dues outstanding for more than 60 days and establishment of requisite LCs. |
| • Source of regulation of Power Supply | : | The generation plant of KSK Mahanadi located in Chattisgarh. |
| • The regulation of power shall be carried out through Western Region Transmission Corridor (for 300MW) to Southern Region Transmission Corridor (for 150MW) and to Northern Region Transmission Corridor (for 150MW). | | |
| • All other liabilities of KSK Mahanadi shall be as per the provisions of CERC Regulations | | |

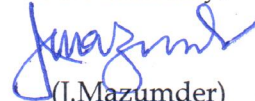
8. Through a copy of this Notice, WRLDC is being requested to prepare an implementation plan for Regulation of Power Supply of KSK Mahanadi & implement the same w.e.f. 00:00 Hrs. of **13.03.2018**.

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9. In view of above, it is advised to liquidate the outstanding dues greater than 60 days and reinstate the LCs as per above latest by **08.03.2018** (by 4.30 PM) failing which regulation of power supply shall also be enforced as stipulated above.

Thanking You,

Yours faithfully,



(J. Mazumder)
General Manager (Commercial)

CC:

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| 1. | Executive Director Western Regional Load Despatch Centre, POSOCO F-3, MIDC Area, Marol, Andheri(East), Mumbai - 400093 | With a request to prepare the implementation plan for Regulation of power supply of KSK Mahanadi from its generation plant in Chattisgarh and implement the same as per CERC (Regulation of Power Supply) Regulations, 2010. Indemnification bond furnished earlier holds good for subject Regulation of power of KSK Mahanadi Power Ltd. |
| 2. | General Manager, Southern Regional Load Despatch Centre, POSOCO 29, Race Course Road, Bangalore - 560001 | With a request to take necessary action for implementation of Regulation of power supply of M/s KSK Mahanadi (Generator), as per CERC (Regulation of Power Supply) Regulations, 2010. |
| 3. | Executive Director Northern Regional Load Despatch Centre, POSOCO 18A, SJSS Marg, Katwaraia Sarai, New Delhi -110016 (Fax - 011 26852747) | With a request to take necessary action for implementation of Regulation of power supply of M/s KSK Mahanadi (Generator), as per CERC (Regulation of Power Supply) Regulations, 2010. |
| 4. | Executive Director, National Load Despatch Centre, POSOCO, 18A, SJSS Marg, Katwaria Sarai, New Delhi -110016 | With a request to take necessary action to advise the Power Exchanges for implementation of Regulation of power supply of M/s KSK Mahanadi (Generator) as per CERC (Regulation of Power Supply) Regulations, 2010 and CERC Order dtd 02.09.2015 under Pet no. 142/MP/2012. |

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Copy of Notice dtd 01.03.2018 for Regulation of Power supply issued to M/s **KSK Mahanadi Power Co.Ltd** is enclosed for kind information of:

1. Member Secretary, Western Regional Power Committee, F-3, MIDC Area, Marol, Andheri(East), Mumbai - 400093
2. Member Secretary, Northern Regional Power Committee, 18-A, Shaheed Jeet singh Marg, Katwaria Sarai, New Delhi -110016
3. Member Secretary, Southern Regional Power Committee, 29, Race Course Road, Bangalore - 560001
4. CEO, POSOCO, B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi -110016.
5. ED, POWERGRID - WR-I / NR-III / SR-I / SR-II