

पावर ग्रिड कारपोरेशन ऑफ इंडिया लिमिटेड

(भारत सरकार का उद्यम)

POWER GRID CORPORATION OF INDIA LIMITED

(A Government of India Enterprise)



पावरग्रिड

केन्द्रीय कार्यालय: 'सौदामिनी' प्लॉट सं. 2, सैक्टर-29, गुडगाँव-122 001, (हरियाणा) दूरभाष: 0124-2571700-719, फैक्स : 0124-2571762,
Saudamini Plot No. 2, Sector-29, Gurgaon-122 001, (Haryana) Tel. : 0124-2571700-719, Fax : 0124-2571762, Web.: www.powergridindia.com

CIN : L40101DL1989GOI038121

CC/ Comml./RoP-HESCOM /2016

Dt.: 04.11.2016

To
The Managing Director,
M/s Hubli Electricity Supply Company Ltd (HESCOM),
Navanagar, PB Road,
Hubli, Karnataka.

(WITHOUT PREJUDICE)

Dear Sir,

Sub: "Notice for Regulation of power supply" for default of Hubli Electricity Supply Compnay Ltd (HESCOM), Karnataka in making payment of outstanding dues and opening Letter of Credit

- Ref: 1. Our Ltr no. PGC:SR-II:COMML:2016-17 dtd 20.07.2016
2. Our Ltr no. PGC:SR-II:COMML:2016-17 dtd 26.07.2016
3. Our Ltr no. PGC/SR-II/COMML/2016-17 dtd 30.07.2016
4. Our Ltr no. PGC/SR-II/COMML/2016-17 dtd 17.08.2016
5. Our Ltr no. PGC:SR-II:COMML:2016-17 dtd 19.09.2016
6. Our Ltr no. CC:Comml:Hescom: dtd 12.10.2016
7. Transmission Service Agreement dtd 10.07.2011

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. It is, however, a matter of serious concern that HESCOM is consistently failing to make payment against the monthly bills raised on it towards transmission tariff despite various commitments and regular follow-up by CTU. As a consequence, total dues of HESCOM have accumulated to Rs 107 Cr as on 04.11.2016, which includes an amount of Rs 34 Cr. outstanding for more than 60 days as on date (*which would grow to Rs 53 Cr. on 06.11.2016*) based on the bills already raised by CTU.
3. Further, HESCOM has established an LC for an amount of Rs 6 Cr. only as against the requirement of Rs 15 Cr. as per the provisions of CERC Regulations. Enhancement of LC has not been done by HESCOM despite regular follow up and reminders from 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 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 14.11.2016, 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 supply	:	From 00.00 Hrs of 18.11.2016
• Period of Regulation of Power supply	:	Initially for 4 months or till clearing of the dues outstanding for more than 60 days
• Source of regulation of Power Supply	:	To be regulated from various Power plants of NTPC & DVC as per enclosed Annexure-1 .
• The regulation of power shall be carried out through Southern & Eastern Region Transmission Corridors.		
• All other liabilities of HESCOM shall be as per the provisions of CERC Regulations		

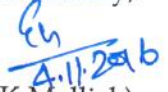
9. Through a copy of this Notice, SRLDC is being requested to prepare implementation plan for Regulation of Power Supply of HESCOM & implement the same w.e.f. 00:00 Hrs. of 18.11.2016.

Gy

10. In view of above, it is advised to liquidate the outstanding dues greater than 60 days and enhance the LC as per above by 14.11.2016 failing which regulation of your power supply shall also be enforced as stipulated above.

Thanking You,

Yours Faithfully,



(H.K.Mallick)

GM (Commercial & RC)

CC.

1. General Manager,
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. The proposed regulation of power from various generators as per Annexure-1 may be reviewed and finalised. Indemnification bond furnished earlier holds good for subject Regulation of power of HESCOM.
2. General Manager,
Eastern Regional Load Despatch
Centre,
14, Golf Club Road, Tollygunge,
Kolkatta - 700033
Fax : 033-24235809
With a request to take necessary action for implementation of Regulation of power supply of HESCOM, Karnataka from NTPC & DVC Projects, as per CERC Regulation, 2010.
3. Executive Director (Comml.),
NTPC Ltd,
Core 7, Scope Complex,
Lodhi Road
New Delhi - 110016
(FAX-011-24360328)
With a request to take necessary action for implementation of Regulation of power supply of HESCOM, Karnataka from NTPC Plants, as per CERC Regulation, 2010.
4. Director (Commercial)
Damodar Valley Corporation DVC
Towers, Maniktala,
Civic Tower, VIP Road,
Kolkata - 700 054
With a request to take necessary action for implementation of Regulation of power supply of HESCOM, Karnataka from DVC Projects, as per CERC Regulation, 2010.

Copy of Notice dtd 04.11.2016 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.
Fax : 011-23721487
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. Fax: 011-23753923
4. Addl. Chief Secretary to GoK Enery Dept. & Chairman, HESCOM, Karnataka Govt Secretriate, Room No. 236, 2nd Floor, Vikasa Soudha, Dr.Ambedkar Veedhi, Bangalore.
5. Secretary, Karnataka Electricity Regulatory Commission, No. 9/2, 6th & 7th Floor, Mahalaxmi Chambers, M^c Road, Bangalore -560001
Fax No: 080-25591412
6. Member Secretary, Southern Regional Power Committee, 29, Race Course Road, Bangalore - 560009. Fax No: 080-22352616
7. Member Secretary, Eastern Regional Power Committee, 14, Golf Club Road, Tollygunge, Kolkatta - 700 033 Fax: 033-24171358
8. CEO, POSOCO, B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi -110016.
Fax : 011-26524525
9. Superintending Engineer, Karnataka SLDC, 29, Race Course Road, Bangalore - 56000.



Annexure-1

Regulation of Power Supply of HESCOM, Karnataka-
Quantum of Power to be regulated

S. No	Generating Company	Generating Station	Station Capacity	Share Allocation of HESCOM	Quantum of Power to be regulated to HESCOM under this Notice
1	DVC	Koderma	1000 MW	50 MW	50 MW
2	NTPC	Talcher Stg II	2000 MW	78 MW	78 MW
3	NTPC	Ramagundam Stg III	500 MW	23 MW	22 MW
	Total		3500 MW	151 MW	150 MW

