

Ref: NTECL/CEO/HESCOM/NOV-29

Date: 30.11.21

To

The Managing Director,
Hubli Electricity Supply Company Limited,
Karnataka.

Sub: Regulation Notice;

Regulation of power supply to the Hubli Electricity Supply Company Limited (HESCOM) as per GOI letter regarding allocation of power from NTECL Vallur Thermal Power Station, PPA dtd 06.03.2008 between NTPC Tamil Nadu Energy Company Ltd (NTECL) & HESCOM and MOP order dtd 10.11.2021 as amended

Sir,

1. You are kindly aware that the bills raised by NTECL on **HESCOM** for energy supplied by NTECL from its station is to be paid within due date. As on date, a total of **Rs. 79.73 Cr** remains unpaid, out of which **Rs. 61.45 Cr** remains unpaid beyond 75 days. As per GOI allocation letter and PPA, in case of default in making payments of bills, NTECL has the right to discontinue/ regulate the power supplies.
2. The allocation letter for Vallur Thermal Power Station dated 28.09.2010 issued by Govt. of India provides that in case of default in payment, NTECL (JV of NTPC & TANGEDCO) has the right to shut-off or restrict power supply from power stations and reallocate power as follows

Quote

" 4. The above allocation will further be subject to the Power Purchase Agreements (PPAs) entered in to by NTPC Limited with state Power utilities/Union Territory and will further be subject to the beneficiaries ensuring compliance with the financial and commercial terms (including coverage for Letter of Credit) of the Power Purchase Agreement (PPA) signed with NTPC Ltd., the tariff notification and any other directives/ guidelines issued by the Government of India/ Central Electricity Regulatory Commission from time to time.

*5. In case of failure of the beneficiaries States adhering to the condition mentioned above, **NTPC Ltd. may shut off or restrict power supply from the power station***

NTPC Tamilnadu Energy Co.Ltd.(A JV of NTPC & TANGEDCO),Vallur Thermal Power Project

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Vallur

and also reallocate the power in case beneficiary States default in payment or where they have not opened LCs of an adequate amount in favour of NTPC Ltd

(Emphasis supplied)

Unquote

3. Ministry of Power, Govt of India vide its minutes of meeting dtd 08.10.21 directed "(5 i). **Zero tolerance policy to be adopted by CPSEs for any delay in payment from states. Post due date, CPSEs to start regulation of power for at least 50% of the power supply and gradually increase the quantum of regulation.**"

(Emphasis supplied)

4. Also, Ministry of Power, Govt of India vide its order dtd. 10.11.21 as amended vide MOP letter dtd 12.11.21 on 'Payment towards dues of GENCOs by the DISCOM' provides for Regulation of Power Supply to the Discom defaulting in payments immediately after 30 days of their due date i.e. about two & half months presentation of Bill. A copy of the same is enclosed.

5. Electricity (Late Payment Surcharge) Rules, 2021 issued by MOP on 22.02.2021 provides that:

Quote

"4. **Late Payment Surcharge – (1) Late.....**
(2) **The rate of Late.....**

Provided further that, if a distribution licensee has any payment including Late Payment Surcharge outstanding against a bill after the expiry of seven months from the due date of the bill, it shall be debarred from procuring power from a power exchange or grant of short term open access till such bill is paid"

Unquote

As has dues outstanding for more than 7 months after due date, it may be debarred from procuring power from the power exchange or grant of short term open access till the bill is paid.

6. Electricity Act 2003 Clause 3(a) of Section 28 mandates RLDC for scheduling and dispatch of electricity as per contracts entered with the licensee or generating company.



Quote

"28. 3 (a) The Regional Load Despatch Centre shall-

Be responsible for optimum scheduling and dispatch of electricity within the region, in accordance with the contracts entered into with the licensee or the generating companies operating in the region."

Unquote

7. In addition to the continuous follow ups through various letters including letters dated 23.08.21, 20.10.21 & 22.11.21 and meeting by officials of NTECL/NTPC with senior officials of HESCOM for liquidating its outstanding dues are still existing for payment to NTECL. Hence HESCOM has failed to comply with all the above provisions of various agreements, allocation letters and MOP order dtd/ 10.11.2021 as amended.
8. An amount of **Rs. 61.45 Cr** has remained unpaid beyond 75 days. Accordingly, notice for regulation of power supply on **HESCOM** is hereby given for effecting regulation of power supply to **HESCOM** w.e.f. **00:00 hrs of 07.12.2021 for 50 % of power from NTECL Vallur Thermal Power Station.**
9. In view of above, power supply to the extent of 50 % allocated from NTECL Vallur Thermal Power Station will be regulated to the **HESCOM** as per the details given below:
- Quantum and source of power from which regulation / diversion is proposed: **17.4 MW i.e. 50% allocation from Vallur Thermal Power Station of NTECL.**
 - The above is likely to result in excess power available to the extent of scheduled reduction.
 - Regarding diversion/ absorption of regulated share, it is being taken up with other constituents of Southern Region and other regions to indicate their requirements. As soon as we receive any response from these constituents for absorption of regulated power of **HESCOM**, the same would be communicated to SRLDC. Also efforts will be made to sale the power through exchange.
10. NTECL is also posting Regulation Notice on its website under the tab <http://ntpcntecljv.co.in/notices>.



11. The proposed regulation would be **implemented w.e.f. 00:00 hrs. of 07.12.2021.**

A copy of this notice is also being sent to concerned RLDCs, for preparation of implementation plan for regulation of power supply to **HESCOM** and implementation of the same.

Thanking you,

Yours faithfully,



(Kedar Ranjan Pandu)
Chief Executive Officer

CC:

1. Member Secretary, SRPC

2.ED , SRLDC

with a request to prepare **implementation plan** for Regulation/ Suspension of power supply to HESCOM and implement the same

Distribution List:

- Chief Secretary, Karnataka
- Additional Chief Secretary (Energy), Govt. of Karnataka
- Secretary, CERC
- Chief Engineer (Thermal), MOP,GOI
- Head of SLDC, Karnataka