



Ref .No: 01: CD: 352

Date: 04.02.2021

To
Managing Director
Hubli Electricity Supply Company Ltd. (HESCOM)
Corporate Office
PB Road Navanagar
Hubli - 580025

Sub: Regulation Notice;

Regulation of power supply to the HESCOM as per provisions of the CERC (Regulations of Power Supply) Regulations, 2010 (as amended), BPSA dated 28.09.1993, Various GOI letters regarding allocations of power from NTPC Stations, Ministry of Power (MoP), Gol Order No. 23/22/2019-R&R dated 28.06.2019 and various other PPAs signed with HESCOM

Dear Sir,

1. You are kindly aware that the bills raised by NTPC on HESCOM for energy supplied by NTPC from various stations are to be paid within due dates. As on date, a total of **Rs 780 Cr** remains unpaid, out of which **Rs 515 Cr** remains unpaid beyond due dates. Further, against the Letter of Credit (LC) requirement of **Rs. 91.44 Cr**, HESCOM is not maintaining unconditional operable LC of requisite amount. In spite of repeated follow ups at various levels in person as well as through our letters dated 22.10.2020, 25.11.2020 & 06.01.2021, 29.01.2021 HESCOM has yet not liquidated the outstanding dues which are beyond due dates and also not opened unconditional operable LC of requisite amount. As per various agreements and CERC Regulations, in case of default in making payments of bills, NTPC has the right to discontinue/ regulate the power supplies.
2. The Tripartite Agreement signed between Govt of Karnataka, RBI and Govt of India which is applicable for supply of electricity from NTPC stations to state of Karnataka also provides for regulation of power supply in case of non payment of bills. Further, CERC (Regulation of Power Supply) Regulations, 2010 (as amended) provide that:

Quote

4. ***In case of the outstanding dues or in case the required 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.....***

पंजीकृत कार्यालय: एनटीपीसी भवन, स्कोप काम्प्लेक्स, 7 इन्स्टीटयुशनल एरिया, लोधी रोड, नई दिल्ली - 110 003

Regd Office: NTPC Bhawan, Scope Complex, 7 Institutional Area, Lodhi Road, New Delhi - 110 003

Corporate Identification Number L40101DL1975GOI007966, Telephone No: 011-2436 2067

6. Upon receipt of the notice under Regulation 4 and within 3 days thereafter, the concerned State Load Despatch Centre/Regional Load Despatch Centre, in whose control area the Regulating Entity is situated, shall make a plan in writing for implementing the regulation of power supply and shall inform the Regulating Entity, Regulated Entity, concerned State Load Despatch Centres, Regional Power Committees, and Regional Load Despatch Centres of the said Plan and shall post the implementation plan on its website.....

(Emphasis supplied)

Unquote

3. The terms & conditions of Bulk Power Supply Agreement (BPSA) dated 28.09.1993 provides as follows at clause A.3 of Appendix-A :

Quote

"It is agreed that the Bulk Power recipient(s) will make all efforts to open LC within a reasonable period. In the event of failure to establish/ enhance LC within a reasonable period or alternatively in the absence of LC, if any bills remain unpaid for a period exceeding two months from the date of issue of the bill, NTPC shall have the authority to discontinue/ reduce supply of power from Ramagundam STPS to such bulk power recipient(s) and advise SREB accordingly."

(Emphasis supplied)

Unquote

4. The allocation letters issued by Govt. of India provide that in case of default in payment, NTPC has the right to shut-off or restrict power supply from power stations and reallocate power. The relevant extract from an allocation letter no.5/5/2015-Th.II dated 06.10.2015 is as given below :

Quote

" 3. The above allocation will further be subject to the Power Purchase agreements (PPAs) entered into by NTPC Ltd with State power Utilities and will further be subject to the beneficiaries ensuring compliance with the financial and commercial terms (including coverage for letter of Credit) of the PPA signed with NTPC Ltd., the Tariff notification, any Tri-Partite bi-partite agreement signed with NTPC and any other directives/ guidelines issued by the Government of India, Central Electricity Regulatory Commission from time to time."

Unquote

5. Further, The Ministry of Power, Gol in its order dated 28.06.2019 and clarification thereof has mentioned as under-

Quote

" 5.0....

i. In accordance with Section 28 (3) (a), the NLDC & RLDC shall despatch power only after it is intimated by the Generating Company and / Distribution Companies that as Letter of Credit for the desired quantum of power has been opened and copies made available to the concerned generating company.

.....

*iii. RLDC shall dispatch electricity only up to the quantity equivalent of value of Letter of Credit.
iv. The dispatch shall stop once the quantum of electricity under LC is supplied.....*

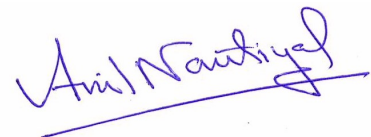
6.0 It shall also be ensured by the Load Dispatch Centre that the regulated entity, during the period of regulation, has no access to procure power from the Power Exchanges and they shall not be granted Short Term Open Access.(STOA) ”

Unquote

6. An amount of **Rs 515 Cr** has remained unpaid beyond due dates and HESCOM is not maintaining unconditional operable LC of requisite amount . 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 11.02.2021** initially for a period of 15 days, as per provisions of the CERC (Regulations of Power Supply) Regulations, 2010 and as per PPAs/BPSA and various allocation letters issued by Gol.
7. In view of above, power supply to the extent of 100% allocated from NTPC Stations will be regulated to the HESCOM as per the details given below:
 - i) Quantum and source of power from which regulation / diversion is proposed: **548.70 MW** from all **applicable NTPC Stations** (Details attached at **Annex-A**).
 - ii) The above is likely to result in excess power available to the extent of scheduled reduction.
 - iii) Regarding diversion/ absorption of regulated share, it is being taken up with other constituents of Southern 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.
8. As per requirement of CERC (Regulation of Power Supply) Regulations, 2010, NTPC is also posting Regulation Notice on NTPC website <https://www.ntpc.co.in/> under the tab “Notices”.
9. The proposed regulation would be **implemented w.e.f. 00:00 hrs. of 11.02.2021**, initially for a period of 15 days or till the time outstanding dues get cleared, whichever is earlier. 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 as per the procedure laid down by CERC (Regulation of Power Supply) Regulations, 2010.

Thanking you,

Yours faithfully,

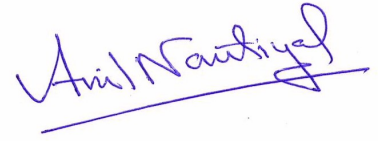


(Anil Nautiyal)
Chief General Manager (Commercial)

CC :

1. Executive Director
Southern Regional Load Dispatch Centre
29, Race Course Cross Road,
Bangalore-560009
2. Executive Director
Eastern Regional Load Dispatch Centre
14, Golf Club Road, Tollygunge,
Kolkata -700 033

with a request to prepare
implementation plan for
Regulation/ Suspension of power
supply to HESCOM and implement
the same as per CERC (Regulation
of Power Supply) Regulations, 2010



Chief General Manager (Commercial)

3. Member Secretary, SRPC
4. Member Secretary, ERPC

Distribution List:

- Chairperson, CERC
- Chairman, KERC
- Chief Secretary, Govt of Karnataka
- Principal Secretary (Energy), Govt of Karnataka
 - Chief Engineer (Thermal), MoP

ANNEXURE-A

S.N.	Name of Station	Installed Capacity (MW)	Allocation for HESCOM (MW)
1	Ramagundam-I&II	2100	84.66
2	Ramagundam-III	500	21.15
3	Simhadri-II	1000	36.71
4	Talcher-II	2000	70.11
5	Kudgi-I	2400	336.08
Total from Stations of NTPC		8000	548.70