



(WITHOUT PREJUDICE)

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

Dt.: 13.02.2018

To,
RKM Powergen Pvt. Ltd.
No. 14, Dr. Giriappa Road , T.Nagar
Chennai- 6000178
Tamilnadu

Dear Sir,

Sub: "Notice for Regulation of power supply" for default of M/s RKM Powergen Pvt Ltd in payment of dues and opening of requisite Letter of Credit

Ref:

1. Our Ltr no. C/Comml./LTA:619/RKM Powergen/LC/2017 dated 12.09.2017
 2. Our Ltr no. C/Comml./LTA:619/RKM Powergen/LC/2017 dated 16.10.2017
 3. Our Ltr no. C/Comml./LTA:619/RKM Powergen/LC/2017 dated 17.11.2017
 4. Our Ltr no. NR-III/Comml/17-18/rkm/LC dated 02.11.2017
 5. Our Letter ref. no. C/Comml/WRLDC_SRLDC/LTA-RKMPPL-619 MW dated 29.09.2017
 6. Our Letter ref. no. C/CTU-Plg/LTA/RKM-rel dtd 15.11.2017
 7. Our Letter ref. no. C/CTU-Plg/LTA/RKM/1511 dtd 16.11.2017
 8. Transmission Service Agreement dtd 06.08.2012
1. M/s RKM Powergen Pvt Ltd (RKM Powergen) 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 Chattisgarh 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 Transmission Service Agreement (TSA) dtd 06.08.2012 referred above and CERC Regulations.
 2. It is mentioned that Long Term Access (LTA) quantum of 350 MW (reduced from 819 MW) of RKM Powergen was operationalized with effect from 01.10.2017 as per the terms of LTA Agreement dated 24.02.2010 and accordingly RKM Powergen are liable to pay the transmission charges from the date of LTA operationalization. Total dues of RKM Powergen as on date, have accumulated to a huge amount of Rs 84 Crore out of which Rs. 58 Crore have exceeded 60 days and Rs. 27 Crores have exceeded 120 days. Further LC established by RKM

Powergen towards payment security mechanism for an amount of Rs 10.75 Cr and Rs 14.34 Cr have also expired and are yet to be reinstated by RKM Powergen.

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 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."
5. Please refer to various correspondence issued by the CTU, as referred above, which demonstrates the default of RKM Powergen in payment of legitimate dues and reinstatement of LCs in time. 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".
6. Accordingly, in case of failure of RKM Powergen to clear the outstanding dues and establish the requisite LC latest by 23.02.2018, the regulation of power supply of RKM Powergen through their Long Term Access shall be effected as follows:-

• Quantum of power to be regulated	:	200 MW of power injected by RKM Powergen to ISTS network
• Commencement of Regulation of Power supply	:	From 00.00 Hrs of 27.02.2018
• Period of Regulation of Power supply	:	Initially for 2 months or till clearing of the entire dues outstanding for more than 60 days and reinstatement of existing LCs.
• Source of regulation of Power Supply	:	The generation plant of RKM Powergen located in Chattisgarh.
• The regulation of power shall be carried out through Western Region Transmission Corridor to Northern Region Transmission Corridor (for 200MW).		
• All other liabilities of RKM Powergen shall be as per the provisions of CERC Regulations		

7. Further, as indicated above that the dues for an amount of Rs 27 Crore have exceeded 120 days as on 13.02.2018 (included in the dues mentioned at Para 2 above) and as per Para 59 (c) of CERC Order dtd 02.09.2015 under Pet. no. 142/MP/2012, this calls for curtailment

of Short Term Open Access (STOA). The relevant portion of the said CERC Order dtd 02.09.2015 is reproduced below:-

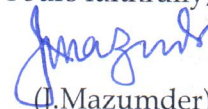
"During the period of regulation of power supply, for defaults in payment of transmission charges, STOA to the regulated entity shall be denied by NLDC/RLDCs under Regulation 25A of Open Access Regulations from the date of commencement of regulation of power supply. When Regulation 25A is invoked independent of regulation of power supply, default trigger date for invoking Regulation 25A of Open Access Regulations shall be 90 days from the due date of payment of various charges covered under the respective Regulations. NLDC/RLDCs shall deny short term open access to the defaulting entity on occurrence of the default trigger dates as mentioned above without having to approach the Commission on the basis of the request of concerned RLDC or Central Transmission Utility, as the case may be."

Thus as per the above, in case the dues >120 days is not liquidated by RKM Powergen latest by 19.02.2018, the STOA transactions shall be liable to be curtailed w.e.f. 20.02.2018, prior to resorting to Regulation of Power supply as stated at Para 6 above.

8. Through a copy of this Notice, WRLDC is being requested to:
- Take necessary action to curtail the STOA transactions of RKM Powergen with effect from 20.02.2018.
 - Prepare implementation plan for Regulation of Power Supply of RKM Powergen & implement the same w.e.f. 00:00 Hrs. of 27.02.2018.
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 23.02.2018 failing which regulation of power supply shall also 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 prepare the implementation plan for Regulation of power supply of RKM Powergen 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 RKM Powergen Pvt Ltd.
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2.	Executive Director Northern Regional Load Despatch Centre, POSOCO, 18A, SJSS Marg, Katwaria Sarai, New Delhi -110016 (Fax - 011 26852747)	With a request to take necessary action for implementation of Regulation of power supply of M/s RKM Powergen (Generator), as per CERC (Regulation of Power Supply) Regulations, 2010.
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Copy of Notice dtd 13.02.2018 for Regulation of Power supply issued to M/s RKM Powergen Pvt 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. CMD, POSOCO, B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi -110016.
Fax No: 011 - 26524525
4. ED, POWERGRID(WR-I / NR-III)