

SPL / 2016 / 2057

**Email / Courier / Post
06.07.2016**

To,

**The Chief Engineer (PP & R)
Punjab State Power Corporation Ltd. (PSPCL)
Shed C-3, Shakti Vihar, Patiala – 147 001, Punjab**

Subject: Failure to Pay Invoices by Due Dates

- Notice under Article 11.5 of the Power Purchase Agreement dated 07.08.2007 (PPA) and Regulation 4 of Central Electricity Regulatory Commission (Regulation of Power Supply) Regulations, 2010

- Ref:**
- (1) Power Purchase Agreement (PPA) dated 07.08.2007 signed between Sasan Power Limited (SPL) and Procurers
 - (2) Sasan Power Limited (SPL)'s letter no. SPL/2016/1840 dated 01.04.2016
 - (3) SPL's notices dated 10.05.2016, 16.05.2016 and 31.05.2016
 - (4) Hon'ble CERC's order dated 10.06.2016 in Petition 83/MP/2016 (IA No. 18 & 19 of 2016)
 - (5) Proceedings before Hon'ble Supreme Court of India dated 29.06.2016
 - (6) SPL's letter no. SPL/2016/2047 dated 02.07.2016
 - (7) PSPCL's memo no. 1158/60/ISB-602 dated 05.07.2016
 - (8) SPL's letter no. SPL/2016/2051 dated 05.07.2016

Dear Sir,

1. Please refer to our notices mentioned at no. (3) above and the Order dated 10.06.2016 passed by Hon'ble Central Electricity Regulatory Commission (CERC) in Petition No. 83/MP/2016 (IA No. 18 & 19 of 2016).
2. In the said petition Hon'ble CERC inter alia directed PSPCL to pay the principal amount on account of change in COD in four equal monthly installments, second of which was payable by 05.07.2016. By the said order, Hon'ble CERC also granted SPL the liberty to act as per the CERC (Regulation of Power Supply) Regulations, 2010 in case of failure of PSPCL to comply with the directions of Hon'ble CERC in the said order. For ready reference Para 12 of the said order dated 10.06.2016 is given below:

"12.....Accordingly, we issue the following directions with regard to PSPCL and Rajasthan Utilities:-

(a) The principal amount (excluding the late payment surcharge) outstanding against Rajasthan Utilities and PSPCL (on account of change in COD) shall be paid in four equal monthly installments by 25.6.2016, 5.7.2016, 5.8.2016 and 5.9.2016.

(b) As regards late payment surcharge, we direct SPL and Rajasthan Utilities/PSPCL to make efforts to settle the issue amicably. In case of dispute, either party is at liberty to approach the Commission for adjudication and appropriate direction.

(c) In case of default in payment as per our directions in sub-para (a) above, SPL will be at liberty to act in terms of the RPS Regulations read with the provisions of the PPA."

3. We also refer to the proceedings before Hon'ble Supreme Court of India in Civil Appeal No. 5355 of 2016 and other related matters on 29.06.2016 wherein appellants prayed the Hon'ble Supreme Court to grant stay on the operation of the Order dated 31.03.2016 passed by Hon'ble APTEL in Appeal No. 233 of 2014. However, the Hon'ble Supreme Court after considering the submissions made by the parties did not grant such prayer on 29.06.2016.
4. SPL, vide its letter dated 02.07.2016 also called upon PSPCL to pay the dues in accordance with the directions passed by Hon'ble CERC and made it clear that it shall not disconnect supply of electricity to the defaulting procures on account of dues relating to COD matter, subject to the procurers making payment of their respective amounts on the dates as directed by CERC in Petition No. 83/MP/2016 (IA No. 18 & 19 of 2016).
5. Further, MPPMCL has also approached Hon'ble Appellate Tribunal for Electricity (APTEL) and on 05.07.2016, MPPMCL had sought deferment of installment of COD dues as per the orders passed by the Hon'ble CERC in Petition no.83/MP/2016. It is highlighted that no such deferment of payments was allowed by Hon'ble APTEL on 05.07.2016.
6. In the light of the above, PSPCL was required to pay second installment of the principal amount relating to COD dues on or before 05.07.2016. However, PSPCL has still not paid the same within the period permitted by Hon'ble CERC and **the same is tantamount to contempt of Hon'ble CERC's order.**
7. In these circumstances and pursuant to the liberty granted by Hon'ble CERC in its order dated 10.06.2016 we are constrained to issue this notice under Regulation 4 of Central Electricity Regulatory Commission (Regulation of Power Supply) Regulations, 2010, for regulation of 25% of your Contracted Capacity. The electricity available consequent to the regulation of your supply is proposed to be sold in accordance with the terms of the PPA.
8. The details of monthly principal amount in default is given vide **Annexure 1.**

9. Details in relation to the regulation of your power supply are as follows:

9.1. Amount of total outstanding principal dues: Rs 106.27 Cr, of which amount payable as per Hon'ble CERC order on or before 05.07.2016 is Rs 35.42 Cr.¹ (**Ref. Annexure-1**)

9.2. Quantum of reduction in drawl schedule: 139.59 MW

9.3. Initial duration of reduction: 30 days from 11.07.2016 to 09.08.2016 i.e. As per terms of Article 11.5 of the PPA

9.4. Price of the Power: As per terms of Article 11.5 of the PPA

9.5. Default trigger date: 31.05.2016

9.6. Source of Power: Sasan Ultra Mega Power Project (UMPP), at Singrauli Tehsil in District Sidhi of Madhya Pradesh

10. Please note that this communication is without prejudice to any of the other rights, remedies, entitlements of SPL under the PPA and the law to recover the dues and nothing herein amounts to waiver of any of the rights and entitlements, under PPA and the law, all of which are specifically reserved by SPL.

Thanking you.

Yours faithfully,

For Sasan Power Limited


Mayank Gupta
General Manager

Copy to:

1. Shri K D Chaudhri,
Chairman cum Managing Director (CMD)
Punjab State Power Corporation Ltd (PSPCL)
The Mall, Patiala – 147001

2. Shri K L Sharma
Director – Distribution
Punjab State Power Corporation Ltd (PSPCL)
The Mall, Patiala – 147001

¹ Late Payment Surcharge (LPS) is being dealt with separately as per Hon'ble CERC's order

Annexure 1
Details of Principal amount in default (##)

(Amount in Rs. Crore)				
S.No.	Bill for the month	Principal**	Paid**	Pending Principal amount**
1.	Mar-13	0.00	0.00	0.00
2.	Apr-13	0.08	0.08	0.00
3.	May-13	0.00	0.00	0.00
4.	Jun-13	0.47	0.47	0.00
5.	Jul-13	0.78	0.78	0.00
6.	Aug-13	0.28	0.28	0.00
7.	Sep-13	0.01	0.01	0.00
8.	Oct-13	0.00	0.00	0.00
9.	Nov-13	0.01	0.01	0.00
10.	Dec-13	0.03	0.03	0.00
11.	Jan-14	0.02	0.02	0.00
12.	Feb-14	0.03	0.03	0.00
13.	Mar-14	0.04	0.04	0.00
14.	Apr-14	8.52	8.52	0.00
15.	May-14	8.03	8.03	0.00
16.	Jun-14	10.90	10.90	0.00
17.	Jul-14	13.10	6.20	6.90
18.	Aug-14	13.24	0.00	13.24
19.	Sep-14	11.58	0.00	11.58
20.	Oct-14	9.49	0.00	9.49
21.	Nov-14	13.10	0.00	13.10
22.	Dec-14	13.46	0.00	13.46
23.	Jan-15	9.18	0.00	9.18
24.	Feb-15	13.86	0.00	13.86
25.	Mar-15	12.29	0.00	12.29
26.	Apr-15	0.25	0.00	0.25
27.	May-15	0.26	0.00	0.26
28.	Jun-15	0.28	0.00	0.28
29.	Jul-15	0.27	0.00	0.27
30.	Aug-15	0.27	0.00	0.27
31.	Sep-15	0.26	0.00	0.26
32.	Oct-15	0.27	0.00	0.27
33.	Nov-15	0.26	0.00	0.26
34.	Dec-15	0.27	0.00	0.27
35.	Jan-16	0.27	0.00	0.27
36.	Feb-16	0.25	0.00	0.25
37.	Mar-16	0.27	0.00	0.27
Sub-total		141.69	35.42	106.27

Schedule of COD dues payment as per CERC order (##)

S.No.	On or before	Amount (in Rs Crs)
1	25.06.2016	35.42 (Paid)
2	05.07.2016	35.42
3	05.08.2016	35.42
4	05.09.2016	35.42

(**) Due to rounding off to 2 decimal places of amounts in Rs Crores, smaller values are appearing as nil
 (##) Revised REA for the period 31.03.2013 to 31.03.2014 has been recently issued by WRPC taking into account the applicable changes between 31.03.2013 to 15.08.2013. Applicable credit based on this works out to be a negligible amount as compared to total COD dues. The same will be passed on shortly. There is no change for the REA for the period starting 01.04.2014.