

SPL / 2016 / 2052

**Email / Courier / Post
06.07.2016**

To,

**Managing Director
MP Power Management Co. Ltd (Lead Procurer)
Shakti Bhawan, Jabalpur – 482 008, Madhya Pradesh**

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 orders dated 03.06.2016 in Petition 83/MP/2016
(5) Proceedings before Hon'ble Supreme Court of India dated 29.06.2016
(6) SPL's letter no. SPL/2016/2043 dated 02.07.2016**

Dear Sir,

1. Please refer to our notices mentioned at no. (3) above and the Order dated 03.06.2016 passed by Hon'ble Central Electricity Regulatory Commission (CERC) in Petition No. 83/MP/2016.
2. In the said petition Madhya Pradesh Power Management Co. Ltd (MPPMCL) sought the permission of Hon'ble CERC to pay the outstanding dues on account of the COD in installments on the basis of financial constraints whereupon Hon'ble CERC inter alia directed MPPMCL to pay the principal amount on account of change in COD in three equal monthly installments first 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 MPPMCL to comply with the directions of Hon'ble CERC in the said order. For ready reference Para 15 of the said order dated 03.06.2016 is given below:

"15. Considering the submission of the parties, we issue the following directions:

(a) All outstanding dues on account of orders for change in law events shall be liquidated in weekly installments by 30.6.2016.

(b) The principal amount (excluding the late payment surcharge) covered under the notice dated 20.5.2016 (on account of change in COD) shall be paid in three equal monthly installments by 5.7.2016, 5.8.2016 and 5.9.2016.

(c) As regards late payment surcharge, we direct SPL and the petitioner 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.

(d) In case of default in payment as per our directions in sub-para (a) & (b) 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. 5246 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 MPPMCL 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 Hon'ble CERC in Petition No. 83/MP/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, MPPMCL was required to pay first installment of the principal amount relating to COD dues on or before 05.07.2016. However, MPPMCL 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 03.06.2016 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 355.52 Cr, of which amount payable as per Hon'ble CERC order by 05.07.2016 is Rs 118.51Cr. ¹(Ref. **Annexure 1**)
 - 9.2. Quantum of reduction in drawl schedule: 348.98 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

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 (##)

S.No.	Bill for the month	Principal (in Rs Crs)**
1.	Mar-13	0.00
2.	Apr-13	0.20
3.	May-13	0.00
4.	Jun-13	1.19
5.	Jul-13	1.95
6.	Aug-13	0.71
7.	Sep-13	0.02
8.	Oct-13	0.01
9.	Nov-13	0.04
10.	Dec-13	0.06
11.	Jan-14	0.06
12.	Feb-14	0.08
13.	Mar-14	0.11
14.	Apr-14	21.31
15.	May-14	20.45
16.	Jun-14	27.68
17.	Jul-14	32.81
18.	Aug-14	33.10
19.	Sep-14	29.38
20.	Oct-14	23.72
21.	Nov-14	32.75
22.	Dec-14	33.45
23.	Jan-15	22.50
24.	Feb-15	35.22
25.	Mar-15	30.83
26.	Apr-15	0.62
27.	May-15	0.65
28.	Jun-15	0.69
29.	Jul-15	0.67
30.	Aug-15	0.67
31.	Sep-15	0.65
32.	Oct-15	0.67
33.	Nov-15	0.65
34.	Dec-15	0.67
35.	Jan-16	0.67
36.	Feb-16	0.63
37.	Mar-16	0.67
	Sub-total	355.52

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

S.No.	On or before	Amount (in Rs Crs)
1	05.07.2016	118.51
2	05.08.2016	118.51
3	05.09.2016	118.51

(**) 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.