



Ref .No: 01: CD: 407

Date: 04.02.2021

To
The PCE-cum- Secretary
Department of Energy & Power
Govt of Sikkim
Kazi road
Gangtok-737101

Sub: Regulation Notice;
Regulation of power supply to the Department of Energy & Power, Sikkim as per provisions of the CERC (Regulations of Power Supply) Regulations, 2010 (as amended), BPSA dated 28.05.1993, various GOI letters regarding allocations of power from NTPC Stations, various other PPAs signed with Sikkim and Ministry of Power (MoP), Gol Order No. 23/22/2019-R&R dated 28.06.2019

Dear Sir,

1. You are kindly aware that the bills raised by NTPC on Department of Energy & Power Sikkim for energy supplied by NTPC from various stations are to be paid within due dates. As on date, a total of **Rs 89.48 Cr** remains unpaid, out of which **Rs 72 Cr** remains unpaid beyond due dates. Further, against the Letter of Credit (LC) requirement of **Rs.16.83 Cr**, Department of Energy & Power, Sikkim has not opened any LC. In spite of repeated follow ups at various levels in person as well as through our letters dated 02.11.2020, 09.12.2020, & 06.01.2021, Department of Energy & Power, Sikkim has yet not opened the LC of requisite amount and also not liquidated the outstanding dues which are beyond due dates. As per CERC Regulations, in case of default in opening of required value of LC / making payments of bills, NTPC has the right to discontinue/ regulate the power supplies.
2. The Tripartite Agreement signed between Government of Sikkim, RBI and Govt of India which is applicable for supply of electricity from NTPC stations to state of Sikkim 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.....

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

पंजीकृत कार्यालय: एनटीपीसी भवन, स्कोप कॉम्प्लेक्स, 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

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. Further, the terms & conditions of Bulk Power Supply Agreement (BPSA) dated 28.05.1993 provides as follows at clause A.7.5.

Quote

“In the event of failure to establish/enhance LC as above, or any bill(s) remain unpaid for a period exceeding two months from the date of issue of the bill, NTPC shall have the authority to discontinue supply of power from NTPC Station(s) to such Bulk Power Customer(s) and advise EREB to exclude its allocation from scheduling and energy accounting and treat its share in the same manner as unallocated power under clause A.2 till restored by NTPC.”

(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 one such letter no.5/31/2006-Th.2 dated 21.02.2007 is as given below :

Quote

“ 4. The above allocation will further be subject to the beneficiaries States ensuring compliance with the financial and commercial terms (including coverage for Letter of Credit) of the 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 beneficiary States adhering to the condition mentioned above, NTPC Ltd. may shut off or restrict power supply from the power station and also reallocate the power in case beneficiaries default in payment or where they have not opened LCs of an adequate amount in favour of NTPC Ltd.”

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.....

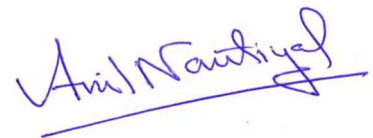
6.0 It shall also be ensured by the Load Dispatch Centre that the regulated entity, during the period of regulation, has no access to procure power from the Power Exchanges and they shall not be granted Short Term Open Access.(STOA) ”

Unquote

6. An amount of **Rs 72 Cr** has remained unpaid beyond due dates and Sikkim has not opened LC of the requisite value. Notice for regulation of power supply on Sikkim is hereby given for effecting regulation of power supply to Department of Energy & Power, Sikkim 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 as amended and as per PPAs/BPSA signed 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 Department of Energy & Power, Sikkim as per the details given below:
 - i) Quantum and source of power from which regulation / diversion is proposed: **99.45 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 Eastern and other regions to indicate their requirements. As soon as we receive any response from these constituents for absorption of regulated power of Sikkim, the same would be communicated to ERLDC.
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 Department of Energy & Power, Sikkim and implementation of the same as per the procedure laid down by CERC (Regulation of Power Supply) Regulations, 2010 as amended.

Thanking you,

Yours faithfully,

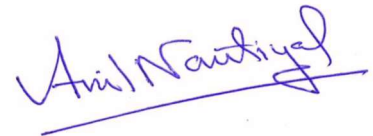


(Anil Nautiyal)
Chief General Manager (Commercial)

CC :

1. 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 Department of Energy & Power, Sikkim and implement the same as per CERC (Regulation of Power Supply) Regulations, 2010



(Anil Nautiyal)
Chief General Manager (Commercial)

2. Member Secretary, ERPC

Distribution List:

- Chairperson, CERC
- Chief Secretary, Govt of Sikkim
- JS (Thermal), MoP,GOI

ANNEXURE-A

S.N.	Name of Station	Installed Capacity (MW)	Allocation to Sikkim (MW)
1	Farakka-I&II	1600	26.08
2	Kahalgaon-I	840	13.02
3	Kahalgaon-II	1500	4.95
4	TSTPS-I	1000	24.00
5	Barh-II	1320	17.40
6	Darlipalli	1000	14
Total from Stations of NTPC		7260	99.45