

UPERC DIRECTS DISCOM TO MAKE INTERIM PAYMENT TO ENSURE SMOOTH OPERATIONS OF POWER GENERATOR AND UNINTERRUPTED SUPPLY OF POWER TO CONSUMERS



INTRODUCTION

The Uttar Pradesh Electricity Regulatory Commission (“UPERC”), vide its Order dated 08.06.2022 in petition filed by Rosa Power Supply Company Ltd. (“RPSCL”), has directed Uttar Pradesh Power Corporation Limited (“UPPCL”) to make interim payment of Rs. 300 Cr. to RPSCL in order to ensure that the supply of power to the consumers is not interrupted during the pendency of the proceedings before it. While passing the said direction, UPERC has taken cognizance of the shortage in coal availability and has highlighted the necessity to ensure smooth running of the plant of the generator, i.e., RPSCL.

FACTUAL BACKGROUND

RPSCL had invoked the powers of UPERC envisaged under Section 86(1)(f) of the Electricity Act, 2003 (“the Act”) on account of non-payment of dues by UPPCL against power supplied by RPSCL. The outstanding amount due and pending on the part of UPPCL, at the relevant time of filing of the petition, was Rs. 471 Cr. As an interim measure however, RPSCL had sought that UPPCL be directed to make payment of Rs. 371 Cr. in order to maintain uninterrupted operation of the plant and procure the required quantities of coal to prevent any hindrance in supply of power.

However, UPPCL contended that RPSCL has not considered the amounts that have been disputed by UPPCL.

In order to obtain a clarity with respect to the quantum of outstanding amount, UPERC, by way of Order dated 07.04.2022, directed the parties to place on record a reconciliation statement showing the overdue amount outstanding as on the date of the filing of the petition.

FINDINGS

The UPERC held as follows:

- Out of claimed interim amount of Rs. 371.53 Cr. the outstanding amount of Rs. 186.18 Cr. is already admitted on part of UPPCL.
- The present situation in respect of demand and supply of coal is precarious wherein the demand is high but there exists a shortage of availability of coal, thus leading to escalation into cost of coal procurement. The said situation warrants immediate attention.
- In view of the above, UPERC deemed it appropriate to direct UPPCL to make an interim payment of Rs. 300 Cr. within a period of 15 days.

Counsels for Rosa Power Supply Company Ltd. (“RPSCL”): Mr. Shri Venkatesh (Managing Partner), Mr. Suhael Buttan (Senior Associate) and Mr. Vineet Kumar (Associate).

SKV Comment...

The Order comes as a great relief for the generators who are not only facing soaring debts due to nonpayment of outstanding amounts by DISCOMs/procurer(s), but incurring additional expenditure due to escalation of cost of coal procurement on account of high demand and shortage of coal. The attention drawn by the UPERC towards the necessity of maintaining the operation of such plants is a big leap towards protecting financial interest of the generators , especially in light of the current coal crisis where thermal generators have to make advance payment to procure coal.

The Order passed by UPERC can be accessed [here](#).