Chhattisgarh State Electricity Regulatory Commission
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Suo Motu Petition No. 45 of 2026

In the Matter of:

"Request for guidance in the matter of sale of un-requisitioned surplus power (URS)."

1. Chhattisgarh State Power Distribution Company Limited
2. Chhattisgarh State Power Generation Company Limited ... Respondents

PRESENT: **Vivek Ganodwale, Member (Law)**
Ajay Kumar Singh, Member (Technical)

Order
(September 07, 2026)

Chhattisgarh State Power Generation Company Limited (in short, 'CSPGCL'), vide letter dated 02.03.2026 has requested for guidance in the matter of sale of Un-requisitioned Surplus Power (URS power) as far as it applies to power being scheduled by Chhattisgarh State Power Distribution Company Limited (in short, 'CSPDCL') to CSPGCL.

2. The Commission took cognizance of the letter dated 02.03.2026 and decided to initiate Suo Motu proceedings in this matter. The case has been registered as petition No. 45 of 2026. CSPDCL & CSPGCL have been impleaded as respondents in this case.

3. CSPGCL vide their letter dated 02.03.2026 submitted the followings:

(a) As per the Rule 9(1) of the Electricity (Late payment Surcharge and Related Matters) (Amendments) Rules, 2024 notified by the Ministry of Power on 28.02.2024 (LPS Rules) and the procedure framed by National Load Despatch Centre (NLDC), unless a generating company bids the URS power by the Discom, it shall not be entitled to claim AFC in respect of such power. However, this proviso comes with an express condition that the declaration of URS power will have to be intimated by the Discom to the Genco at least two hrs. before closure time of the Day ahead Market (DAM) window. The Rule 9(1) is reproduced below:-

> *"9 (1) A distribution licensee shall intimate its schedule for requisitioning power for each day from each generating company with which it has an agreement for purchase of power at least two hours before the end of the time for placing proposals or bids in the day ahead market for that day, failing which the generating company, shall offer, the un-requisitioned surplus power including the power available against the declared capacity of the unit under shut down, in the power exchange, subject to the limitation of ramping and start up capability as specified by the Appropriate Commission*:
>
> *Provided that if the power so offered by the generating company is not cleared in Day-Ahead Market, it shall be offered in other market segments, including the Real Time Market, in the power exchange:"*
>
> *xxxxxxxx*
>
> *Provided also that if the generating company fails to offer such un-requisitioned surplus power in the power exchange, the un-requisitioned surplus power to the extent not offered in the power exchange up to the declared capacity shall not be considered as available for the payment of fixed charges."*

(b) As per these Rules, NLDC has issued a detailed procedure to implement these provisions on 03.06.2024**.** As per the LPS Rules and the detailed procedure issued by NLDC, it is clear that the entire URS power sale will be applicable, if some power is un-requisitioned at-least two hours before the closing of the power exchange bidding window for DAM. If the URS power is not sold in DAM, in such cases, it will be sold in other market segments including Real Time Market (RTM). However, if there is no URS power before two hours of the closure of DAM, none of the provisions related to sale of URS power as mentioned in the Rule / Procedure shall be attracted.

(c) As per current settled practice, in the initial phase, the capacity declared by CSPGCL is considered by CSPDCL for scheduling, hence, there is no possibility of reducing the capacity for proceedings of DAM. Therefore, no quantum is treated as URS prior to DAM timelines.

(d) Further, as per the provisions specified in the CSERC MYT Regulations 2021 and its subsequent amendments read with order dated 18.10.2022 issued by the Commission in Suo moto petition No. 63 of 2022, even in absence of any Payment Security Mechanism, CSPGCL remains under statutory obligation to supply 100% power to CSPDCL. This has also been carried in the CSERC MYT Regulations 2025. Hence, it mandates CSPDCL to schedule and utilize the declared capacity in a commercially prudent manner. Presently, CSPDCL and CSPGCL being State-owned companies, instead of entity specific gains or loss, consumers interest should be prioritized.

(e) Sale of surplus power through CSPDCL is economically more efficient, as CSPGCL is subjected to additional transmission charges and losses. As CSPDCL has existing trading arrangements and power market access, CSPDCL can quote more competitive rates in power exchanges.

<u>CSPGCL' Submission:</u>

4. During the course of hearing, CSPGCL submitted followings

(a) The rate quoted by CSPDCL will always be lower by at least 43 paise per unit than the rate which can ever be offered by CSPGCL. CSPDCL offering will be lower because it has already established contracts with power trading firms and registration with exchanges. Further, unlike the CSPGCL, CSPDCL has dedicated cell for market activities. Following charges shall be applicable for CSPGCL, which are not applicable to CSPDCL for sale of power: -

(i) STOA charges - 35.4 paise per unit for 2025-26

(ii) Intra State Transmission Charges - 5.1 paise per unit (considering average energy charge rate of CSPGCL plants Rs 1.70 x 3%)

(iii) Exchange Transaction Charges - 2 paise per unit

(iv) Other estimated incidental charges - 0.5 paise per unit.

Thus, there will be very high chances that the power which could have been sold by CSPDCL may remain unsold when the sale is attempted by CSPGCL.

(b) If CSPGCL is mandated to sell URS power directly, there is a high likelihood of non-clearance of bids resulting in loss of potential revenue and adverse impact on consumers' retail tariff due to reduced gains, whereas the, existing arrangement also safeguards the interest of CSPDCL and the

State as well, ensuring operational flexibility of CSPDCL, as any contingency (such as unit tripping) can be managed without exposing the State to costly market purchases or load shedding.

(c) The Rules are not being violated as the Rules do not restrict CSPDCL to procure full power from CSPGCL and trade it on the exchanges. Whereas, the Rule starts with the scenario, when a Discom decides not to procure the power from a Genco. However, when it decides to procure the additional power, there is no restriction.

5. With the above submissions, the respondent CSPGCL prays to issue appropriate direction that until an adequate payment security mechanism between CSPDCL and CSPGCL is established, CSPDCL shall continue to procure all power offered by CSPGCL at the rate and terms decided by the Commission, in the same manner as is being practiced. In case of backing down too, the usual practice shall continue.

<u>CSPDCL's Submission</u>

6. It is submitted that the CSPDCL schedules power for the State on the basis of daily demand forecasting and availability from various tied-up sources. For grid balancing and economic optimization, any excess/surplus power available with CSPDCL is dealt with in the following manner:

(a) Sale through Power Exchange: Based on Merit Order Dispatch (MoD), surplus power is offered in DAM / RTM segments of power exchanges which can yield financial benefit to CSPDCL, at prevailing market rates.

(b) Surrender/Backdown: If market conditions are not profitable or grid conditions so require, the surplus power is surrendered / backed down and intimation is given to SLDC and the concerned Generator as per the provisions in Grid Code and CERC / CSERC Regulations. The power which is surrendered / backed down by CSPDCL becomes URS power for the concerned Generator.

(c) As a Distribution Licensee, CSPDCL has no right to sell such URS power in the open market. The role of CSPDCL is limited to requisitioning or re-scheduling the power as per its requirements.

(d) As per the Grid Code, URS power belongs to the generators and it can be sold only by the concerned generating company. Further, selling of URS power by CSPDCL is beyond the scope of the PPA and license conditions of a Distribution Licensee.

(e) CSPDCL has been managing surplus / excess power judiciously through market sale or backdown, keeping in view grid security and financial prudence. However, if CSPGCL intends to sell its URS power in the market as per applicable Regulations, CSPDCL has no objection to the same as this matter is between the Generator, SLDC, and the market, subject to compliance of LPS Rules, CERC Regulations and Grid Code. CSPDCL shall continue to requisition power as per its demand requirement only. However, if URS power is sold by CSPGCL,

  (i) In case of any emergent requirement, CSPDCL cannot utilize the said quantum of power for meeting State demand.

  (ii) In the event of a generator tripping, CSPGCL shall either have to arrange power from alternate sources for fulfilling its sale commitment or shall be liable to pay heavy DSM charges as per CERC/CSERC Regulations.

<u>Analysis and Decision</u>

Heard the parties and considered the pleadings by them.

7. Regulation 45(i) of the Indian Electricity Grid Code (IEGC), 2023 states that:

> *"The generating station whose tariff is determined under Section 62 of the Act may sell its un-requisitioned surplus, as available at 9:45 AM, in the Day Ahead Market (DAM), unless the consent is withheld by the beneficiary or buyer in writing. The sharing of net savings shall be as per the provisions of the Tariff Regulations and, until such provisions are incorporated in the Tariff Regulations, in accordance with the detailed procedure prepared by the NLDC and approved by the Commission."*

8. From the submissions made by CSPDCL, it is clear that CSPDCL requisitions 100% power of CSPGCL, and no reduction in the requisitioned quantum is made before the commencement of the DAM process i.e., 9:45 AM. CSPDCL schedules power in accordance with the MOD principles. Surplus power, if any, is sold based on the prevailing market conditions. In the event of unfavorable market conditions, the surplus power is surrendered or backed down after due intimation to the SLDC. Therefore, no quantum is treated as un-requisitioned prior to the timelines prescribed for the DAM.

9. The Commission is of the view that the existing practice is both viable and necessary in the larger public interest and, therefore, deserves to be continued. Accordingly, both CSPDCL and CSPGCL are directed to manage surplus power in accordance with the prevailing practice.

We order accordingly.

Sd/-	**Sd/-**
(Ajay Kumar Singh)	**(Vivek Ganodwale)**
Member (Tech.)	**Member (Law)**