



**THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION  
LUCKNOW**

**Petition No. 2220 of 2025**

**QUORUM**

Hon'ble Shri Arvind Kumar, Chairman

Hon'ble Shri Sanjay Kumar Singh, Member

**IN THE MATTER OF**

Petition under Section 86 (1) (k) of the Electricity Act, 2003 read with Regulation 57 of the UPERC Conduct of Business Regulations, 2019, applicable provisions of the UP-Electricity Grid Code, 2007, and the orders passed by this Hon'ble Commission in 59SM, 60SM and 61SM seeking clarification of this Hon'ble Commission on the issue of settlement of legacy dues claimed by Northern Region Load Dispatch Centre from the DSM Account maintained by UP State Load Dispatch Centre.

**AND**

**IN THE MATTER OF**

**Uttar Pradesh State Load Dispatch Centre**

Phase II, Vibhuti Khand, Gomti Nagar, Lucknow,  
Uttar Pradesh- 226001.

..... Petitioner

**VERSUS**

**1. Uttar Pradesh Power Corporation Limited**

Through its Director, Having its registered office at:

Shakti Bhawan 14 Ashok Marg, Lucknow, Uttar Pradesh - 226001

**2. Noida Power Company Limited**

Through its Manager (Power Procurement), Having its registered office at:

Electric Sub-station, Knowledge Park – IV,

Greater Noida, Gautam Buddha Nagar ,

Uttar Pradesh – 201310





### 3. Northern Railway

Through its Sr. Divisional Electrical Engineer,  
Having its registered office at: DRM office Building,  
Northern Railway, Hazratganj, Lucknow 226 001.

..... Respondents

#### THE FOLLOWING WAS PRESENT

1. Sh. Divyanshu Bhatt, Advocate, Petitioner
2. Sh. Shashwat Singh, Advocate, Petitioner
3. Arun Kumar Mishra, Director, Petitioner
4. Sh. Ram Baran, Chief Engineer, Petitioner
5. Sh. Sarvesh Kumar, SE, Petitioner
6. Sh. Vivek Mantolia, SE, Petitioner
7. Sh. Badshah Hussain Rizvi, EE, Petitioner
8. Sh. Somveer Singh, EE, UPPCL
9. Sh. Nazmul Hode , EE, UPPCL
10. Sh. Gaurav Panjali, Consultant, UPPCL

#### ORDER

(DATE OF HEARING: 30.09.2025)

1. Sh. Divyanshu Bhatt, Counsel, appearing on behalf of the Petitioner, submitted that the present Petition has been filed under Section 86 (1) (k) of the Electricity Act, 2003 read with Regulation 57 of the UPERC Conduct of Business Regulations, 2019, applicable provisions of the UP Electricity Grid Code, 2007, and the orders passed by this Commission in 59SM, 60SM and 61SM seeking clarification of this Commission on the issue of settlement of legacy dues claimed by Northern Region Load Dispatch Centre from the DSM Account maintained by UPSLDC. The prayers under the instant Petition are as follows:-
  - (a) Allow the instant petition;
  - (b) Pass an order providing clarification/Direction as to whether the legacy dues claimed by NRLDC have to be paid from the DSM Pool Account maintained by UPSLDC on behalf of the drawee DICs; and
  - (c) If the Hon'ble Commission were to opine that the legacy dues are payable from the DSM pool account maintained by UPSLDC, the Hon'ble





Commission may pass an order issuing directions to UPSLDC to deposit the surplus amount (if available), after keeping adequate amount for transferring payment of charges to intra-State entities and NRPC, to NRLDC against the deficit charges/legacy dues; and

- (d) Furthermore, if the Hon'ble Commission were to opine that the legacy dues are payable from the DSM pool account maintained by UPSLDC, the Hon'ble Commission may also pass an order issuing directions to drawee DICs to deposit the fund/balance fund in DSM pool account if the surplus amount is insufficient to meet the deficit charges/legacy dues of NRLDC; and
- (e) Pass any such orders that this Hon'ble Commission may deem fit in the present facts and circumstances of the case.

**Petitioner's submission under Petition**

**A. Regulatory mandate for maintaining the DSM Pool account**

2. The Petitioner has submitted that Clause 2.6.2 of the UPEGC categorically provided that UPSLDC shall maintain the Unscheduled Interchanges ("UI") Pool Account. UPERC, vide order dated 13.06.2022 passed in Petition No. 59 SM, had also directed that UPSLDC would maintain and operate the State DSM Pool Account in accordance with the principal specified in CERC DSM mechanism, as quoted below:-

*"21. Regarding DSM Pool account management, the Commission is of the view that UPSLDC shall maintain and operate the State DSM Pool Account as the principal specified in CERC DSM mechanism. Further, the Commission shall frame regulations for constitution of fund and utilization/treatment of surplus/deficit amount of the State DSM Pool Account"*

3. Thereafter, an amount of ₹ 266.96 Crores was transferred from UPPCL to the DSM Pool account UPSLDC in compliance of the orders passed by the Commission in Petition No. 59 SM, 60SM and 61 SM. UPSLDC has been maintaining the DSM Pool Account since April 2023, and any dispute/discrepancy regarding payments to be made from the said account are referred for the advice of this Commission.
4. Furthermore, in PSDF Regulations whereby a monitoring committee was constituted for the purpose of scrutiny (techno-economic appraisal) and prioritization of projects / schemes, sanctioning of projects / schemes, release



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of funds from PSDF and overall supervision and monitoring of the implementation of projects / schemes.

PSDF Regulation Clause 3.2 provides that:

*"The agencies, authorized to collect the amounts under clauses (a) to (c) of Regulation 3.1 above, shall transfer these amounts to the credit of PSDF, on quarterly basis, after keeping provision of adequate amounts as considered appropriate by such agencies in these accounts for payment of charges to intra-State entities and NRPC. Provided that the amounts lying accumulated in these accounts and not transferred to PSDF till the issue of these regulations, shall be transferred to PSDF after considering provision of adequate amounts as envisaged in this regulation."*

5. Further, as directed by the Commission in petition No. 59SM, 60SM, 61SM and 67SM, UPSLDC is maintaining following five bank accounts, which are collectively referred to as ("DSM Pool Account") namely:
  - a. Intra State DSM Pool Account
  - b. Wind and Solar Generation DSM Pool Account
  - c. DSM Pool (UI) Account (UPPTCL Old)
  - d. DSM Pool Account UPSLDC Limited
  - e. State Reactive Pool Account UPSLDC Limited
6. Further, it was evident that for FY 2023-24, the total payment made to Central Pool (NRPC), from DSM Pool Account for settlement of deviation dues was ₹ 61.26 Crores with no outstanding liability on the part of UPSLDC, whereas the total amount payable by NRPC to the DSM Pool Account was ₹ 161.83 Crores. For FY 2024-25, the total payment made to NRPC, from DSM Pool Account for settlement of deviation dues is ₹ 209.51 Crores with no outstanding liability on the part of UPSLDC, whereas the total amount payable by NRPC to the DSM Pool Account was ₹ 20.63 Crores out of which the payment of ₹ 3.64 Crores (Week No.13 and 38) is still outstanding on the part of NRPC. Hence, it was evident that the Payment made by UPSLDC from the DSM Pool Account to the Central Pool (NRPC) is exponentially high for FY 2024-25 in comparison to FY 2023-24. Prior to April 2023, all the transactions with respect to the DSM Pool account with NRLDC and other entities were carried out by UPPCL for the State of UP, therefore, UPSLDC does not have the required data/information to verify transactions occurred between the DICs and NRLDC prior to April 2023.

**B. NRLDC's demand for legacy dues**





7. The Provision for recovery of charges in case of 'deviation and ancillary service' was only introduced by the CERC by way of the CERC DSM Regulations, 2022. Prior to aforementioned Regulations, there was no provision for recovery of charges of ancillary service and the only provision that existed was the provision for recovery of deviation charges.
8. Subsequently, CERC, vide notification dated 05.08.2024, notified the CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 (DSM Regulations) to ensure that grid users did not deviate from and adhere to their schedule of drawal and injection of electricity in the interest of security and stability of the grid.
9. Regulation 9(7) of the DSM Regulations, 2024 requires NRLDC to prepare a detailed procedure for recovery of charges in case of deficit in the Deviation and Ancillary Service Pool Accounts and for the methodology of computation of shortfall of reserves and allocation of deficit amongst DICs.
10. Pursuant to the mandate provided under Regulation 9(7) of the DSM Regulations, 2024, NRLDC proposed the "Detailed Procedure for recovery of charges in case of deficit in the Deviation and Ancillary Service Pool Account", applicable for recovery of charges in case of deficit for the duration from 16.09.2024 to 31.03.2026, which was approved by the CERC on 15.10.2024.

### **C. Difficulty Faced by UPSLDC**

11. NRLDC, vide communication dated 11.11.2024, had informed all SLDCs, including UPSLDC that the legacy dues have to be settled by the drawee DICs in accordance with the procedure prescribed by the NRLDC, namely 'Net Deviation and Ancillary Services Pool Account for the period prior 16.09.2024' and claimed an amount of ₹ 268,53,67,413/-.
12. In response to this, UPSLDC vide dated 21.11.2024 had informed NRLDC, that the legacy dues for deviation have to be paid by the Drawee DICs i.e., UPPCL, NPCL and Northern Railway therefore, the relevant communication needs to be addressed to the DICs and not to UPSLDC. UPSLDC further provided the communication details of the aforementioned DICs to NRLDC. NPCL, vide email dated 20.11.2024 issued to UPSLDC, had informed that NPCL is an intra-state entity and their deviation dues are timely paid to the State Deviation Pool





Account being governed under the applicable regulations of this Commission therefore, there are no outstanding dues with respect to DSM of NPCL.

13. UPSLDC, vide communication dated 06.12.2024 issued to NRLDC, had further clarified the aforementioned position and stated that the settlement of legacy dues had to be carried out by the Drawee DICs, i.e., Northern Railway, UPPCL and NPCL. A copy was also marked to UPPCL, NPCL and Northern Railway. CERC, vide order dated 08.01.2025 passed in petition no 01/SM/2025, had directed the DICs/distribution companies to pay the legacy dues in accordance with the order dated 15.10.2024 approving the "Detailed Procedure for recovery of charges in case of deficit in the Deviation and Ancillary Service Pool Account".
14. Thereafter, NRLDC, vide communication dated 13.01.2025, again informed UPSLDC of the 'Net Deviation & Ancillary Services Pool Account Deficit Recovery Statement' for the period from 16.09.2024 to 22.12.2024 for which payments are to be made by the constituents/SLDCs.

**Hearing dated. 30.09.2025**

15. Sh. Divyanshu Bhatt, Counsel appearing on behalf of the Petitioner, submitted that the instant petition primarily sought clarification on the issue of payment of legacy dues claimed by NRLDC from the DSM Pool Account being maintained by UPSLDC pursuant to the directions of this Commission in Petition Nos. 59SM, 60SM, and 61SM. He submitted that since 1st April 2023, UPSLDC had been operating and maintaining the DSM Pool Accounts in accordance with the Commission's directions and had been responsible for settlement of deviation charges for all intra-State entities.

He further submitted that subsequent to the notification of the CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024, and the approval of the "Detailed Procedure" by CERC vide Order dated 15.10.2024, NRLDC has raised a demand of ₹268.53 crore towards legacy dues on UPSLDC. The said demand pertains to the period prior to April 2023, when UPPCL was maintaining the DSM accounts on behalf of the State, therefore, UPSLDC has no access to the data or transactional details relating to such period.

16. Sh. Divyanshu Bhatt submitted that UPSLDC had communicated to NRLDC that the liability towards such legacy dues, if any, lies with the drawee DICs (namely



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UPPCL, NPCL, and Northern Railway) in accordance with the provisions of the CERC DSM Regulations, 2024 and the Detailed Procedure. However, despite such clarification, NRLDC has continued to raise the demand on UPSLDC.

17. In response to the Commission's query, Sh. Divyanshu Bhatt stated that while NRLDC has reiterated its position citing CERC Regulations and Procedure, UPSLDC has accordingly forwarded the details of the drawee DICs, along with their respective GNA quantum, for necessary compliance. He also apprised the Commission that NPCL has categorically denied having any outstanding dues, stating that it has been regularly settling its DSM obligations under the UPERC framework.

Further, he submitted that the demand letters from NRLDC stipulate that the payment is to be made within ten days from the date of issuance, failing which interest shall be applicable. UPSLDC is, therefore, in a difficult position since it maintains the DSM accounts as per the Commission's directions but the liability has arisen under the CERC framework.

Sh. Divyanshu Bhatt referred to the CERC's Order dated 08.01.2025 in Petition No. 01/SM/2025, wherein CERC had clarified that the approved methodology for recovery of deficit in the DSM Pool Account shall apply for the period "as on and from 16th September 2024." He submitted that this creates ambiguity with respect to the applicability of the recovery mechanism for the so-called "legacy dues" prior to that date.

18. Upon query from the Commission, the Director, UPSLDC clarified that the total available balance across all DSM Pool Accounts maintained by UPSLDC is ₹329.18 crore, while the initial demand raised by NRLDC was for ₹268.53 crore, which has subsequently been revised to ₹221.54 crore. He further submitted that UPSLDC might seek clarification from CERC regarding the legitimacy of NRLDC's demand; however, any payment from the DSM Pool Account would require prior approval of this Commission, since the said account was being operated under the Commission's regulatory directions.

#### **Commission's View**

19. The Commission has carefully examined the submissions made by the Petitioner, the provisions of the CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024, the Detailed Procedure approved by the



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Hon'ble Central Commission vide Order dated 15.10.2024, and the subsequent clarification issued by the Hon'ble CERC vide Order dated 08.01.2025 in Petition No. 01/SM/2025.

20. It is noted that the Petitioner, UPSLDC, is maintaining and operating the State DSM Pool Accounts strictly in compliance with the Provision of UPGEC, 2007 and directions issued by this Commission in Petition Nos. 59SM of 2022, 60SM of 2022, and 61SM of 2022. The Deviation Settlement Charges standing to the credit of the "State Deviation Pool Account" after final settlement of claims in accordance with Deviation Settlement Mechanism Regulations are credited to Power System Development Fund and the funds are being utilized in accordance with UPERC (Power System Development Fund) Regulations, 2023.
21. In order to reach to any conclusion or to give directions, it would be appropriate to first examine the legal/ regulatory background of the demand pertaining to legacy dues raised by RLDC upon UPSLDC. In this regard, it is observed that Regulation 9 (7) of DSM Regulation, 2024 provides that in case deficit in regional deviation and ancillary services pool account is not met by surplus amount of such pool accounts of all other regions then the balance amount shall be recovered from the drawee DICs. Further, NLDC shall prepare, with the approval of the CERC, a detailed procedure for recovery of charges in case of deficit in the Deviation and Ancillary Service Pool Accounts, and for the methodology of computation of shortfall of reserves and allocation of deficit amongst DICs. The relevant extracts of Regulation 9 (7) of DSM Regulation, 2024 is reproduced below:

*"In case of deficit in the Deviation and Ancillary Service Pool Account of a region, the surplus amount available in the Deviation and Ancillary Service Pool Accounts of other regions shall be used for settlement of payment under clause (6) of this Regulation:*

*Provided that in case the surplus amount in the Deviation and Ancillary Service Pool Accounts of all other regions is not sufficient to meet such deficit, the balance amount shall be recovered from the drawee DICs - (i) for the period from the date of effect of these regulations till 31.03.2026, in the ratio of [50% in proportion to their drawal at the ISTS periphery] and [50% in proportion to their GNA]; and (ii) from 01.04.2026, in the ratio of the shortfall of reserves allocated by NLDC to such DICs: Provided further that the NLDC shall prepare, with the approval of the Commission, a detailed procedure for recovery of charges in case of deficit in the Deviation and Ancillary Service Pool Accounts, and for the methodology of computation of shortfall of reserves and allocation of deficit amongst DICs."*

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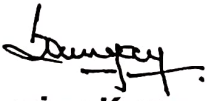


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Further, para 9 of procedure approved by the CERC provides for the recovery from the drawee DICs for the deficit in the pool for period prior to 16.09.2024 (Legacy dues). 'Drawee DIC' has also been defined by the CERC in its CERC (Sharing of Inter-State Transmission Charges and Losses) (First Amendment) Regulations, 2023, which means that the DICs which draw power through ISTS but shall not include the ESS for the purpose of sharing of transmission charges.

22. Thus, it is observed that the Regulations and procedure approved by the CERC are very clear and unambiguous. There is not an iota of doubt that the legacy dues are to be recovered from Drawee DICs and not from any other entity and for that matter UPSLDC has not been assigned any role in the process. The legacy dues should have been raised directly from DICs, who are then required to pay into regional deviation and ancillary service pool account. Moreover, the intent of the CERC Regulations is clear so as to effect recovery of legacy dues from the drawee DICs and not from other entities like injecting entities. The State DSM Pool account consists of fund from both injecting and drawee entities therefore, any payment of legacy dues from State DSM Pool account is not in line with the scheme.
23. Thus, it is held that the legacy dues claimed by NRLDC cannot be paid from the DSM Pool Account maintained by UPSLDC on behalf of the drawee DICs. Any Legacy dues have to be recovered from DICs only in accordance with CERC DSM Regulations.
24. In light of above, the present Petition is not admitted and accordingly dismissed.

  
(Sanjay Kumar Singh)  
Member



  
(Arvind Kumar)  
Chairman

Place: Lucknow  
Dated: 15.10.2025