

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

Shri Bhanu Bhushan, Member

Petition No.59/2005

In the matter of

Sharing of the Transmission Charges of 220 kV D/C Birpara-Salakati
Transmission Line and associated sub-station at Birpara (ER) and Salakati
(NER) as inter-regional assets between ER and NER

And in the matter of

Bihar State Electricity Board, Patna

..... **Petitioner**

Vs

1. Power Grid Corporation of India Ltd., Gurgaon
 2. West Bengal State Electricity Board, Kolkata
 3. Grid Corporation of Orissa Ltd., Bhubaneswar
 4. Damodar Valley Corporation Ltd., Kolkata
 5. Power Department, Govt. of Sikkim, Gangtok
 6. Jharkhand State Electricity Board, Ranchi
 7. Assam State Electricity Board, Guwahati
 8. Eastern Regional Electricity Board, Kolkata
 9. North Eastern Electricity Board, Shillong
 10. Meghalaya State Electricity Board, Shillong
 11. Power & Electricity Department, Govt. of Mizoram, Aizawl
 12. Electricity Department, Govt. of Manipur, Imphal
 13. Department of Power, Govt. of Arunachal Pradesh, Nahar Lagun
 14. Department of Power, Govt. of Nagaland, Kohima
 15. Department of Power, Govt. of Tripura, Agartala
- **Respondents**

The following were present:

1. Shri S.K. Sengupta, EE (E), BSEB
2. Shri S. Prasad, PGCIL
3. Shri U.K. Tyagi, PGCIL
4. Shri Anand Mohan, PGCIL
5. Shri M.M. Mondal, PGCIL
6. Shri T.C. Sarmah, PGCIL
7. Shri M.K. Ray, WBSEB
8. Shri P.C. Saha, WBSEB
9. Shri P.K. Bagchi, WBSEB
10. Shri M.K. Mitra, MS, EREB
11. Shri M.P. Vidyarthi, SE, EREB

12. Shri Rakesh, Sr. Engg., EREB
13. Shri K. N. Garg, EREB
14. Shri B. Sarkhel, EE, EREB
15. Shri P. Mazumdar, EREB
16. Shri Joydeb Bandyopadhyay, EREB
17. Shri Asok Roy, EREB
18. Shri S.P. Datta, EREB
19. Shri Shrimohan Jha, EREB
20. Shri S. Aliquatullah, Retd. CE (T)
21. Shri P. Mukhopadhyay, ERLDC
22. Shri D.K. Shrivastava, ERLDC
23. Shri T. Biswas, ERLDC
24. Shri S.K. Banerjee, ERLDC
25. Shri D.K. Shrivastava, ERLDC
26. Shri S.K. Ghosh, ESE, CLD-IS
27. Shri A.C. Mallick, GRIDCO
28. Shri A.K. Satpathy, GRIDCO
29. Shri S.K. Chaudhary, GRIDCO
30. Shri S.K. Choudhary, GRIDCO
31. Shri M.K. Das, GRIDCO
32. Shri N. Khan, GRIDCO
33. Shri Dipti Satapathy, AM (F), PP, GRIDCO
34. Shri Birhu Prasad Mohapatra, GRIDCO
35. Shri C. Karmakar, DVC
36. Shri M.A. Khan, ESE, JSEB
37. Shri B. Choudury, JSEB
38. Shri A.K. Chatterjee, L.O, JSEB
39. Shri Mahanand Debashish, TSECL
40. Shri Dipak Ganguli, TSECL
41. Shri Kumudeswar Goswami, ASEB

ORDER
(DATE OF HEARING: 20.1.2006 at Kolkata)

The petitioner has made this application for treatment of 220 kV D/C Birpara – Salakati transmission line and 220/132 kV sub-stations at Birpara and Salakati as inter-regional transmission assets between the Eastern Region (ER) and North-Eastern Region (NER), and sharing of transmission charges by the beneficiaries in these two regions, since March 1998 based on Ministry of Power

notification of 3.3.1998, and from 1.4.2001 onwards in accordance with the terms and conditions notified by the Commission. The Commission after hearing it on 8.12.2005, delegated the study of the matter to the one-member Bench with me as the Presiding Officer for appropriate recommendations to the Commission by virtue of powers under Section 97 of the Electricity Act, 2003.

2. In the contention of the petitioner, the transmission assets should be treated as inter-regional assets and the transmission charges shared accordingly. Other beneficiaries in ER have supported the petitioner. However, on the expected lines, the beneficiaries in NER have opposed the petitioner's plea. At the hearing of the case before the one-member Bench, the parties have reiterated their respective views.

3. 220 kV D/C Birpara-Salakati transmission line with associated sub-stations was constructed by National Hydroelectric Power Corporation Ltd (NHPC) as a part of Chukha Transmission System for evacuation of power from Chukha Hydroelectric Project in Bhutan. The transmission line was declared under commercial operation in February 1987. It was transferred to the first respondent, Power Grid Corporation of India Ltd (PGCIL) in April 1992 along with other transmission assets, and is being maintained and operated by PGCIL since then.

4. PGCIL has been billing transmission charges for Chukha Transmission System from the beneficiaries in ER for the reason that the power generated at Chukha HEP is allocated to them. Accordingly, as per the Commission's order the beneficiaries in ER only are sharing the transmission charges for the transmission system, of which the assets in question have so far been considered as an integral part.

5. PGCIL had filed a petition, being Petition No.83/2004, for reimbursement of abnormal expenses incurred to provide additional security at Salakati sub-station located in the State of Assam in NER. In the proceedings therein, the petitioner had pleaded that the abnormal security expenses needed to be shared between ER and NER. The petitioner's submission was over-ruled holding that Salakati sub-station was sanctioned as a part of Chukha Transmission System constructed for transfer of power from Chukha HEP to the beneficiaries in ER. Therefore, despite the geographical location of the sub-station, the beneficiaries in ER were liable to bear the abnormal security expenses. The petitioner was, however, granted liberty to make an appropriate application with proper justification for sharing of tariffs for Chukha Transmission system. The present petition has been filed against the above background.

5. I first consider the issue on merits. The beneficiaries in NER have argued that the transmission assets have not brought any benefits to them and therefore, they have no liability to share the transmission charges. It is, however, noted

that synchronisation of NER with ER through this line since October 1991 has stabilized the NER grid and made it more secure. Since commissioning of 400 kV D/C Malda-Bongaigaon transmission line in April 2000, 220 kV D/C Birpara-Salakati transmission line strengthens the inter-connection between the two regions, though there is some weight in the argument put forward by NER beneficiaries that the above 400 kV link is sufficient in itself to maintain the comparatively small NER system in secure synchronism with the ER-WR system, and the 220 kV inter-connection is not so crucial now.

6. It is also a fact that the agreement between the Governments of India and Bhutan provided for reimport of power by Bhutan from Salakati and the system owned by Assam State Electricity Board (ASEB), justifying the construction of these elements under Chukha Transmission System. Kurichhu HEP, another generating station in Bhutan, was commissioned in August 2001. This generating station too has been assigned to ER beneficiaries only, and its injection enters the Indian grid at Salakati sub-station. It can be said that 220 kV D/C Birpara-Salakati line provides the direct path for supply of Kurichhu power to ER, and this is an additional justification for its transmission charge being borne by ER only.

7. During the hearing on 20.1.2006, on my request, Eastern Regional Load Despatch Centre (ERLDC) presented the power flow pattern on 220 kV D/C Birpara-Salakati transmission line vis-à-vis net interchange of NER with ER. It

came out that between April 2004 and December 2005, it was only during two months (January 2005 and December 2005) that NER had some net energy import. During all other months, NER was the net exporter. Typical hourly power flow pattern during monsoon and lean months were also presented by ERLDC. It was seen that during the monsoon months (when generation at Chukha HEP is maximum), generally power was flowing on 220 kV D/C Birpara-Salakati transmission line from ER to NER but was returning to ER through 400 kV D/C Bongaigaon-New Siliguri (Binaguri) transmission line. During the lean months, the above 220 kV and 400 kV lines were sharing the power flow, which was from NER to ER during evening hours, and from ER to NER during the remaining hours.

8. There are different angles from which the benefits of the above power flow pattern can be viewed. One view could be that these ER-NER links enable surplus hydro energy of NER to be supplied to consumers elsewhere. Therefore, only the beneficiaries elsewhere should pay the transmission charges for these lines. The other view could be that this NER to ER energy flow mainly comprises of bilateral and UI sale by NER beneficiaries and they have financially gained substantially and, therefore, should pay/share the transmission charges for both the 400 kV and 220 kV lines. It is necessary to take a long-term view in the matter, particularly when discussing a change from the approach adopted for many years. It is also necessary that the new approach proposed for the above referred ER – NER links is compatible with the approach that the Commission

formulates for the other inter-regional links in compliance with the tariff policy notified by the Govt. of India on 6.1.2006.

9. The arguments put forward by the petitioner in its petition and in subsequent submissions by ER beneficiaries would also have been put forward by them in their meeting with NHPC on 20/21.3.91 at Malda. The relevant part of the minutes of that meeting is reproduced below:

“10. Sharing of Inter-Regional Trans. Line Cost:

The beneficiaries pointed that as per guidelines laid by CEA, the cost of any inter-regional trans. line should be shared between the two inter linked regions in the ratio of 50 : 50. NHPC clarified that 220 kV Birpara-Bongaigaon trans. line has been constructed by NHPC as a part of Chukha Trans. System as a composite scheme as approved and sanctioned by Govt. of India. This trans. line is meant primarily for supply of surplus power from North-Eastern Region to Eastern Region. Therefore, the cost impact of this trans. line has been included in full in Chukha tariff. After detailed discussions, this was agreed to by the beneficiaries.”

10. It is seen that in spite of the arguments, it was agreed in the meeting that these elements would be treated as a part of Chukha Transmission System (and as a consequence, paid for by ER beneficiaries only). These minutes were duly signed by the representatives of the petitioner and WBSEB. I am, therefore, not able to accept the view that the ER beneficiaries agreed to the above under pressure of NHPC, etc. The only pressure at that time would have been that of their own need for availing power from Chukha HEP in Bhutan, the advantages of which would have been such as to make them to agree for paying the

transmission charges for the said elements under Chukha tariff, which was incidentally a composite rate (generation + transmission) at that time.

11. There is nothing on record to suggest that the issue of sharing of transmission charges of these elements with NER beneficiaries was raised after issuance of Ministry of Power notification of 3.3.1998 or of the Commission's regulations on 26.3.2001. On the contrary, the beneficiaries in ER have been paying the transmission charges so far without demur. It was only in proceedings in Petition No.83/2004 that issue was raised for the first time. Thus, it is apparent that the reasons for acceptance of NHPC proposal by ER beneficiaries in March 1991 continued to be valid in 1998 and 2001. I am, therefore, unable to entertain the petitioner's plea for a change in the status of the above transmission elements retrospectively, either from March 1998 (as in the original petition), or from 1.4.2001 (as suggested by some ER beneficiaries at the hearing on 20.1.06, as a compromise). Any retrospective change would also mean imposition of new liabilities on NER beneficiaries for the past period, which is not desirable, even if we were to discount the objections put forward by NER beneficiaries.

12. In consideration of all these above aspects, my considered view and recommendation in the present case is that the existing arrangement may be continued for the time being, i.e. at least up to 31.3.2006. The Commission is required to develop by 1.4.2006, a transmission tariff mechanism sensitive to

distance and direction, as per the Tariff Policy issued by the Govt. of India on 6.1.2006. A final decision on treatment of 220 kV D/C Birpara-Salakati transmission line in future could be taken at that time, as a part of the larger exercise.

13. During the hearing on 20.1.2006, the ER beneficiaries, Member-Secretary, ERPC and ERLDC expressed their concern that wheeling of surplus hydro energy of NER through ER grid (both bilateral and UI) to Northern and Western Regions had substantially increased the transmission losses in ER which are borne by ER beneficiaries, while NER beneficiaries are making substantial profits. This inequity needs to be addressed by the Commission in appropriate proceedings.

Sd/-
(BHANU BHUSHAN)
MEMBER

New Delhi dated the 14th February 2006.