

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

- 1. Shri Ashok Basu, Chairman**
- 2. Shri G.S. Rajamani, Member**
- 3. Shri K.N. Sinha, Member**

Petition No.79/2002

In the matter of

Maintaining of Regional Grid Frequency at 49.0 Hz and above and compliance of direction of Regional Load Despatch Centre.

And in the matter of

Southern Regional Load Despatch Centre

....Petitioner

Vs

1. Andhra Pradesh Transmission Corporation Ltd., Hyderabad
2. Karnataka Power Transmission Corporation Ltd., Bangalore
3. Kerala State Electricity Board, Trivandrum
4. Tamil Nadu State Electricity Board, Chennai
5. Southern Regional Electricity Board, Bangalore

...Respondents

The following were present:

1. Shri Bhanu Bhushan, Director (Op), PGCIL
2. Shri R.G. Yadav, ED (SO), PGCIL
3. Shri V. Mittal, PGCIL
4. Shri Sunil Agrawal, PGCIL
5. Shri K.K. Garg, GM (Comml), NTPC
6. Shri M.S. Chawla, AGM (Comml), NTPC
7. Shri C.K. Mondol, NTPC
8. Shri S.K. Samvi, SM(C), NTPC
9. Shri K.J. Alva, KPTCL
10. Shri S Sivan, MS, SREB

**ORDER
(DATE OF HEARING 8.4.2003)**

This petition was listed before us in pursuance of directions contained in our order of 7.1.2003. Director (Operations), PGCIL has filed an affidavit on 4.4.2003 placing on record relative merits of Pool Account system *qua* one-to-one settlement of UI charges.

2. Shri Bhanu Bhusan, Director (Operations), PGCIL in his affidavit has traced the historical background leading to adoption of Pool Account system for settlement of UI charges. In this context, recommendation by ECC Consultants appointed by the Central Government has been adverted to. According to the affidavit, the Central Government in its draft notification dated 7.4.1999 on ABT, which was later on sent to the Commission for finalisation, had provided for settlement of UI charges through a Pool Account to be operated by Secretariat of REB. The affidavit also refers to Para 7.17 of the Commission's order dated 31.10.1999 in Petition No.1/1999, wherein are contained the directions on maintenance of UI Pool Account. The affidavit further states that based on these directions, CTU had prepared IEGC, which came into effect on 1.2.2000, and which contains provisions for settlement of UI charges through Regional Pool Account. The affidavit also narrates the facts leading to adoption of pool accounting system in Western, Northern, Southern and Eastern Regions in the process of implementation of ABT. The affidavit summarizes the position as below: -

- (a) ECC Report of February, 1994 recommended a Pool Account system for settlement of UI charges.
- (b) The Central Government in its draft notification dated 07.04.1999 on ABT provided for a Pool Account for settling of UI charges.
- (c) Non-settlement of UI charges in Western Region (based on one-to-one accounts) was reviewed by Chairman, CEA, Chairman, WREB and Director (Operations), PGCIL on 3.8.2002 when it was agreed to route UI charges through a Pool Account in Western Region. In the said

meeting it was also agreed that the Western Region Pool Account would be operated by WRLDC, on behalf of WREB.

(d) In line with decision for Western Region, the constituents of Northern, Southern and Eastern Regions have also decided in their respective REB forum for the settlement of UI charges and VAR charges through Pool Account operated by the respective RLDC.

(e) UI charges are being successfully settled in the Western, Northern and Southern Regions through their respective Pool Account. No disputes/issues have been raised by any of the constituents in these regions.

3. Director (Operations), PGCIL by alluding to different models, explained his preference for operating a Pool Account as against one-to-one settlement. It was submitted that in the light of practical experience of settling UI charges through Pool Account in Western, Northern and Southern Regions, the system of Pool Account had distinct advantage of being simple and efficient way of settlement as it involves lesser number of transactions and is less complicated.

4. An affidavit sworn on 5.4.2003 has been filed by KPTCL, which suggests that a Pool Account system for settlement of UI charges is more effective in comparison to settlement on one-to-one basis.

5. The Commission in its earlier order dated 30.10.1999 had directed settlement of UI charges through a Pool Account to be maintained and operated by REB

Secretariat since REB Secretariat was responsible for maintenance of Regional Energy Account. However, in its subsequent order dated 4.1.2000 in petition No.2/1999, the Commission decided for settlement of UI charges on one-to-one basis. This was reiterated by the Commission in its subsequent order dated 19.3.2001 in IA No.77/2000. A series of interlocutory applications were filed by PGCIL, the essence of which was that the practical and pragmatic way to settle UI charges was through Pool Account, though the Commission did not make any order deflecting from the mechanism approved in its order dated 4.1.2000. The Commission rather reinforced its earlier decision in its order of 19.3.2001 as has been noticed above. In the meeting held on 3.8.2002 at WREB, whereat Chairman CEA, Chairman WREB and Director (Operations) PGCIL were present, it was agreed that UI charges and Reactive Charge payments would be routed through Pool Account. At the same meeting it was decided that the Pool Account would be operated by WRLDC on behalf of WREB. In this context a copy of WREB Sectt letter dated 12.8.2002 has also been placed on record along with the affidavit filed by Director (Operations). It is not clear whether the Commission's decisions were at all taken into consideration while reviewing the issue since neither the affidavit nor the letter dated 12.8.2002 refers to the Commission's decision on the issue. Director (Operations), PGCIL referred to the Commission's order dated 15.12.2000 in Review Petition No.13/2000 in Petition No.2/1999 and explained that the change in the procedure was adopted since CTU was authorised to suggest an interim accounting arrangement. This contention does not hold good in the face of the Commission's order dated 19.3.2001 in IA 77/2000. Further, the direction contained in the Commission's order dated 15.12.2000 implied that CTU was to suggest to the Commission the methodology for UI accounting for its consideration and decision. The direction could never be construed to confer power or authority on any one, including CTU to adopt a methodology different from what had been earlier

approved by the Commission. Under these circumstances, there could be no justifiable reason for change of methodology approved by the Commission and the Pool Account system for settlement of UI charges could not be enforced without specific approval of the Commission. In our order of 7.1.2003 we have already expressed our disapproval of the manner in which the changes in methodology have been affected. However, we consider it appropriate to give quietus to the debate.

6. We find that in the meeting held on 3.8.2002 when Chairman CEA was also present it was decided that UI charges would be settled through the Pool Account to be operated by RLDC on behalf of REB. The decision was ratified at the Board meeting of WREB. The procedure has also been agreed to at REB forum in each of the Regions. We also take note of the fact that the Electricity Bill 2003, presently under consideration of the Parliament, provides for maintenance of Regional Energy Accounts by RLDCs. With the enactment of the Bill, the Pool Account may be required to be maintained by RLDCs only. On consideration of all these circumstances, we allow that the present system to continue till such time the Commission prescribes a different procedure.

7. A copy of this order be sent to all the Member Secretaries, in addition to Director (Operations) and the Regional Load Despatch Centres.

8. Petition No 79/2002 stands disposed of.

Sd/-
(K.N. SINHA)
MEMBER

Sd/-
(G.S. RAJAMANI)
MEMBER

Sd/-
(ASHOK BASU)
CHAIRMAN

New Delhi dated the 6th May, 2003