

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Review Petition No. 262/2009

In

Petition No. 131/2009

Coram

1. Dr. Pramod Deo, Chairperson

2. Shri V. S. Verma, Member

DATE OF HEARING: 3.12.2009

DATE OF ORDER: 11.2.2010

In the matter of

Approval of transmission tariff for Stage-I of 400 kV Thyristor controlled series compensation project (FACTS Device) on Kanpur-Ballabgarh 400 kV S/C line at Ballabgarh in Northern Region for the period from 1.4.2009 to 31.3.2014.

And in the matter of

Power Grid Corporation of India Ltd., Gurgaon

.... **Petitioner**

Vs

1. Rajasthan Rajya Vidyut Prasaran Nigam Ltd., Jaipur
2. Ajmer Vidyut Vitran Nigam Ltd., Jaipur
3. Jaipur Vidyut Vitran Nigam, Jaipur
4. Jodhpur Vidyut Vitran Nigam Ltd., Jaipur
5. Himachal Pradesh State Electricity Board, Shimla
6. Punjab State Electricity Board, Patiala
7. Haryana Power Purchase Centre, Panchkula
8. Power Development Department, Govt. of J&K, Jammu
9. Uttar Pradesh Power Corporation Ltd., Lucknow
10. Delhi Transco Ltd., New Delhi
11. BSES Yamuna Power Ltd., New Delhi
12. BSES Rajdhani Power Ltd., New Delhi
13. North Delhi Power Ltd., New Delhi
14. New Delhi Municipal Council, New Delhi
15. Chief Engineer, Chandigarh Administration, Chandigarh
16. Uttranchal Power Corporation Ltd, Dehradun
17. North Central Railway, Allahabad

.....**Respondents**

The following were present:

1. Sh. V. K. Tyagi, PGCIL
2. Sh. M. M. Mondal, PGCIL

ORDER

The petitioner has filed this review petition seeking review of the order of the Commission dated 14.9.2009 in Petition No. 131/2009, praying for following reliefs:

(a) To allow the petitioner to claim/adjust over the tariff block of 05 years directly from/with the beneficiaries as was being followed during the tariff block 2004-09 for change in Interest rate due to floating rate of interest applicable, if any.

(b) To allow the petitioner to approach the Hon'ble Commission for suitable revision in the norms for O&M expenditure in case the impact of wage hike is more than 50%.

(c) That the Transmission Charges as approved in the order dated 14.9.2009 in Petition No. 131/2009 are exclusive of Service Tax and the same shall be borne and additionally paid by the respondent(s) to the petitioner and the same shall be charged, billed separately by the petitioner.

(d) To allow the petitioner to claim petition filing fee from the beneficiaries for 2009-14 period as submitted.

2. We have gone through the pleadings and heard the representatives of the petitioner and proceed to dispose of the petition.

3. As regards the request for review of the tariff based on the floating rate of interest we observe that Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (the 2009 regulations) has specific provisions relating to truing up. Although there is no floating rate of interest as such involved in the present case, we are of the opinion that any changes consequent to floating rate of interest can be taken care of at the stage of truing up. Accordingly, no revision is called for on this ground.

4. As regards the request for revision of the O&M expenses taking into account, the impact of wage revision, we observe that the Commission, while notifying the 2009 regulations has made specific provisions for allowing 50% of the wage hike on normative basis under O&M expenses. In this connection paras 23.6 (v) and (vii) of the Statement of Reasons dated 3.2.2009, are relevant and the same are extracted here under:

“(v) In the Explanatory Memorandum, rationalization in employee cost was proposed based on trend of reduction in manpower per bay and per km of line length. However, we have taken note of the submission by POWERGRID that over the last few years, there has been depletion in the manpower deployment, which has given an impression of efficiency improvement in manpower deployment. Accordingly, we have decided that O&M expenditure considered for formulating norms shall be arrived at from the normalized O&M expenditure by uplifting the employees cost for the years 2004-05 to 2007-08 by keeping manpower per ckt-km and per bay at the same level as in 2003-04. While formulating norms published in the draft notification, direct segregation of normalized O&M expenditure into sub-station and transmission lines was not warranted as norms per bay and per km of line length were obtained by regression analysis with total normalized O&M expenses as dependent variable and line length and number of bays as independent variables. Now we have decided that for the purpose of arriving at norms, total O&M expenses will be apportioned between sub-stations and transmission lines (AC and HVDC lines) in the ratio of 70:30. Table 10 below shows process of arriving at average O&M expenditure per equivalent 400 kV bay and average O&M expenditure per equivalent ckt-km of S/C twin line at 2007-08 price level. These average values serve as the base norm at 2007-08 price level.

(vii) The base norm at 2007-08 price level is escalated at 5.72% per annum to reach to 2009-10 price level. It is estimated that 55% of the sub-station O&M expenditure, 52% of the line O&M expenditure and 30% of the HVDC station O&M expenditure is on account of employee cost. Wage hike of 50% has been applied accordingly in the norms for O&M expenditure.”

5. In view of the above provisions, we hold that there is no need for review of tariff on this ground. Petition, if any, filed by the petitioner seeking this relief shall be disposed of in accordance with law.

6. The petitioner has also made a request for reimbursement by the respondents, of the service tax payable by it. It is observed that the petitioner had separately filed Petition No. 62/2009 claiming the same relief in respect of the transmission assets owned by it. The above petition was considered premature as the liability of the petitioner to pay service tax has not yet attained finality. Accordingly, the Commission vide its Record of Proceedings dated 5.11.2009 has adjourned Petition No. 62/2009 *sine die*. Thus, no relief is due to the petitioner on this ground as well.

7. The petitioner has also requested reimbursement of petition filing fee. In this regard we observe that the Commission has subsequently, vide its order dated 11.1.2010 in Petition No. 109/2009, taken the following decision:

“84. The petitioner has sought approval for the reimbursement of fee paid by it for filing the petition. Regulation 42 of the 2009 regulations provides as under:

“The application filing fee and the expenses incurred on publication of notices in the application for approval of tariff, may in the discretion of the Commission, be allowed to be recovered by the generating company or the transmission licensee, as the case may be, directly from the beneficiaries or the transmission customers, as the case may be.”

85. The Commission after careful consideration has decided that filing fee will be reimbursed in the following cases:

- (a) Main petitions for determination of tariff;
- (b) Petitions for revision of tariff due to additional capital expenditure;
- (c) Petitions for truing up of expenditure.

Filing fees paid for filing the Review Petitions, Interlocutory Applications and other Miscellaneous Applications will not be reimbursed in tariff. The Commission has decided to reimburse the expenses on publication of notices as such expenses are incurred to meet the statutory requirement of transparency in the process of determination of tariff.”

8. Based on the above ruling, the petitioner shall be entitled to directly recover from the beneficiaries filing fee remitted by it in Petition No. 131/2009 as well. As no new relief is being granted based on the review petition, we consider it appropriate to dispose of the same without notice to the respondents.

9. The review Petition No. 262/2009 is disposed of on the above terms.

sd/-
(V.S. VERMA)
MEMBER

sd/-
(Dr. PRAMOD DEO)
CHAIRPERSON