

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NOTIFICATION**

No. _____

New Delhi, ____2010

.....- In exercise of the powers conferred by Sections 178(1) and 178(2)(ze) of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf and after previous publication, the Central Electricity Regulatory Commission hereby makes the following regulations, namely:-

1. Short title and commencement

- (1) These regulations may be called the Central Electricity Regulatory Commission (Power System Development Fund) Regulations, 2010.
- (2) They shall come into force on the date of their publication in the Official Gazette.

2. Definitions

(1) In these regulations, unless the context otherwise requires:

- (a) "Act" means the Electricity Act, 2003 (36 of 2003), including amendments thereto;
- (b) " Commission" means the Central Electricity Regulatory Commission referred to in sub-section (1) of section 76 of the Act;
- (c) "Congestion Charge" has the meaning assigned to it in the Central Electricity Regulatory Commission (Measures to relieve congestion in real time operation) Regulations, 2009 as amended from time to time;
- (d) "Fund" means the Power System Development Fund constituted under Regulation 3 of these regulations.
- (e) "RLDC reactive energy charges" has the meaning assigned thereto in the Indian Electricity Grid Code;
- (f) "Unscheduled Interchange charges" has the meaning assigned to it in the Central Electricity Regulatory Commission (Unscheduled Interchange Charges and related matters) Regulations, 2009 as amended from time to time;

(2) Words and expressions used herein and not defined but defined in the Act or Regulations made thereunder by the Commission shall have the same meanings respectively assigned to them in the Act or the Regulations.

3. Constitution of the Fund

(1) There shall be constituted a fund to be called the “Power System Development Fund” and there shall be credited thereto –

- (a) Congestion charges standing to the credit of the “Congestion Charge Account” after release of amounts payable to Regional Entities entitled to receive congestion charge along with interest, if any, in accordance with the Central Electricity Regulatory Commission (Measures to relieve congestion in real time operation) Regulations, 2009 as amended from time to time;
- (b) Unscheduled Interchange charges standing to the credit of the “Unscheduled Interchange Pool Account Fund” after final settlement of claims of Unscheduled Interchange Charges in accordance with the Central Electricity Regulatory Commission (Unscheduled Interchange Charges and related matters) Regulations, 2009 as amended from time to time;
- (c) RLDC reactive energy charges standing to the credit of Reactive Energy Charges Account;
- (d) such other charges as may be notified by the Commission from time to time.

Provided that amounts representing the source(s) as provided in clauses (a) to (d) above and lying in the custody of Central Transmission Utility together with interest earned upto 31st December, 2009 shall be credited to the Fund.

(2) The agencies which are authorized to collect Congestion charges, Unscheduled Interchange charges, RLDC reactive energy charges and such other charges as may be notified by the Commission from time to time, shall transfer to the credit of the Fund amounts represented in clauses (a) to (d) of sub-regulation (1) above on a monthly basis or such other basis as deemed fit by the Managing Committee referred to in Regulation 5.

4. Objects of the Fund

The Fund shall be utilised towards any or all of the following objects:-

- (i) Servicing of investment for Transmission Schemes of strategic importance and providing ancillary services including but not limited to Load Generation Balancing during Low Grid Frequency as identified by Regional Load Despatch Centre and in accordance with the procedure prepared by it to ensure Grid Security and Safety.
- (ii) To relieve congestion including but not limited to carrying out specific system studies to optimize the utilization of the Inter-Regional Links, Strengthening of Protection System, Special Protection Schemes, Installation of Shunt Capacitors etc.

- (iii) Training of Personnel and capacity building in the field of funding in the power sector, power system operation, power market development etc., whether in India or outside, engaged or to be engaged in any field of power utility and such other fields as may be deemed fit by the Commission.
- (iv) To undertake experimental or pilot study in any field of system operation, transmission, power market development and power exchange operations and congestion management.
- (v) Scientific, Technological and Economic Research which could be directly or indirectly useful to electricity industry.
- (vi) Make grants to any power utilities for transmission, generation and system operations as the Commission may deem fit for the promotion and development of the power industry and development of power markets.
- (vii) To pursue the goals/ objectives decided by the Commission from time to time through regulations/orders and after consultation with stakeholders.
- (viii) On all such things as may be incidental or consequential to the above.

The utilisation of Fund for the above objectives shall be subject to the purpose being permissible under the relevant Regulations of the Commission.

5. Disbursement of Fund in respect of projects, schemes and activities

- (1) Subject to the provisions of Regulation 6, the Fund shall be disbursed for projects, schemes or activities mentioned under Regulation 4 of these regulations.
- (2) The Managing Committee shall prepare a detailed procedure for disbursement of amounts from the Fund consistent with these regulations.

6. Procedure for identification and prioritization

- (1) The Managing Committee referred to in Regulation 7, shall scrutinize the schemes or activities proposed to be financed from Fund and if all the schemes or activities cannot be sanctioned due to shortage of resources in the Fund, the Managing Committee shall prioritize the projects, schemes or activities for release of Fund with the approval of the Commission.
- (2) The Central Electricity Authority, generating companies or transmission licensees, Load Despatch Centers, Power Exchange as the case may be shall furnish necessary details of the projects, schemes or activities to the Managing Committee to facilitate identification and prioritization of the schemes.

7. Managing Committee

(1) A Managing Committee shall be appointed by the Commission for the administration of the Fund, consisting of the following members:-

(i) Any one Member of the Commission shall be the Chairperson of the Managing Committee;

Provided that the Commission may, from time to time, designate one of its Members for this purpose.

(ii) Secretary of the Commission;

(iii) Chief (Finance) of the Commission;

(iv) Chief (Engg.) of the Commission; and

(v) Two independent external members nominated by the Commission and of whom one, in the opinion of the Commission, has special knowledge or experience of power sector.

Provided that the appointment of the independent external members shall be subject to their submitting acceptance of their nomination to the Commission.

(2) A member of the Managing Committee, other than the independent external members, shall hold office for such period not exceeding three (3) years from the date he enters upon his office in the Commission.

Provided that such a member of the Managing Committee shall be eligible for re-appointment so long as such a member holds office in the Commission.

(3) An independent external member nominated by the Commission shall hold office for a period of two years from the date of his acceptance of the nomination and automatically after the expiry of two years from such date of acceptance of the nomination the independent external member so appointed shall cease to be a member of the Managing Committee.

Provided that such an independent external member shall be eligible for re-appointment.

(4) The Secretary of the Fund shall be a nominated officer of the Commission of the level of Dy. Chief and above who shall keep the records of the Fund.

(5) An officer of the Commission of the level of Assistant Chief and above shall be nominated by the Commission as the Treasurer of the Fund.

(6) A Member of the Managing Committee may, by notice in writing under his hand addressed to the Secretary of the Fund, resign his office.

Provided that a copy of the resignation letter shall be forwarded by the Secretary of the Fund to the Commission.

Provided further that the Member of the Managing Committee shall, unless he is permitted by the Commission to relinquish his office sooner, continue to hold office until the expiry of (thirty) 30 days from the date of receipt of such notice or until a person duly appointed as his successor enters upon his office or until the expiry of term of office, whichever is the earliest.

8. Removal of members of the Managing Committee

The Commission may, by notification, remove any member of the Managing Committee from his office, if he:-

- (a) has been adjudged an insolvent;
- b) has been convicted of an offence which, in the opinion of the Commission, involves moral turpitude;
- (c) has become physically or mentally incapable of acting as a Member of the Managing Committee;
- (d) has acquired such financial or other interest as is likely to affect prejudicially his functions as a Member of the Managing Committee;
- (e) has so abused his position as to render his continuance in office of the Managing Committee prejudicial to the public interest;
- (f) has been guilty of proved misbehaviour; or
- (g) absents himself from three consecutive meetings of the Managing Committee without obtaining leave of absence from the said Committee.
- (h) in the opinion of the Commission, has failed or is unable to carry out his duties satisfactorily.

Provided that before issuing any such notification the Commission shall give such a Member an opportunity of being heard in the matter.

9. Meetings of the Managing Committee

- (1) There shall be at least four meetings of the Managing Committee in a year on such dates and at such places as the Chairman may deem fit and the interval between any two meetings shall not, in any case, be longer than eight months.
- (2) At every meeting of the Managing Committee, the Chairman shall preside or if he is unable to attend a meeting of the Managing Committee, any other Member nominated by the Chairman in this behalf and, in the absence of such nomination or where there is no Chairman, any Member chosen by the Members present from among themselves, shall preside at the meeting.

- (3) The Secretary of the Fund may at any time convene a meeting of the Managing Committee by notice in writing of fourteen (14) days. Such notice shall contain a detailed agenda of the business to be transacted at the meeting and a statement of any resolutions to be put at the meeting.

Provided that in case of an urgency, a special meeting of the Managing Committee may be summoned at any time by the Chairman, who shall inform the Members of the subject matter for discussion and reasons for which he considers it urgent to summon such a meeting. No ordinary business shall be transacted at such special meetings.

- (4) Notwithstanding anything contained above, the Commission may also at any time, call a meeting of the Managing Committee.

10. Quorum

- (1) No business shall be transacted at a meeting of the Managing Committee unless three of its Members are present.
- (2) If within half an hour after the time appointed for the holding of a meeting of the Managing Committee, a quorum is not present, the meeting shall be adjourned to the same place and time seven (7) days later. Each Member shall be notified immediately by facsimile message or electronic mail of such adjournment. If at such adjournment meeting a quorum is not present within half an hour of its commencement, the Members so present shall constitute a quorum for the purposes of the transaction of the business of that meeting.

11. Filling of Casual Vacancy

- (1) Any casual vacancy in the membership of the Managing Committee shall be filled by the Commission.
- (2) A person appointed in casual vacancy shall hold office for so long as the member whose place he fills would have been entitled to hold office, if the vacancy had not occurred.

12. Sub-Committee

- (1) The Managing Committee may constitute a sub-Committee or Committees out of its own members to look after day-to-day operations or for any other specific purpose.

13. Record of Business

- (1) A record shall be maintained by the Secretary of all items of business transacted by the Managing Committee and copies of such record shall be submitted to the Commission from time to time.

- (2) The record of business transacted at every meeting of the Managing Committee shall be signed by the Chairman of the Managing Committee or the Member presiding at such a meeting.

14. Voting

All questions which come up before any meeting of the Managing Committee shall be decided by a majority of votes of the Members present and voting, and in the event of an equality of votes, the Chairperson or in his absence, the person presiding shall have a second or casting vote.

15. Functions of the Managing Committee

- (1) The Managing Committee shall open an account titled “Power System Development Fund” or such other name as may be decided by the Managing Committee with any Scheduled Bank / Nationalised Bank at New Delhi as the main account and with subsidiary accounts at such other branches of the said bank as the Managing Committee considers appropriate.

- (2) The Managing Committee shall maintain proper accounts and manage the Fund as an independent fund and shall ensure that the Fund is not mixed up with the accounts of the Commission.

- (3) On receipt of project proposals for funding from the amounts available for disposal in the Fund, the Managing Committee shall scrutinize such proposals having regard to the Objects of the Fund as specified in Regulation 4 above and in view of the importance and quantum of fund required for such project(s).

- (4) The Managing Committee may invest the moneys lying in the Fund in securities authorized under the Indian Trusts Act, 1882.

- (5) After scrutinizing such proposals, the Managing Committee shall submit its recommendations in writing to the Commission for approval of disbursement from the Fund.

Provided that an independent system for concurrent monitoring and evaluation of the projects, schemes and activities implemented utilizing the Fund shall be evolved to ensure effective and proper utilization of the Fund.

Provided further that if the Commission or the Managing Committee is satisfied that the amounts disbursed out of the Fund are not being utilized properly, the Commission or the Managing Committee shall have the power to withhold or suspend the release of remaining of amounts or part thereof.

- (6) In discharge of its functions, the Managing Committee may consult the Central Electricity Authority, generating companies or transmission licensees or appoint consultants required to assist the Managing Committee on terms and conditions, fees, and remuneration as deemed fit by the Managing Committee.

(7) The Managing Committee shall decide the TA/DA, sitting fees for members of the Managing Committee, allowances, remuneration of contractual employees, administrative expenses, fees of the Consultants, advisors, auditors and other agencies whose services are availed of by the Fund, and shall meet the said expenses from the Fund.

16. Operation of the Fund

(1) The Fund shall be operated by any two persons duly authorised by the Managing Committee from time to time. The persons so designated shall be the authorised signatory of the bank accounts in which the Fund is maintained.

(2) Withdrawal from the Fund shall be only against proper authorisation and after sanction from the Managing Committee.

17. Property and Income of the Fund

(1) All properties of the Fund, whether movable or immovable, shall vest in the name of the Fund and shall be administered by the Managing Committee.

(2) No part of the Fund shall be used directly or indirectly by way of dividend, bonus or otherwise, by way of profit to persons who at any time are or have been members of the Fund or to any of them or to any person claiming through them or any of them provided that nothing herein shall prevent the payment in good faith of remuneration to a Member of the Managing Committee or to any other persons in return for service rendered to the Fund or for travelling allowance, halting allowance and such other charges.

18. Audit of Accounts

(1) A registered chartered accountancy firm/ Chartered Accountant shall be appointed by the Managing Committee to audit the accounts of the Fund annually.

(2) The Managing Committee shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be decided by the Managing Committee in consultation with the auditor appointed in accordance with sub-regulation (1) above.

19. Annual Reports

The Managing Committee shall prepare the annual report of the Fund and all work undertaken during the year, together with balance sheet and audited account, and submit the same for the information of the Commission.

20. Dissolution of the Fund

- (1) The Commission may, if satisfied that it is necessary so to do in public interest, direct by notification in the Official Gazette that the Fund shall be dissolved from such date and for such period as may be specified in the notification.
- (2) When the Fund is dissolved under the provisions of sub-regulation (1) above;
 - a) all members of the Managing Committee, notwithstanding that their term of office has not expired, shall from the date of dissolution, vacate their office as such members;
 - b) all powers and duties of the Managing Committee shall, during the period of dissolution, be exercised and performed by such person or persons as the Commission may appoint in this behalf.
 - c) all funds and other properties vested in the Fund shall during the period of dissolution, vest with such entity to be nominated by the Commission in this behalf.
- (3) As soon as the period of dissolution expires, the Fund shall be reconstituted.

21. Miscellaneous

- (1) Power to amend

The Commission may, at anytime, vary, alter, modify or amend any provisions of these Regulations.

- (2) Power to remove difficulties

If any difficulty arises in giving effect to the provisions of these Regulations, the Commission may, by general or specific order, make such provisions not inconsistent with the provisions of the Act, as may appear to be necessary for removing the difficulty.
