

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 42/2010

Coram:

- 1. Shri S.Jayaraman, Member**
- 2. Shri V.S.Verma, Member**
- 3. Shri M.Deena Dayalan, Member**

DATE OF HEARING: 22.4.2010

DATE OF ORDER: 18.6.2010

In the matter of

Reimbursement of additional expenditure towards deployment of Special Security Forces (CISF) at Salakati and Bongaigaon sub-stations for the year 2008-09 in Eastern Region.

And in the matter of

Power Grid Corporation of India Ltd., Gurgaon **Petitioner**

Vs

1. Bihar State Electricity Board, Patna
2. West Bengal State Electricity Board, Calcutta
3. Grid Corporation of Orissa Ltd., Bhubaneswar
4. Damodar Valley Corporation, Calcutta
5. Power Department, Govt. of Sikkim, Gangtok
6. Jharkhand State Electricity Board, Ranchi

Respondents

The following were present:

1. Shri U.K. Tyagi, PGCIL
2. Shri R.Prasad, PGCIL
3. Shri M.M. Mondal, PGCIL
4. Shri R.B.Sharma, Advocate, BSEB
5. Shri M.K.Adhikary, ASEB

ORDER

The application has been made by Power Grid Corporation of India Ltd. seeking reimbursement of additional expenditure incurred towards deployment of special security forces at Bongaigaon and Salakati sub-stations for the year 2008-09 from the beneficiaries in Eastern Region.

2. The petitioner has based its claim on Regulations 12 and 13 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 (the 2004 regulations) which empower the Commission to make appropriate provisions for removing difficulties and to relax the provisions thereof in appropriate cases.

3. The petitioner has submitted that its establishments in North-eastern region have been receiving threats from the militant outfits. It has been stated that CISF cover was provided at Salakati and Bongaigaon sub-stations considering the disturbed conditions prevailing in the area, to accord proper security to its assets and personnel deployed at these sub-stations and to ensure uninterrupted power supply to the beneficiaries. The petitioner has listed several instances to highlight difficult security scenario prevalent in the North-eastern region. The petitioner has referred to the Commission's earlier orders whereby reimbursement of abnormal O&M expenses for the previous years was approved. The petitioner has submitted that there was no improvement in law and order situation and sub-stations were under constant threat of militancy during the period for which CISF was deployed. In order to counter the situation, the petitioner is stated to have continued deployment of the additional security forces. The petitioner has submitted corroborative evidence in the form of copies of the newspaper reports and correspondence with the security agencies to substantiate its claim of the prevailing law and order situation.

4. The petitioner's claim for reimbursement of special security expenses is supported by auditors' certificate dated 18.10.2009, which incorporates the details of expenditure incurred on making special security arrangement at

Bongaigaon and Salakati sub-stations, as appended herein below, verified from the books/records of the petitioner for the year 2008-09:

(Rs. in lakh)

S.No.		400 kV Bongaigaon sub-station	220 kV Salakati sub-station
1.	Salary	10440608	13316394
2.	Medical	759416	243694
3.	U/Ammunities, clothing etc	339528	399914
4.	Vehicle expenses	249097	312676
	Total	11788649	14272678

5. The petitioner has apportioned the salary component of the expenditure between Bongaigaon and Salakati sub-stations for the year 2008-09 on 50:50 basis, based on the Commission's order dated 22.2.2005 in Petition No. 83/2004 and followed in subsequent years. The petitioner has submitted the following details of expenses for claiming reimbursement :

(Rs. in lakh)

S. No.	Description	400 kV Bongaigaon sub-station	220 kV Salakati sub-station
1.	Salary	118.79	118.79
2.	Medical	7.59	2.44
3.	Vehicle expenses	2.49	3.13
4.	Other expenses	3.39	3.99
	Total	132.26	128.352

6. The petitioner has submitted that:

- (a) Security expenses for Bongaigaon sub-station associated with Bongaigaon-Malda transmission line (inter-regional asset between Eastern Region and North-eastern Region) under Kathalguri transmission system are to be shared by the constituents of Eastern Region and North-eastern Region on 50:50 basis, and the charges so calculated for Eastern Region are to be further shared by the

constituents of that Region in proportion to the transmission charges shared by them for Bongaigaon-Malda transmission line.

(b) Total security expenses of Rs. 128.35 lakh associated with Salakati sub-station forming part of Chukha transmission system are to be shared by the constituents of Eastern Region in proportion to the transmission charges shared by the beneficiaries of that Region.

7. Reply has been filed by the first respondent, Bihar State Electricity Board (BSEB). and Assam State Electricity Board (ASEB),

8. The main objections of BSEB are as under:

(a) The petition is not maintainable under Regulation 12 of 2004 regulations as held by the Commission in its order dated 11.12.2008 in Petition No. 83/2008.

(b) There is no express provision in the 2001 and 2004 tariff regulations of the Commission to reimburse the expenditure incurred on deployment of security forces for safeguarding the installation from militant activities.

(c) Salakati sub-stations and Bongaigaon sub-stations are located in the State of Assam and are used by the constituents of North Eastern Region. Sharing of the expenditure on security expenses by the constituents of Eastern Region only is highly arbitrary and unjust.

9. The learned counsel appearing for BSEB submitted that maintenance of law and order and providing security to the installation of the petitioner is the

responsibility of the State. He further submitted that requirement of additional security needs to be reassessed considering the current threat perception.

10. The representative of BSEB submitted during the hearing that in the prevailing security scenario, the security requirement in the substations needs to be reassessed.

11. The petitioner in its rejoinder dated 16.4.2010 has submitted that while hearing the petition for reimbursement of additional expenditure towards deployment of special security forces for Salakati and Bongaigaon sub-stations for the year 2006-07 in Eastern Region have already reviewed the provisions under regulations 12 and 13 of 2004 Regulations. After thorough discussion during the hearing of Petition No. 83/2008 on additional expenditure towards deployment of special security forces for Salakati and Bongaigaon sub-stations for the 2006-07, Hon`ble Commission in exercise of its power under regulation 13 of the 2004 Regulations and in relaxation of the provisions thereof directed reimbursement of these additional expenses for the year 2006-07 as claimed by the it from the respondent. The petitioner has further submitted that since the normative O & M do not include the abnormal O & M expenditure of such nature while deriving the normative O & M rates, it is being claimed separately and it has requested to invoke the power under reglualtions12 and 13 of the 2004 Regulations. In regard to sharing of expenses, the petitioner has submitted that the Commission by its order dated 2.7.2007 in Petition No. 85/2007 had directed that the charges for Salakati sub-station are payable by Eastern Region beneficiaries only, and 400/220 kV sub-station at Bongaigaon shall be treated as

part of ER and NER systems respectively and charges for the same shall be shared in the ratio 50:50 by both regions.

12. We have already expressed our view in our order dated 11.12.2008 in Petition No. 83/2008 that the case of this nature requiring reimbursement of additional expenditure can be considered by the Commission under its power to relax under Regulation 13 of the 2004 regulations. As regards the sharing of the transmission charges for Salakati sub-stations and 400/220 kV sub-station at Bongaigaon, we have already decided the issue in our order dated 2.7.2007 in petition No. 85/2007.

13. Now we consider the merits of the petitioner's claim. The Commission vide its order dated 25.9.2007 in Petition No. 35/2006 held under:

“On consideration of the facts placed on record by the petitioner, the petitioner was required to make special arrangements to ensure safety and security of its personnel and property. The incidents narrated by the petitioner in support of its claim justify deployment of additional forces. The expenses were essential and unavoidable. In the absence of necessary security arrangements, any untoward incident could have resulted in disruption of power supply in the region, depriving the consumers, railways and other industry in region of electricity. The loss on account of such deprivation could prove disastrous. Therefore, we are satisfied that the respondents are the ultimate beneficiary of the special security arrangement made by the petition, and they should reimburse the expenditure incurred.”

14. The above observations apply to the case on hand on all the four. On consideration of the material on record, and taking notice of the general law and order situation in the North-eastern Region, we are satisfied that the petitioner was required to make special arrangements to ensure safety and security of its personnel and property. The incidents cited by the petitioner in support of its

claim justify deployment of additional forces. The expenses were not only essential and unavoidable but also were in the interest of the beneficiaries. In the absence of necessary security arrangements, any untoward incident could result in disruption of power supply in the region, depriving the consumers, railways and other industry in region, of electricity. The loss on account of such deprivation could be of unfathomable magnitude, and could far exceed the expenditure incurred on making special security arrangements. Thus, deployment of security forces, though meant to accord greater security to the petitioner's assets and personnel deployed at the sub-stations, is to the ultimate advantage of the respondents since it facilitated uninterrupted power supply. Therefore, we are satisfied that the respondents, as the ultimate beneficiaries of the special security arrangement made by the petitioner, should reimburse the expenditure incurred. To sum up, the expenditure has been incurred by the petitioner on making special security arrangements at the sub-stations for the reasons beyond its control and in the overall interest of security of the transmission system in the region. The normative O &M expenses for Eastern Region do not include such abnormal expenses. Therefore, in our view the petitioner becomes entitled to reimbursement of these additional expenses incurred. We, in exercise of power under Regulations 13 of the 2004 regulations and in relaxation of the provisions thereof direct reimbursement of these additional expenses for the year 2007-08 as claimed by the petitioner from the respondents.

15. We thus conclude that the entire expenses of Rs. 128.35 lakh in respect of Salakati sub-station, which forms part of Chukha Transmission System of Eastern Region (Rs. 128.35 lakh) and 50% of the expenses in case of Bongaigaon sub-station an inter-regional asset (Rs.66.13 lakh) shall be shared by

the beneficiaries of Eastern Region, as a part of the transmission charges for Eastern Region.

16. With this order, the present petition stands disposed of.

sd/-
(M. DEENA DAYALAN)
MEMBER

sd/-
(V.S.VERMA)
MEMBER

sd/-
(S.JAYARAMAN)
MEMBER