## CENTRAL ELECTRICITY REGULATORY COMMISSION NEW DELHI

Dr. Pramod Deo, Chairperson Shri S.Jayaraman, Member Shri V.S.Verma, Member Shri M.Deena Dayalan, Member

File No:L-7/14/2010/CERC

In the matter of

Utilisation of RLDC Reactive energy charge component of Power System Development Funds for the purpose of capacity building.

In the matter of

1. Managing Committee, Power System Development Funds

2. Northern Regional Power Committee

3. Western Regional Power Committee

4. Southern Regional Power Committee

5. Eastern Regional Power Committee

6. North Eastern Regional Power Committee

**ORDER** 

As per the provisions of Regulation 3 of Central Electricity Regulatory Commission (Power System Development Funds) Regulations, 2010 (hereinafter "Funds Regulations"), the congestion charges standing to the credit of the Congestion Charge Account after releasing the amounts payable to Regional Entities, congestion charges arising out of the differences in market prices of different regions due to market splitting, Unscheduled Interchange Charges standing to the credit of the Unscheduled Interchange Pool Account Funds after final settlement of fees, and RLDC reactive energy charges are to be credited to the Power System Development Funds. Regulation 4 of Funds

Page **1** of **3** 

Date: 27.9.2010

Regulations provides that the funds shall be utilised for the relevant purpose being permissible under the relevant regulations specified by the Commission.

Regulation 5(3) of Funds Regulations provides that no amount from the funds shall be disbursed without the approval of the Commission.

- 2. Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010 (hereinafter "Grid Code") in Annexure-1 pertaining to Complementary Commercial Mechanism provides for the following with regard to the reactive energy charges and its utilisation:
  - "11. RPC Secretariats shall also issue the weekly statement for VAR charges, to all regional entities who have a net drawal/injection of reactive energy under low/high voltage conditions. ..........

12. x x x x x

- 13. The money remaining in the regional reactive account after payout of all VAr charges upto 31st March of every year shall be utilized for training of the SLDC operators, and other similar purposes which would help in improving/streamlining the operation of the respective regional grids, as decided by the respective RPC from time to time."
- 3. The Commission has now received representations that the RLDC reactive charges funds should be allowed to be utilized as provided in Grid Code in accordance with decision of respective Regional Power Committee for the development of manpower in the respective regions and to impart adequate exposure to the decision makers and technical stakeholders in the electricity sector.
- 4. The Commission has given a serious consideration to the matter. In exercise of our power under Regulation 21 of the Funds Regulations with the objective of facilitating expeditious processing of proposals relating to

capacity building and in view of the provisions in Grid Code, we hereby decide and direct as under:

(a) The RLDC reactive charges components in the Funds may be utilized for the purposes of capacity building in the respective region as

provided in the Grid Code.

(b) The proposals shall be processed as per the applicable norms of the Managing Committee of the Funds and also in accordance with

norms, rules and guidelines of the respective organizations to which the

personnel belong.

(C) Capacity building proposals in a region upto a limit of Rs. two

crore per year or 30% of the outstanding balance as at the beginning of

the financial year whichever is less will require only approval of

respective Regional Power Committee and the proposals beyond this

limit will require approval of Commission through Managing Committee.

sd/-(M.DEENA DAYALAN) MEMBER

sd/-MEMBER

sd/-MEMBER

sd/-(V.S.VERMA) (S.JAYARAMAN) (Dr. PRAMOD DEO) **CHAIRPERSON**