

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 308/2010

Coram:

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

DATE OF HEARING: 24.2.2011

DATE OF ORDER 28.4.2011

In the matter of

Reimbursement of additional expenditure towards deployment of Special Security Forces (CISF) at Salakati and Bongaigaon sub-stations for the year 2009-10 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 S.Raju, PGCIL
2. Shri R.Prasad, PGCIL

ORDER

The petitioner has made this application seeking reimbursement by the beneficiaries in Eastern Region of additional expenditure incurred on deployment of special security forces at Bongaigaon and Salakati sub-stations for the year 2009-10.



2. The petitioner has based its claim on Regulations 44 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as 'the 2009 regulations') which empower the Commission to relax the provisions on its own motion or on an application made by an interested person.

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 of kidnapping, attack and killing to highlight the 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 has not been any improvement in the law and order situation and sub-stations were under constant threat of militancy during the period for which CISF was deployed. In view the situation, the petitioner is stated to have continued the deployment of the additional security forces. The petitioner has submitted corroborative evidence in the form of newspaper reports and correspondence with the security agencies to substantiate its claim regarding the prevailing law and order situation.



4. The claims of the petitioner for reimbursement of special security expenses is supported by auditors' certificate dated 21.7.2010, which incorporates the details of expenditure incurred on making special security arrangements at Bongaigaon and Salakati sub-stations, as appended herein below, verified from the books/records of the petitioner for the year 2009-10:

(In ₹)

S.No.	Item	400 kV Bongaigaon sub-station	220 kV Salakati sub-station
1.	Salary and other allowances	14526867	21665297
2.	Medical	106886	160332
3.	Other expenses (Uniform/Ammunitons, clothing etc.)	255083	282698
4.	Vehicle hiring charges	185763	314406
	Total	15074599	22422733

5. The petitioner has apportioned the salary component of the expenditure between Bongaigaon and Salakati sub-stations for the year 2009-10 on 50:50 basis, based on the Commission's order dated 31.3.2009 in Petition No. 22/2009. The petitioner has submitted the following details of expenses for claiming reimbursement of expenses:

(₹ in lakh)

S. No.	Description	400 kV Bongaigaon sub-station	220 kV Salakati sub-station
1.	Salary	180.96	180.96
2.	Medical	1.07	1.60
3.	Vehicle expenses	1.86	3.14
4.	Other expenses	2.55	2.83
	Total	186.44	188.53



6. The petitioner has submitted that:

(a) Security expenses for Bongaigaon sub-station associated with Bongaigaon-New Siliguri 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-New Siliguri transmission line.

(b) Total security expenses of ₹ 188.53 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. None was present on behalf of the respondents. No reply has been filed by any respondent. Reply has been filed by the Assam State Electricity Board (ASEB) which is not a party in the petition.

8. ASEB in its reply has submitted that the situation at Bongaigaon has now improved in comparison to earlier periods and it is responsibility of the petitioner to arrange security at its own cost under normal O & M for the sub-station and expenditure on account of deployment of CISF for the



sub-station should not be passed on to the beneficiary States as claimed in the petition. It has been also stated that there has been no single instance of attack either on the general public or power sector or assets belonging to the petitioner. It has been further submitted that there is no provision for abnormal O & M expenditure in the 2009 regulations and if the Commission now allows additional expenditure towards abnormal O & M expenses, this would enhance the overall transmission charge and the purpose of fixing norms of O & M expenditure shall be defeated. ASEB has further submitted that if the Commission feels it necessary to allow additional expenditure for periodical maintenance of outgoing transmission lines then it may allow such expenditure on the basis of hiring of Police Force or CISF on daily basis based on requisition as was done in case of Tripura till 2007-08. Accordingly, ASEB has prayed to not allow the claim of additional expenditure on account of abnormal O & M against the 400 kV sub-station.

9. This petition has been filed by the petitioner for reimbursement of additional expenditure towards Special Security Forces at Salakati and Bongaigaon sub-stations in Eastern Region. It is clarified that the ASEB is not a party in this petition. The issues projected by the ASEB shall be dealt in the petition pertaining to North-Eastern Region. Therefore, we reject the submission of the ASEB regarding the issue of additional expenditure on account of abnormal O & M against the 400 kV sub-station.



10. 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 as 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 the 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."

11. 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 were also in the interest of the beneficiaries. In the absence of necessary security arrangements, any untoward incident could have resulted in the disruption of power supply in the region, depriving the consumers, railways and other industries in the region, of electricity. The loss on account of such deprivation could be of a very huge 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 as 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 is entitled to reimbursement of these additional expenses incurred.

12. Accordingly, in exercise of powers under Regulations 44 of the 2009 regulations, we direct that the expenditure incurred by the petitioner in making security arrangements be reimbursed by the respondents.

13. We thus conclude that the, the entire expenses of ₹ 188.53 lakh in respect of Salakati sub-station, which forms part of Chukha Transmission System of Eastern Region and 50% of the expenses (₹ 93.22 lakh) in case of Bongaigaon sub-station, an inter-regional asset shall be shared by the beneficiaries of Eastern Region, as a part of the transmission charges for Eastern Region.



14. The petitioner has sought 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 expense 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."

15. The petitioner has filed this petition as miscellaneous petition. However, Regulation 42 of the 2009 regulation does not make any provision for reimbursement of filing fee for miscellaneous petition. Therefore, the petitioner shall not be entitled to recover the filing fee from the beneficiaries.

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

Sd/-
(M. DEENA DAYALAN)
MEMBER

sd/-
(V.S.VERMA)
MEMBER

sd/-
(S.JAYARAMAN)
MEMBER

