

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 1/MP/2013

Coram:

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

Date of Hearing: 21.2.2013

Date of Order : 21.5.2013

In the matter of

Approval under Regulation 44 of the CERC (Terms and Conditions of Tariff) Regulations, 2009 "Power to Relax" for reimbursement of additional expenditure towards deployment of Special Security Forces (CISF) at Salakati and Bongaigaon sub-stations for the year 2011-12 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.S.Raju, PGCIL
2. Shri M.M.Mondal, PGCIL
3. Shri R.B.Sharma, JSEB

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 2011-12.



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 Bongaigaon and Salakati sub-stations are facing severe law and order problem since its inception and is under constant threat of militancy and terrorism. The petitioner has further submitted that since its construction phase, 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 18.8.2012, which incorporates the details of expenditure incurred on making special security arrangements at Bongaigaon and Salakati sub-stations, as given below, verified from the books/records of the petitioner for the year 2011-12:

(in ₹)

S.No.	Item	400 kV Bongaigaon sub-station	220 kV Salakati sub-station
1	Salary and other allowances	15620722	24049325
2	Medical	208330	312498
3	Other expenses (Uniform/Ammunitons, clothing etc.)	114507	181700
4	Vehicle hiring charges	276329	319006
	Total	16219888	24862529

5. The petitioner has apportioned the salary component of the expenditure between Bongaigaon and Salakati sub-stations for the year 2011-12 on 50:50 basis, based on the Commission's order dated 22.2.2005 in Petition No. 83/2004. 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	198.35	198.35
2.	Medical	2.08	3.12
3.	Vehicle expenses	1.15	1.82
4.	Other expenses	2.76	3.19
	Total	204.34	206.48



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 ₹ 206.48 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 to the petition has been filed by Jharkhand State Electricity Board.
8. Jharkhand State Electricity Board in its reply affidavit dated 16.2.2013 has submitted as under:
- (a) Sharing of the expenditure between Eastern Region and North Eastern Region is not justified and it should be in accordance with capital cost. The Salakati sub-station is also used by the beneficiaries of the North Eastern Region, though it was approved under Chukha transmission system. Therefore, the petitioner's contention that the entire security expenditure of ₹ 206.48 lakh on Salakati sub-station be shared only by the constituents of the Eastern Region is unjustifiable.



(b) The petitioner has not clarified whether the installation required to be protected by deployment of special security forces is insured and if so to what extent.

(c) Reject claim of the petitioner with regard to filing fee in terms of Commission`s order dated 11.9.2008 in Petition No. 129/2005.

9. The petitioner in its rejoinder dated 28.3.2013 has submitted that the Commission in its order dated 22.2.2005 in Petition No. 83/2004 had opined that 'salary' component of abnormal security for Bongaigaon and Salakati sub-station be distributed in the ratio of 50:50. Therefore, 'salary' between Bongaigaon and Salakati sub-stations has been re-apportioned on 50:50 basis for the purpose of working out abnormal O & M expenses. Accordingly, the abnormal O & M expenses for Salakati sub-station for the year 2011-12 have been worked out to ₹ 206.48 lakh. The petitioner has further submitted that Salakati sub-station is a part of Chukha transmission system and security expenditure of ₹ 206.48 lakh derived in terms of Commission's order dated 22.2.2005 is to be shared by Eastern Region constituents only.

10. We have considered the submissions made. While laying down norms for O & M expenses in the 2009 regulations, abnormal security expenses were excluded on the understanding that such expenses could be considered on case-to-case basis. On consideration of the facts available on record, and taking cognizance of the general law and order situation prevailing in the North-eastern Region, we are satisfied that the petitioner was required to make special arrangements and take preventive measures, to ensure safety and security of its



personnel and property, facilitating maintenance of continuous supply of electricity 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.

11. In exercise of power under Regulation 44 of the 2009 regulations, we allow the expenses on CISF incurred by the petitioner in relaxation of Regulation 19 (g) of the 2009 Regulations and direct that the expenses for the year 2011-12 as claimed by the petitioner shall be reimbursed by the respondents.

12. We thus conclude that the entire expenses of ₹ 206.48 lakh in respect of Salakati sub-station, which forms part of Chukha Transmission System of Eastern Region and 50% of the expenses (₹ 204.34 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.

13. The petitioner has sought reimbursement of fee paid by it for filing the petition. In our order dated 11.1.2009 in Petition No. 109/2009, we had decided that reimbursement of filing fee will be reimbursed in the following cases:

“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 revisions 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.”



This petition being a miscellaneous petition reimbursement of filing fee is not allowed.

14. We order accordingly.

15. The present petition stands disposed of.

Sd/-
(M. Deena Dayalan)
Member

sd/-
(V.S.Verma)
Member

sd/-
(Dr. Pramod Deo)
Chairperson

