

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 35/MP/2014

- Subject : Petition regarding the notice of demand served on the company under section 156 of the Income Tax, 1961 received from the deputy commissioner of the Income Tax, under Regulation 21 of the CERC (Power System Development Fund) Regulations, 2010, for removal of difficulties and under Regulation 14 of the CERC (measures to relieve congestion in real time operations) Regulations, 2009, Regulation 12 of the CERC (Unscheduled interchange Charges and related matters) Regulations, 2009 and under Part 7 Regulation 4 of CERC (Indian Electricity Grid Code) Regulations, 2010 power to relax.
- Date of hearing : 17.4.2014
- Coram : Shri Gireesh B. Pradhan, Chairperson
Shri A.K. Singhal, Member
- Petitioner : Power System Operation Corporation Limited
- Respondents : Northern Regional Power Committee and others
- Parties present : Shri V.K. Agarwal, POSOCO
Ms Jyoti Prasad, POSOCO
Ms. Abiha Zaidi, POSOCO

Record of Proceedings

The representative of the petitioner submitted that the petitioner has approached the Commission in the present petition with 3 prayers out of which the Commission had considered and disposed of prayers (i & ii) vide order dated 13.3.2014 and had directed the petitioner to take up the matters with Competent Authorities under the Income Tax Act, 1961 including legal remedy available for withdrawal or setting aside of the demand notice from IT Department. The representative of the petitioner further submitted that the petitioner pursued the matter with the concerned Assessing Officer, Chief Commissioner of Income Tax, and Commissioner of Income Tax (Appeals). The petitioner also simultaneously pursued the matter in the High Court of Delhi and the Hon'ble High Court vide order dated 31.3.2014 granted stay on the demand notice till 17.4.2014. He further submitted that the CIT (Appeal) in order dated 31.3.2014 in Appeal No. 130/13-14 deleted the amount of ₹1973.33 crore pertaining to the surplus lying in Regulatory Pool Accounts which was earlier considered as the income of POSOCO.

2. The representative of the petitioner submitted that the petitioner in prayer (iii) had requested the Commission to consider evolving a comprehensive framework for removal of difficulties by formation of a separate entity with a new PAN No. to deal with regulatory funds already created or to be created in future. He submitted that the Commission may consider this prayer and issue appropriate direction in the matter.

3. The Commission directed the representative of the petitioner to prepare a comprehensive proposal containing both short term and long term solutions to the problem after consultation with the tax experts and submit the proposal within a period of one month. The Commission further directed the staff to examine the said proposal of POSOCO and submit the same for consideration by the Commission.

4. Subject to above, the Commission reserved order in the petition.

By order of the Commission

**sd/-
(T. Rout)
Chief (Law)**