

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 251/GT/2013**

Subject : Petition for determination of tariff for generation and transmission activities undertaken by Bhakra Beas Management Board for 2009-14.

Date of hearing : **10.3.2015**

Coram : Shri Gireesh B Pradhan, Chairperson  
Shri A.K.Singhal, Member  
Shri A.S. Bakshi, Member

Petitioner : Bhakra Beas Management Board, Chandigarh

Respondents : PSPCL & 4 Ors.

Parties present : Shri M.G.Ramachandran, Advocate, NTPC  
Ms. Poorva Saigal, Advocate, NTPC  
Ms. Pooja Gupta, BBMB  
Shri A.K.Ghai, BBMB  
Shri Sanjay Sidana, BBMB

**Record of Proceedings**

This petition has been filed by the petitioner, Bhakra Beas Management Board (BBMB) for determination of tariff for the generation and transmission activities for the tariff period 2009-14 in compliance with the Commission's order dated 15.9.2011 in Petition No.181/2011 (*suo motu*).

2. During the hearing, the learned counsel for the petitioner submitted as under:
- (a) The ownership the entire assets of the Bhakra Nangal Project and the Beas Projects (the generation projects and transmission assets) and all incidental and ancillary interest vest in the beneficiary States and BBMB does not have any ownership interest in any of the assets.
  - (b) BBMB is not required to service any capital expenditure forming part of the project cost either is debt or equity. Since there is no gross value of the capital assets in the books of BBMB, there is no depreciation or return on equity or interest on loan to be serviced. Also, BBMB does not borrow any working capital from the banks and there is no interest on working capital. BBMB delivers electricity generated to the respondent beneficiary States and the supply of electricity marginally to Nangal Fertilizers is accounted for to the benefit of the beneficiary States.
  - (c) Any additional capitalization required for the projects including any renovation and modernization scheme and other up-gradation scheme are also funded by the beneficiary States.
  - (d) There is no capital investment in the books of BBMB in any of the assets and the capital assets were created by the beneficiary States and have been given under the possession and control of BBMB only for the purpose of operation and maintenance. All expenses of operation and maintenance are met by the beneficiary States.

- (e) As BBMB does not hold assets and there is no capital value of the assets, most of the tariff filing Forms specified under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 will not have any application.
- (f) In order to determine the O&M expenses permissible for the generating stations and transmission assets of BBMB, the only format relating to operation and maintenance expenses specified under the 2009 Tariff Regulations will have a bearing. However, the actual aggregate O&M expenses incurred by BBMB on the O&M of the generating stations and transmission assets are less than the normative expenditure provided under Regulation 19 of the 2009 Tariff Regulations. In view of the peculiar nature of BBMB's activities, the normative interest on working capital should also be included in the O&M expenses.
- (g) Even if the O&M expenses determined by the Commission in regard to the generating stations and transmission assets is more than the actual O&M expenses, BBMB will not be entitled to receive the differential amount from the beneficiary States and appropriate the same as its income.

3. On a specific query by the Commission as to whether the Balance sheet and Fixed assets register of the petitioner company are available and could be furnished, the learned counsel for the petitioner clarified that no balance sheet of Petitioner Company was available. As regards fixed assets register, the learned counsel submitted that the records of the petitioner company would be examined and the same would be submitted, if available.

4. None appeared on behalf of the respondents. Therefore, the Commission observed that it is necessary to know the views of the beneficiary states before deciding the petition and accordingly directed the representatives of the beneficiary states to be present during the next date of hearing.

5. The Commission directed the petitioner to submit the following information on affidavit, with copy to the respondents, on or before **30.4.2015**:

- (i) *O&M details with regard to hydro electric stations and transmission systems for the last 5 years i.e. 2003-04 to 2007-08 as per relevant formats specified under the 2009 Tariff Regulations.*
- (ii) *Policy of manpower deployed at various generating stations and the basis of payments of salary and other expenses under O&M.*
- (iii) *Year-wise Personal Ledger Account (PLA) together with Receipts & Payments account and Income & Expenditure account, if any, of the BBMB (Power wing) for the period from 1.4.2009 to 31.3.2014.*
- (iv) *List of assets that the Board manages together with the annual physical verification report of assets and stock from the period from 1.4.2009 to 31.3.2014.*

6. The petition shall be listed for final hearing on **7.5.2015**. The information as above shall be filed by the petitioner prior to the date of hearing.

By Order of the Commission  
-S/d-  
(T. Rout)  
Chief (Legal)