

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 136/MP/2016

Coram:

Shri Gireesh B.Pradhan, Chairperson

Shri A.K.Singhal, Member

Shri A.S.Bakshi, Member

Dr. M.K.Iyer, Member

Date of Order : 20th of March, 2017

In the matter of

Approval under Regulations 54 and 55 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 "Power to Relax" and "Power to Remove Difficulty" for reimbursement of additional expenditure towards deployment of Special Security Forces (CISF) at Salakati and Bongaigaon sub-stations for the year 2015-19 in Eastern and North Eastern Region.

And

In the matter of

Power Grid Corporation of India Ltd.
Saudamini, Plot No. 2
Sector-29, Gurgaon: 122 001 (Haryana)

..... **Petitioner**

Vs

1. Bihar State Electricity Board
Vidyut Bhawan, Bailey Road
Patna-800 001
2. West Bengal State Electricity Board
Bidyut Bhawan, Bidhan Nagar,
Block DJ, Sector-II Salt Lake City,
Calcutta-700 091
3. Grid Corporation of Orissa Ltd.
Shahid Nagar, Bhubaneswar-751 007
4. Damodar Valley Corporation
DVC Tower, Maniktala
Civic Centre, VIP Road
Calcutta-700 054
5. Power Department, Govt. of Sikkim

Govt. of Sikkim, Gangtok-737 101

6. Jharkhand State Electricity Board
Engineering Bhawan,
Dhurwa, Ranchi-834 004

7. Assam State Electricity Board
Bijulee Bhawan, Paltan Bazar
Guwahati-781 001, Assam

8. Meghalaya Energy Corporation Limited
Short Round Road
Shillong-793 001

9. Department of Power
Itanagar, Govt of Arunachal Pradesh

10. Power and Electricity Department
Govt. of Mizoram, Mizoram, Aizwal

11. Electricity Department
Govt. of Manipur, Keishampat, Imphal

12. Department of Power
Govt. of Nagaland, Kohima, Nagaland

13. Department of Power
Govt of Tripura, Agartala, Tripura-799 991

....**Respondents**

The following were present:

Shri S.K.Venkatesh, PGCIL

Shri R.B.Sharma, PGCIL

ORDER

The petitioner has made this application seeking reimbursement by the beneficiaries in Eastern Region and North Eastern Region of additional expenditure incurred on deployment of Special Security Forces at Bongaigaon and Salakati sub-stations for the year 2015-19.

2. The petitioner has based its claim on Regulation 54 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations,

2014 (hereinafter referred to as 'the 2014 Tariff Regulations') which empowers 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 are under constant threat of militancy and terrorism. The petitioner has further submitted that since their construction phase, establishments in North-eastern region have been receiving threats from the militant outfits. The petitioner has deployed CISF at Bongaigaon and Salakati sub-stations in NER and ER for safeguarding its installation from militant activities. 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 of the situation, the petitioner is stated to have continued with the deployment of the additional security forces. The petitioner has submitted that Bongaigaon and Salakati sub-stations are isolated from each other and road distance between two sub-stations is about three kms. The petitioner has submitted that at present 98 CISF personnels have been deployed in both the sub-stations. 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 petitioner has submitted that O & M rates applicable for the period 2014-19 specified in the 2014 Tariff Regulations have been derived based on the actual O & M expenses and while deriving such rates, abnormal expenses on account of deployment of additional security have not been considered. The petitioner has submitted that the provision to claim such abnormal O & M expenses separately, by way of petition, has not been provided in the 2014 Tariff Regulations.

5. The claim of the petitioner for reimbursement of special security expenses is supported by auditors' certificate dated 25.5.2016, which incorporates the details of expenditure incurred on making special security arrangements at Bongaigaon and Salakati sub-stations, as given below:

(₹ in lakh)

Financial year 2015-16			
S. No.	Item	400 kV Bongaigaon sub-station	220 kV Salakati sub-station
1.	Salary	232.99	357.96
2.	Medical	1.89	2.54
3.	Other expenses	14.78	2.14
4.	Vehicle hiring charges	0.09	0.00
	Total	249.75	362.64

6. Based on the Commission's order dated 22.2.2005 in Petition No. 83/2004, the petitioner has apportioned the salary component of the expenditure between Bongaigaon and Salakati sub-stations for the year 2014-15 on 50:50 basis. The petitioner has submitted that the Commission vide order dated 27.8.2015 in Petition No. 177/MP/2015 directed the petitioner to file one consolidated petition for the purpose of reimbursement of additional expenditure incurred on deployment of special security forces for the period 2015-16 to 2018-19. The

petitioner has submitted the following details of expenses for claiming reimbursement of expenses:

(₹ in lakh)

Financial year 2015-16			
S. No.	Description	400 kV Bongaigaon sub-station	220 kV Salakati sub-station
1.	Salary	295.48	295.48
2.	Medical	1.89	2.54
3.	Other expenses	14.78	2.14
4.	Vehicle hiring expenses	0.09	0.00
	Total	312.24	300.16

(₹ in lakh)

Financial year 2016-17*			
S. No.	Description	400 kV Bongaigaon sub-station	220 kV Salakati sub-station
1.	Salary	369.35	369.35
2.	Medical	2.36	3.18
3.	Other expenses	14.48	2.68
4.	Vehicle hiring expenses	0.11	0.00
	Total	390.30	375.20

(₹ in lakh)

Financial year 2017-18**			
S. No.	Description	400 kV Bongaigaon sub-station	220 kV Salakati sub-station
1.	Salary	403.63	403.63
2.	Medical	2.58	3.48
3.	Other expenses	20.19	2.93
4.	Vehicle hiring expenses	0.12	0.00
	Total	426.52	410.04

(₹ in lakh)

Financial year 2018-19**			
S. No.	Description	400 kV Bongaigaon sub-station	220 kV Salakati sub-station
1.	Salary	441.08	441.08
2.	Medical	2.82	3.80
3.	Other expenses	22.06	3.20
4.	Vehicle hiring expenses	0.13	0.00
	Total	466.10	448.08

* The projected additional expenditure to be incurred on deployment of special security forces for the period 2016-17 is based on the percentage increment of 25% on the audited expenditure of 2015-16, with reference to the press release of Press Information Bureau regarding Cabinet approval for implementation of the recommendation of 7th Central Pay Commission.

** The projected additional expenditure to be incurred on deployment of special security forces for the period 2017-18 and 2018-19 is based on the escalation of 9.28% for Bongaigaon and Salakati sub-stations on the expenditure to be incurred during 2016-17 and 2017-18 respectively (percentage average expenditure calculated based on the expenditure approved by the Commission from 2010-11 to 2014-15) .

7. Based on above, the security expenditure of Bongaigaon and Salakati sub-stations for the years 2015-16 to 2018-19 is as under:

(₹ in lakh)			
Year	security expenditure of 400 kV Bongaigaon sub-station	security expenditure 220 kV Salakati sub-station	Total security expenditure
2015-16	312.24	300.16	612.40
2016-17	390.30	375.20	765.50
2017-18	426.52	410.04	836.56
2018-19	466.10	448.08	914.18

8. None of the respondents have filed reply.

9. During the course of hearing, learned counsel for the Bihar State Electricity Board Limited submitted that the petitioner has not submitted the details of sanctioned strength of CISF and actual deployed CISF personnel at sub-stations. The Commission, vide Record of Proceedings for the hearing dated 27.10.2016, was directed to submit the details of sanctioned strength of CISF and actual deployed CISF personnels at Bongaigaon and Salakati sub-stations since the CISF was deployed. The petitioner, vide its affidavit dated 21.11.2016, has submitted the details of sanctioned strength and deployed strength at Bongaigaon and Salakati as under:

S.No.	Year	Sanctioned Strength (no of personnel)	Deployed Strength (no of personnel)	Remarks
1.	2000	103	88-103	
2.	2001	103	88-103	
3.	2002	103	88-103	
4.	2003	103	88-103	

5.	2004	103	88-103	Varies monthly as per actual deployment
6.	2005	103	88-103	
7.	2006	103	88-103	
8.	2007	103	88-103	
9.	2008	103	88-103	
10.	2009	103	88-103	
11.	2010	103	88-103	
12.	2011	103	88-103	
13.	2012	103	88-103	
14.	2013	103	88-103	
15.	2014	103	88-103	
16.	2015	103	88-103	
17.	2016	103	88-103	

10. We have considered the submissions made. While laying down norms for O & M expenses in the 2014 Tariff Regulations, abnormal security expenses were excluded on the understanding that such expenses could be considered on case-to-case basis. In view of the general law and order situation prevailing in the North-eastern Region, security personnel from CISF have been deployed in the Salakati and Bongaigaon sub-stations since 2001 as preventive measures to ensure safety and security of its personnel and property, facilitating maintenance of continuous supply of electricity in the region. As against the sanctioned strength of 103 personnel, actual of PGCIL deployment varies 83 to 103 every year. Since, the expenditure on deployment of CISF personnel have not been included in the O & M expenses, we are of the view that the petitioner needs to be reimbursed such expenses towards deployment of CISF Personnel.

11. In exercise of power under Regulation 54 of the 2014 Tariff Regulations, we allow the expenses on CISF incurred by the petitioner in relaxation of Regulation 29 (3) of the 2014 Tariff Regulations and direct that the expenses for the year 2015-16 as claimed by the petitioner shall be reimbursed by the respondents. With regard to expenses to be incurred for the years 2016-17, 2017-

18 and 2018-19, we allow 85% of the projected additional expenditure to be incurred by the petitioner subject to truing up.

12. The security expenses with regard to Bongaigaon and Salakati sub-stations shall be shared in accordance with the provisions of the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010 as amended from time to time.

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. Accordingly, the prayer of the petitioner for reimbursement of the filing fee is rejected.

14. The present petition stands disposed of.

Sd/-
(Dr. M.K.Iyer)
Member

sd/-
(A.S.Bakshi)
Member

sd/-
(A.K.Singhal)
Member

sd/-
(Gireesh B. Pradhan)
Chairperson