

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 374/MP/2019

Subject : Petition under sub-section (4) of Section 28 of the Electricity Act, 2003 read with Regulation 10 of Central Electricity Regulatory Commission (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2019 for determining the NRLDC charges for the control period 1.4.2019 to 31.3.2024.

Petitioner : Northern Regional Load Despatch Centre (NRLDC)

Respondents : Uttar Pradesh Power Corporation Limited (UPPLC) and Ors.

Petition No. 400/MP/2019

Subject : Petition under sub-section (4) of Section 28 of the Electricity Act, 2003 read with Regulation 10 of Central Electricity Regulatory Commission (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2019 for determining the WRLDC charges for the control period 1.4.2019 to 31.2.2024.

Petitioner : Western Regional Load Despatch Centre (WRLDC)

Respondents : Maharashtra State Electricity Distribution Company Limited (MSEDCL) and Ors.

Petition No. 431/MP/2019

Subject : Petition under sub-section (4) of Section 28 of the Electricity Act, 2003 read with Regulation 10 of Central Electricity Regulatory Commission (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2015 for truing up of NRLDC Fees and Charges for the control period 2014-19.

Petitioner : Northern Regional Load Despatch Centre (NRLDC)

Respondents : Uttar Pradesh Power Corporation Limited (UPPLC) and Ors.

Petition No. 434/MP/2019

Subject : Petition under sub-section (4) of Section 28 of the Electricity Act, 2003 read with Regulation 10 of Central Electricity



Regulatory Commission (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2015 for truing up of WRLDC Fees and Charges for the control period 2014-19.

Petitioner : Western Regional Load Despatch Centre (WRLDC)

Respondents : Maharashtra State Electricity Distribution Company Limited (MSEDCL) and Ors.

Petition No. 160/MP/2020

Subject : Petition under sub-section (4) of Section 28 of the Electricity Act, 2003 read with Regulations 6 and 29 of Central Electricity Regulatory Commission (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2015 for approval of Performance Linked Incentive for WRLDC for the financial year 2018-19 with reference to WRLDC Charges for the control period 1.4.2014 to 31.3.2019.

Petitioner : Western Regional Load Despatch Centre (WRLDC)

Respondents : Maharashtra State Electricity Distribution Company Limited (MSEDCL) and Ors.

Petition No. 185/MP/2020

Subject : Petition under sub-section (4) of Section 28 of the Electricity Act, 2003 read with Regulations 6 and 29 of Central Electricity Regulatory Commission (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2015 for approval of Performance Linked Incentive for NRLDC for the financial year 2018-19 with reference to NRLDC Charges for the control period 1.4.2014 to 31.3.2019.

Petitioner : Northern Regional Load Despatch Centre (NRLDC)

Respondents : Uttar Pradesh Power Corporation Limited (UPPLC) and Ors.

Date of Hearing : 20.5.2020

Coram : Shri P. K. Pujari, Chairperson
Shri I. S. Jha, Member
Shri Arun Goyal, Member



Parties present : Shri Aditya Das, WRLDC
Shri Rakesh Kumar, NRLDC
Shri Ankur, NRLDC
Shri Shiv Sharma, NRLDC
Shri B. K. Saxena, UPPCL

Record of Proceedings

The matters were listed for hearing through video conferencing.

2. The representative of the Petitioners submitted that the instant Petitions have been filed for truing up of RLDCs charges for the control period 2014-19, determination of Fees and Charges for the control Period 2019-2024 and approval of Performance Linked Incentive (PLI) for the financial year 2018-19. The representative of the Petitioners further submitted that as per the Commission`s direction dated 25.2.2020, the Petitioners have filed the information called for.

3. In response to the Commission`s specific query regarding methodology for calculation of PLI and its disbursement/ payout, the representative of the Petitioners submitted that PLI is calculated based on the DPE (Department of Public Enterprises, Government of India) Guidelines dated 3.8.2017 and is recovered from the users as per the incentive specified in the Regulation 29 (5) of the Central Electricity Regulatory Commission (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2015 (In short, the "Fees and Charges Regulations") read with order dated 10.6.2019 in Petition No. 344/MP/2018. He further submitted that since POSOCO was a subsidiary company of Power Grid Corporation of India Limited (PGCIL) till 3.1.2017, calculation of PRP/PLI and its approval for financial years 2014-15 and 2015-16 was part of PGCIL. However, for financial years 2016-17 and 2017-18, total PLI recovered from the users, at POSOCO level, are Rs.11.67 crore and Rs. 26.68 crore respectively against which PLI disbursed to employees for these years was Rs. 10.88 crore and Rs. 29.04 crore respectively. The representative of the Petitioners submitted that for financial year 2019-20, PLI recovered from the users, at POSOCO level, is Rs. 33 crore (provisional) against the actual disbursement of Rs. 29 crore approximately.

4. In response to further query of the Commission regarding approval of manpower of RLDCs, the representative of the Petitioners submitted that power of approval for RLDC's manpower is vested with the Commission. The Commission in its order dated 10.6.2019 in Petition No. 344/MP/2018 had approved the manpower of RLDCs till 2018-19. However, for the next control period i.e. 2019-24, the Petitioners' proposal for manpower is included in the Petitions filed for determination of RLDCs charges for the said control period.

5. The representative appearing on behalf of Respondent, UPPCL in Petition Nos. 374/MP/2019, 431/MP/2019 and 185/MP/2020 requested for a week's time to file its reply. In Petition No. 374/MP/2019, the representative of UPPCL submitted that PLI should not be considered as part of Human Resources Expenses for the years 2017-18 and 2018-19, which are to be escalated and normalised to arrive at Human Resources expense as on 1.4.2019 i.e. next control period. In Petition No. 185/MP/2020, the representative of UPPCL submitted that the Commission in its



order dated 10.6.2019 in Petition No. 344/MP/2018 has allowed the Petitioners to recover incentive @ 15% instead of 7% by exercising 'power to relax' provisions under Fees and Charges Regulations. However, as on date of order i.e. 10.6.2019, control period for the Fees and Charges Regulations was already over on 31.3.2019. Accordingly, no changes in the Regulations could have been effected and the Petitioners ought to be allowed to recover incentive @ 7% only.

6. In response, the representative of the Petitioners submitted that it is the Certification Linked Incentive and not the PLI that has been made part of Human Resource Expenses. He further submitted that on account of third wage revision w.e.f. 1.1.2017 and additional manpower recruitment, PLI for the employees had increased. Since with the specified quantum for recovery of incentive (7-9% of annual charges), there was substantial shortfall in the kitty available for payment of PLI, POSOCO had filed Petition No. 344/MP/2018 and the Commission in its order dated 10.6.2019 allowed POSOCO to recover incentive @ 15% of annual charges under Fees and Charges Regulations.

7. After hearing the representatives of the parties, the Commission directed the Respondent, UPPCL to file its reply by 29.5.2020 with advance copy to the Petitioners who may file their rejoinders, if any, by 8.6.2020.

8. The Commission directed the Petitioners to provide the following details/information, on or before 8.6.2020:

(i) In Petition Nos.160/MP/2020 and 185/MP/2020, copy of Board approval on PRP/PLI payments disbursement for each year (2014-15 to 2018-19) paid to the employees.

(ii) In Petition Nos.374/MP/2019 and 400/MP/2019, assumptions considered while calculating O&M expenses and HR expenses for the years 2019-24 indicating the items excluded for normalization.

(iii) In Petition No. 400/MP/2019, reason for not claiming depreciation for the financial years 2019-20 and 2020-21.

(iv) In Petition Nos. 431/MP/2019 and 434/MP/2019, year-wise income tax returns filed and assessment order thereof.

(v) Assumptions considered and details of due diligence carried out while working out the HR and O & M expenses for 2019-24 period for all RLDCs and reasons for increase (factor/head-wise viz. increase due to hike in pay, increase due to enhancement in employees and infrastructure, etc.) with reference to expenditure for 2014-19 period.

(vi) Detailed justification for additional manpower, wherever proposed for 2019-24 period.

9. The due date of filing of reply, rejoinder and information should be strictly complied with.



10. Subject to the above, the Commission reserved orders in the Petitions.

By order of the Commission

Sd/-

(T.D. Pant)

Deputy Chief (Law)

