

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 191/MP/2019

- Subject : Petition under Section 79(1)(d) of the Electricity Act, 2003 read with Regulations 54 and 55 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 seeking relaxation of Operation and Maintenance norms specified under Regulation 29 (4) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.
- Petitioner : North East Transmission Company Limited (NETCL)
- Respondents : Power Grid Corporation of India Limited and Ors.
- Date of Hearing : 30.6.2020
- Coram : Shri P. K. Pujari, Chairperson
Shri I. S. Jha, Member
Shri Arun Goyal, Member
- Parties present : Shri M. G. Ramachandran, Sr. Advocate, NETCL
Shri Shubham Arya, Advocate, NETCL
Shri Satyajit Ganguly, NETCL
Shri Navneen Kr. Mishra, NETCL

Record of Proceedings

The matter was heard through video conferencing.

2. Learned senior counsel for the Petitioner submitted that the instant Petition has been filed in pursuance of the liberty granted by the Commission in order dated 16.4.2019 in Petition No. 224/MP/2017 seeking relaxation of the Operation and Maintenance (O&M) norms specified under Regulation 29(4) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (in short 'the 2014 Tariff Regulations'). Learned senior counsel further submitted as under:

(a) The Commission in order dated 16.4.2019 in Petition No. 224/MP/2017 had, *inter-alia*, observed that the Petitioner being a single asset company and being located in the North-Eastern Region, the case of the Petitioner needs to be considered differently from the transmission assets of transmission licensees having multiple assets.



(b) The Commission in the said order had granted liberty to the Petitioner to file a fresh Petition along with certain details, which have been furnished by the Petitioner along with the instant Petition.

(c) The relaxation has been sought by the Petitioner on account of various aspects, namely, insurgency issues in North East Region requiring deployment of experienced agency for O&M, landslides due to higher rainfall, transmission towers being located in hilly regions and hardship on account of river crossing and reserved forests.

(d) Normative O&M charges specified in Regulation 29(4) of the 2014 Tariff Regulations are primarily based on aggregating O&M expenditure of PGCIL's transmission assets across various projects in five regions of the country, thereby averaging out and normalising any region-specific issues under O&M expenses. Since PGCIL operates only 3% of its overall network size in North Eastern Region, any O&M escalation gets subsumed while calculating the O&M charges. However, such economies of scale are not available with single project companies such as the Petitioner.

(e) State Electricity Regulatory Commissions in the North Eastern Region allow O&M expenses on the basis of actual expenditure incurred in the past control period and not on normative basis.

(f) The Petitioner has made various efforts to optimize the O&M expenses such as re-negotiating the contract to remove consultancy charges, outsourcing the O&M responsibility between two agencies and maintaining only a skeleton manpower.

3. None was present on behalf of the Respondents despite notice.

4. After hearing the learned senior counsel for the Petitioner, the Commission directed the Petitioner to file the following details/information on affidavit by 20.7.2020:

(a) Details of corporate expenses along with justification for of increase in such expenses from the years 2014-15 to 2018-19;

(b) Asset-wise details of O&M charges including expenses on account of safety and security of the assets, if any, incurred on account of work outsourced to PGCIL and Pioneer for each year of control period 2014-19; and

(c) Details of additional expenditure incurred by the Petitioner on maintaining the safety and security of the transmission assets along with details and proof of payments made to security personnel, if any.

5. The Commission directed that due date of filing of details/information should be strictly complied with.



6. Subject to the above, the Commission reserved order in the Petition.

By order of the Commission

sd/-

(T.D. Pant)

Deputy Chief (Law)

