

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. **Shri Ashok Basu, Chairman**
2. **Shri K.N. Sinha, Member**
3. **Shri Bhanu Bhushan, Member**

Petition No.13/2004

In the matter of

Implementation of the order dated 1.1.2002 in Petition No.40/2000 and Review Petition No.110/2000 for approval of transmission tariff of assets in North Eastern Region covered in Petition No.40/2000 for the period from 1.2.2000 to 31.3.2004 for the pre-ABT period

And in the matter of

Calculation of Power Grid transmission tariff for Post-ABT period from 1.11.2003 based on ex-bus design/target energy in place of ex-bus actual energy of ISGS stations in NER

And in the matter of

Power Grid Corporation of India Ltd, Gurgaon

... ..**Petitioner**

Vs

1. North Eastern Regional Electricity Board, Shillong
2. North Eastern Electric Power Corporation Ltd, Shillong
3. National Hydro Electric Power Corporation Ltd., Faridabad
4. Assam State Electricity Board, Guwahati
5. Meghalaya State Electricity Board, Shillong
6. Govt. of Arunachal Pradesh, Itanagar
7. Power & Electricity Department, Govt. of Mizoram, Aizwal
8. Electricity Deptt., Govt. of Manipur, Imphal
9. Department of Power, Govt. of Nagaland, Kohima
10. Department of Power, Govt. of Tripura, Agartala

.....**Respondents**

The following were present.

1. Shri Umesh Chandra, ED (Comml), PGCIL
2. Shri U.K. Tyagi, DGM, PGCIL
3. Shri T.C. Sarmah, Chief Manager, PGCIL
4. Shri P.C. Pankaj, AGM, PGCIL
5. Shri S.K. Sinha, GM, PGCIL
6. Shri C. Kannan, PGCIL
7. Shri P. Ray, Member Secretary, NEREB
8. Shri P.K. Singha, NEEPCO
9. Shri N.J. Medhi, NEEPCO

10. Smt. Anjuman Ray, NHPC
11. Shri S.D. Tripathi, NHPC
12. Shri S Rahman, ASEB
13. Shri R. Kapoor, ASEB
14. Shri L.M.F. Sahtim, MeSEB

ORDER
(DATE OF HEARING : 22.6.2004)

The petitioner, Power Grid Corporation of India Limited, through this petition has sought implementation of the Commission's order dated 1.1.2002 in Petition No.40/2000 and Review Petition No.110/2000, filed earlier for approval of transmission tariff for the assets in the North Eastern Region for the period from 1.2.2000 to 31.3.2004. In addition, it has made a prayer for calculation of transmission tariff for the assets owned by it for post-ABT period, that is, from 1.11.2003 onward, based on ex-bus design/target energy in place of ex-bus actual energy of ISGS stations in the North Eastern Region.

2. In order to appreciate the first issue raised in the petition, it is necessary to briefly recapitulate the facts leading to issue of the order dated 1.1.2002. The petitioner had filed the petition (No.40/2000) for approval of tariff of certain transmission assets constructed by it in the North Eastern Region, relating to the period from 1.2.2000. The claim of the petitioner for tariff was based on Ministry of Power notification dated 16.12.1997. In response to the petition, the respondents, the beneficiaries in the North Eastern Region, pleaded that the tariff claimed in the petition worked out to about 90 paise per kWh of the energy transmitted on the regional network. It was further stated that based on an agreement arrived at NEREB forum, the respondents were paying tariff at the rate of 35 paise per kWh. According to the respondents, in view of inadequate generation at the central generating stations in the region, the transmission facilities created by the petitioner could not be fully utilised.

Therefore, the respondents resisted the claim of the petitioner for tariff claimed in Petition No.40/2000.

3. On consideration of facts on record, the Commission directed that the respondents would be liable to pay the transmission charges at the rate of 35 paise per kWh of the power transmitted in the region. The tariff ordered was applicable from 1.2.2000 to 31.3.2004 or till such time the power generation matching the transmission capacity was available, whichever is earlier. It was further ordered that the difference between actual tariff and tariff of 35 paise per kWh approved by the Commission would be provided from the relief package, under consideration with the Central Government for the North Eastern Region to the petitioner. It has been brought to our knowledge that the Central Government is yet to finalize the relief package for the North Eastern Region.

4. According to the petitioner, in view of the Commission's order dated 1.1.2002, it was entitled to charge tariff at the rate of 35 paise per kWh with effect from 1.2.2000. However, it is being actually paid at the rate of 31.616180 paise per kWh out of 35 paise per kWh approved by the Commission and the balance of 3.383820 paise per kWh is shared by the beneficiaries of the North Eastern Region as per details given in the table below:

TABLE

		Share
(a)	POWERGRID	31.616180 Paise
(b)	ASEB	1.919840 Paise
(c)	MeSEB	0.306150 Paise
(d)	Nagaland	0.230560 Paise
(e)	Tripura	0.342630 Paise
(f)	Manipur	0.584640 Paise
	Total	35.00 Paise

5. We have considered the submissions. The regional transmission tariff in the North Eastern Region was paid at the rate of 35 paise per kWh under the Uniform Common Pool Transmission Tariff (UCPTT) agreed to by all concerned with effect from 1.4.1998. The UCPTT tariff of 35 paise was being shared since 1.4.1998 as indicated in the above table, due to the fact that at that time the transmission system owned by the petitioner had only a limited connectivity in NER, and certain State-owned lines had to be necessarily used to facilitate transmission of power from Central generating stations to certain States/parts of NER, notably Tripura, Arunachal Pradesh, North Assam, etc. It is understood that the above sharing of UCPTT was proportionate to notional usage of State-owned lines for the above purpose as obtaining in 1998.

6. Respondent 1 has continued to prepare the regional energy accounts accordingly even after issue of the order dated 1.1.2002. According to Respondent 1, the Commission's order dated 1.1.2002 confirms the continuation of UCPTT concept, the total UCPTT rate of 35 paise per kWh, and its sharing as per original UCPTT scheme. This has been refuted by the petitioner. The petitioner has contended that based on the said order, the transmission charges are payable to it at the rate of 35 paise per kWh with effect from 1.2.2000. This contention of the petitioner, that the entire transmission charge of 35 paise/kWh should be accruing to it, is, apart from other arguments, drawing strength from the following observation in the order dated 1.1.2002:

“If the Central Government finalise relief package, then the difference between actual tariff and the tariff of 35 paise/kWh which we have ordered, shall be provided from the relief package to the petitioner. If this does not happen, petitioner would have to bear the difference.”

A reading of the above could lead one to believe that the Commission had intended payment of the entire 35 paise/kWh to the petitioner. There is thus some force in the argument put forth by the petitioner.

7. It follows from the record that many more transmission lines had been commissioned by the petitioner in the North-Eastern Region by 1.2.2000. With improved connectivity provided by the petitioner's system, the requirement of SEB-owned lines for transmission of power from the Central generating stations would have come down. On both counts, i.e., increased number of petitioner's lines and reduced number of SEB-owned lines, the petitioner's share in UCPTT could have gone up, and it would be understandable for the petitioner to expect payment of the entire or substantial part of 35 paise/kWh to it.

8. On the other hand, the concept of UCPTT agreed to in the NEREB forum has so far not been disbanded (nor specifically approved) by this Commission. It has, however, been referred to in various orders of the Commission in connection with transmission charges for NER. The rate of 35 paise/kWh since confirmed by the Commission has also been derived from the consensus in NEREB. However, the formula for sharing of the UCPTT has not been gone into by the Commission. It was expected that it would be appropriately revised from 1.2.2000 (or some appropriate date) by NEREB, the forum which worked out the original sharing formula. We have been given to understand that there has been very little progress in this direction. This is the cause of discomfiture of the petitioner as the petitioner is unable to recover its legitimate dues. The NERE Board seems to be conscious of this fact. Therefore, in the hearing on 22.6.2004, the Member Secretary, NEREB had also submitted that there

was a need for review on this account. He stated that the matter was on the agenda of the meeting of NERE Board, to be held on 31.7.2004, a committee was proposed to be constituted for a detailed study of this aspect, and the final recommendations were likely to be available by 31.8.2004. We direct that the petitioner and the respondents should place all the details in regard to utilization of the transmission lines for evacuation of power from the central generating stations before the Committee to be constituted by NERE Board. We also direct the Member Secretary, NEREB to expedite determination of the revised UCPTT sharing formula for the period from 1.2.2000 to 31.3.2004 based on the studies conducted by the Committee. In case the issue is not resolved by 1.10.2004 at NEREB, the parties are at liberty to approach the Commission.

9. Now we deal with the second issue of the petitioner. The Availability Based Tariff has been introduced in the North Eastern Region with effect from 1.11.2003. Under ABT regime, the regional transmission charges are to be shared in the ratio of allocation of power from the central generating stations. The petitioner has placed on record the statement showing the design/target generation capacity of different ISGS stations in the region vis-à-vis actual generation since April 2003 to show that the central generating stations in the region are generating much below their installed capacity and this is affecting the revenue of the petitioner. It is averred that the availability of its transmission system in the region was at 99.34 per cent during 2002-2003 and at 99.40 per cent during 2003-2004 till filing of the application on 6.2.2004. Accordingly, a prayer has been made to modify the computation of transmission tariff for the post-ABT period. According to the petitioner, the tariff should be calculated by multiplying the total ex-bus design/target energy of the ISGS stations in NER by 35

paise per kWh and the fixed transmission charges so derived be shared between the constituents of the North Eastern Region in proportion of their allocation in ISGS.

10. The above suggestion of the petitioner has been examined by the Commission. Prima-facie, this new concept would not be in line with the concept of UCPTT, wherein the beneficiaries pay the regional transmission charge in proportion to energy actually received. If the generation at Central stations falls short of design energy, and beneficiaries have to pay the transmission charge @ 35 paise/kWh on design energy, the actual transmission charges per kWh of energy received would exceed 35 paise. We are therefore not inclined to accept the petitioner's suggestion.

11. However, it is recognised that after introduction of ABT in NER w.e.f 01.11.2003, the pattern of operation of the Central stations has considerably changed. The beneficiaries are now scheduling their full entitlements in these stations. The beneficiaries having a lower demand are letting the surplus to be exported, through bilateral trading or as UI. A question therefore arises as to how the regional transmission charges should be paid. The following example would illustrate the issue.

12. Suppose a beneficiary schedules a drawal of X units from Central stations during a month (as per its entitlement in Central station energy availability). Suppose the beneficiary actually draws only Y units during the month, and its under drawal (X - Y) gets exported from NER as UI. In the earlier UCPTT scheme (Pre-ABT), the beneficiary had to pay 35 paise/kWh on Y units, the only recognisable figure since X had little relevance. Now, with structured scheduling process in place, it could be said that the beneficiary is using the regional transmission system first for drawing X units

and then for exporting $(X - Y)$ units; so he should pay transmission charges corresponding to $(2X - Y)$ units. This would not be fair. Nor would it be equitable to charge only for Y units. It is therefore directed that with effect from 01.11.2003, and till the date UCPTT concept continues, regional transmission charges in NER shall be paid by the under-drawing beneficiaries according to their respective scheduled energy drawal (X) from Central generating stations.

13. The over-drawing beneficiaries, and those importing power from outside NER under an agreement (that is, where Y exceeds X) shall pay the regional transmission charges according to their actual energy drawal (Y) . Both X and Y shall be in terms of ex-power plant energy quantum. Further, in case a central generating station injects energy into the NER grid in excess of that scheduled by NER beneficiaries (that is, summation of X), either on account of a bilateral or as UI, the central generating station shall pay the UCPTT rate on such excess energy.

14. No further "open access" transmission charges for NER regional system shall be payable for wheeling of the energy on which UCPTT rate is paid under the above provisions.

15. With the above, petition No.13/2004 stands disposed of.

Sd/-
(BHANU BHUSHAN)
MEMBER

Sd/-
(K. N. SINHA)
MEMBER

Sd/-
(ASHOK BASU)
CHAIRMAN

New Delhi, dated the 6th September, 2004