

CENTRAL ELECTRICITY REGULATORY COMMISSION

Record of Proceedings

Petition No. 21/2011

Sub: Miscellaneous petition under Regulation 24 of the CERC (Conduct of Business) Regulations, 1999 for relaxation of Regulation 19 (g) of CERC (Terms and Conditions of Tariff) Regulations, 2009 to allow billing and reimbursement of licence fee.

Petition No. 22/2011

Sub: Miscellaneous petition under Regulation 24 of the CERC (Conduct of Business) Regulations, 1999 for relaxation of regulation 56 (iv) of CERC (Terms and Conditions of Tariff) Regulations, 2004 to allow billing and reimbursement of licence fee for the year (partly) 2008-09.

Date of hearing : 24.3.2011

Coram : Dr. Pramod Deo, Chairperson
Shri S.Jayaraman, Member
Shri V.S.Verma, Member
Shri M.Deena Dayalan, Member

Petitioners : Power Grid Corporation of India Ltd. Gurgaon

Respondents : Himachal Pradesh State Electricity Board, Shimla and
51 others

Parties present : Shri U.K.Tyagi, PGCIL
Shri M.M.Mondal, PGCIL
Shri Manoj Dubey, MPPTCL

These petitions have been filed by Power Grid Corporation of India Ltd. with prayer to relax the provisions of Regulation 56 (iv) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 (hereinafter referred to as 'the 2004 tariff regulations'), and Regulations 19 (g) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as 'the 2009 tariff regulations') to allow the reimbursement of licence fees paid for the year 2008-09 (partly) and for the years 2009-10 and 2010-11 as part of O & M expenditure.

2. The representative of the petitioner submitted as under:
- (a) As per the CERC (Payment of Fees) Regulations, 2008 transmission licensees are required to pay the licence fee at the rate of 0.05% per annum of the annual transmission charges;
 - (b) The 2004 and 2009 tariff regulations do not capture the costs associated with the license fees;
 - (c) The normative O & M rates arrived for the year 2009-14 in the 2009 tariff regulations do not capture the costs associated with license fees;
 - (d) Licence fee has been as new and additional cost component incidental on the petitioner since 2008-09;
 - (e) Licence fee which need to be incurred during the life of the project should be categorized as expenses under the O & M expenditure; and
 - (f) Some of the State Electricity Regulatory Commissions have made provisions in their regulations for reimbursement of license fee by the beneficiaries.

3. The representative of the MPPTCL submitted that the expenditure towards licence fee should be exclusively borne by the transmission licensee. As regards the petitioner's prayer to allow reimbursement of licence fee by relaxing the provisions of O & M expenses, the representative of the MPPTCL submitted that the Commission should consider whether the present O & M is sufficient to take care of the expenditure on licence fee for which the petitioner needs to file its profit and loss statements.

4. The representative of the petitioner submitted that the tariff regulations of Commission provided for components of tariff including O & M expenses on normative basis. While framing the 2009 tariff regulations expenditure on licence fee was not captured under O & M expenses.

4. The Commission directed to admit the petition and issue notice to the respondents.

5. The petitioner was directed to serve copy of the petition on the respondents immediately, if already not served. The respondents may file their reply on affidavit latest by 13.4.2011, with advance copy to the petitioner. Rejoinder, if any, may be filed by the petitioner, latest by 29.4.2011

6. These petitions shall be listed for hearing on 5.5.2011.

SD/-
(T. Rout)
Joint Chief (Law)