

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 531/MP/2020**

Subject : Petition under Section 94 of Electricity Act, 2003 read with Regulations 79, 111 and 114 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and Regulation 54 and 55 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 for recovery of additional O&M expenses incurred against impact of Pay revision of NHDC employees and employees of Kendriya Vidyalaya & Central Industrial Security Force (CISF), impact of wage revision (change in minimum wages) and implementation of Goods & Service Tax (GST) at Indira Sagar Power Station (ISPS) during tariff period 2014-19.

Petitioner : NHDC Limited (NHDC)

Respondents : M.P. Power Management Co. Ltd. (MPPMCL) and Anr.

**Petition No. 537/MP/2020**

Subject : Petition under Section 94 of Electricity Act, 2003 read with Regulations 79, 111 and 114 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and Regulation 54 and 55 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 for recovery of additional O&M expenses incurred against impact of Pay revision of NHDC employees and employees of Central Industrial Security Force (CISF), impact of wage revision (change in minimum wages) and implementation of Goods & Service Tax (GST) at Omkareshwar Power Station (OSPS) during tariff period 2014-19.

Petitioner : NHDC Limited (NHDC)

Respondents : M.P. Power Management Co. Ltd. (MPPMCL) and Anr.

Date of Hearing : 22.9.2022

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

Parties Present : Shri Ravi Sharma, Advocate, MPPMCL  
Shri Shri Naresh Kumar chellani, NHDC  
Shri Sushil Kumar Verma, NHDC  
Shri Y. Narasimha Rao, NHDC



## Record of Proceedings

The Representative of the Petitioner submitted that the present Petitions have been filed, *inter-alia*, for recovery of additional Operation & Maintenance (O&M) expenses incurred against (i) impact of pay revision of the Petitioner's employees (w.e.f.1.1.2017) and employees of Central Industrial Security Force and Kendriya Vidyalaya (w.e.f.1.1.2016), (ii) impact of change in minimum wages (w.e.f.1.4.2017), and (iii) implementation of Goods and Service Tax (w.e.f.1.7.2017) at its Indira Sagar and Omkareshwar generating stations during the tariff period 2014-19. The Representative of the Petitioner further submitted that the Petitioner has also furnished the additional details called for the Commission vide Record of Proceedings for the hearing dated 8.4.2021 and 5.3.2021 respectively in these matters.

2. The learned counsel for the Respondent No.1, MPPMCL referred to his reply and made the following submissions:

(a) As per the Statement of Reasons to the Tariff Regulations, 2014, while fixing the norms for O&M expenses for tariff period 2014-19, all factors including the wages, pay revision and water charges have been taken into consideration and the O&M expenses allowed under Tariff Regulations, 2014 are complete package with pay & wage revision being just one element of such package. The Petitioner cannot choose that in case one element of O&M expense is increase, it is entitled to claim the same and on the other hand if any element is decreased, the benefit of the same will be kept by the Petitioner.

(b) The Commission in its order dated 23.10.2021 in Petition No. 347/MP/2020 (THDC India Ltd. v. PSPCL and Ors.) has observed that the escalation rates considered in O&M expense norms under Tariff Regulations, 2014 is only after accounting for variations during the past five years of 2014-19 tariff period, which takes care of any variation in taxes also and accordingly, did not allow the grant of additional O&M expenses towards payment of GST.

(c) The Board Resolution dated 1.1.2018 passed by the Board of Directors of the Petitioner Company has specifically put-up the condition that the pay-revision of employees shall be done from the profit of the company. The Petitioner is financially very sound company and proceeded to implement the pay & wage revision because it could afford to pay its employees from their profit without any financial hardships. Hence, the Petitioner should not be allowed to pass on such expenses to the Respondents by invoking 'Power to Relax' of this Commission.

(d) 'Power to Remove Difficulties' and 'Power to Relax' authorises the Commission to meet any eventuality which comes before it in subsequent or changed circumstances or predicaments. It is settled law that the power to remove difficulties is conferred upon the Commission to remove trivial difficulties and does not include the power to amend the regulations.

3. The representative of the Petitioner pointed out that at paragraph 33.2 of the Statement of Reasons to Tariff Regulations, 2014, the Commission has observed that if it is found that O&M norms provided under the Tariff Regulations, 2014 are inadequate/insufficient to cover all justifiable O&M expenses for the particular year

including employee expenses then the balance amount may be considered for reimbursement.

4. After hearing the representative of the Petitioner and the learned counsel for the Respondent, MPPMCL, the Commission reserved the matters for order.

**By order of the Commission**

**Sd/-  
(T.D. Pant)  
Joint Chief (Law)**