

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
New Delhi**

**Petition No. 728/MP/2020**

- Subject** : Miscellaneous petition under Regulation 24, 111 & 113 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and Regulation-76 (Power to Relax) and Regulation-77 (Power to Remove Difficulty) of Central Electricity Regulatory Commission (Terms & Conditions of Tariff) Regulations, 2019 for removal of difficulty with regard to tariff recovery for Unified Network Management System (U-NMS) project.
- Date of Hearing** : 27.9.2022
- Coram** : Shri I. S. Jha, Member  
Shri Arun Goyal, Member  
Shri P. K. Singh, Member
- Petitioner** : Power Grid Corporation of India Ltd. (PGCIL)
- Respondents** : Rajasthan Rajya Vidyut Prasaran Nigam Limited & 57 Ors.
- Parties Present** : Ms. Swapna Seshadri, Advocate, PGCIL  
Ms. Aastha Jain, Advocate, PGCIL  
Ms. Somya Singh, Advocate, PGCIL  
Shri V. C. Sekhar, PGCIL  
Shri Prashant Kumar, PGCIL  
Shri H.S. Kaushal, CTU  
Shri Swapnil Verma, CTU  
Shri Ranjeet Singh Rajput, CTU  
Ms. Muskan Agarwal, CTU

**Record of Proceedings**

During the course of hearing, the learned counsel for the Petitioner has submitted that the instant petition has been filed on two issues as follows:

- (i) Approve the useful life U-NMS system as 7 years: The system consists of equipment of IT hardware and IT software and in the case where the equipment is installed by RLDC, they recognize the useful life of the system as 7 years and the same treatment has been requested by the Petitioner in the instant petition.



- (ii) Approve O&M Expenses of the U-NMS system not less than 5%: O&M Expenses for the U-NMS system was approved when the 2019 Tariff Regulations were being framed. Since, at that time data was not available, the Commission retained O&M Expenses at 2% and gave liberty to come with the actual expenses. After taking the approvals for three regions ER, NER and NR, the budgetary quotations received is 5.39%. Hence, at least 5% of the project cost may be granted after prudence check.

2. In response to the specific query by the Commission that “why maintenance charges for the IT equipment should be increased when the useful life is decreasing”, the learned counsel for the Petitioner submitted that this is an altogether a new software and hence, the Petitioner is not able to contain the O&M Expenses within 2%. In all the three regions i.e. ER, NER and NR after taking into consideration various factors, the AMC charges comes to 5.39% because of the new software which is much higher than the earlier approved i.e. 2%. The Petitioner has anticipated even at the planning stage at the time of framing of the 2019 Tariff Regulations that 2% was not sufficient. The Commission given a way out with 2% while the Petitioner has claimed 7.5%. At present date since three regions are included, therefore, 5% may be granted subject to actuals, if the actuals will be lower the Petitioner will come with lower O&M Expenses at the time of tariff determination.

3. In response to the specific query by the Commission “what is the basis of calculation of useful life”, the learned counsel for the Petitioner submitted that as these equipments are IT equipments, hence, with 15% depreciation the useful life works out to be seven years and this basis has been taken from the 2019 Tariff Regulations where RLDCs have been given similar treatment for the similar equipments. Due to depreciation income tax has got much accelerated.

4. The learned counsel for the Petitioner submitted that the Petitioner has filed its rejoinder to the reply of MPPMCL.

5. Representative of the CTU submitted that they have been impleaded as party and are appearing before the Commission as per the directions of the Commission. The technical person of the CTU submitted that at present they are using equipments of telecom vendors on the basis of proprietary NMS. All those proprietary NMS equipments and the equipments coming without NMS in the sub-station packages and other packages are getting integrated into one centralized network monitoring system which the Commission has desired in the 2019 Tariff Regulations.

6. On specific query about “where the centers are located”, the representative for the CTU submitted that there will be five Regional Centers and one National Center. Nations center will be at Manesar and Regional centers will be most probably at RLDC or may be



at some other locations too. Each region may have 70-80 centers. RPCs have been projected for 100 Cr. and only MP has limited brands.

7. In response to the Commission's query about the major objections from MPPMCL, the learned counsel for the Petitioner submitted that MPPMCL has raised two issues:

First issue: This is not an issue of relaxation and in response she submitted that this is an issue of relaxation as the relinquishment does not deal with something, but it deals with actuals and after implementation it becomes easier to project anything.

Second issue: The Petitioner has not produced all the RPC approvals and in response, she submitted that the Petitioner has produced ER, NER and NR approvals and Investment Approvals have been awarded to them and they will be executed in 2023. With respect to WR and SR there is new policy where CTU has to be notified within 45 days and the Petitioner is proceeding as per the new policy.

8. The representative of CTU has submitted that in this case the maintenance period is 6 years (i.e. AMC) and one year is the guaranteed implementing period (i.e. warranty period) and quotations have been sought separately.

9. Subject to above, the Commission reserved the order in the matter.

**By order of the Commission**

(V. Sreenivas)  
Joint Chief (Law)

