

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 16/TT/2017

Coram:

**Shri P. K. Pujari, Chairperson
Dr. M. K. Iyer, Member**

Date of Order: 09.01.2019

In the matter of:

Petition under 79(1) and 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, Section 62 (1) (b) of the Electricity Act, 2003 and Regulation 7 (3) and 14 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014, for determination of Tariff for the period 2014-19 in respect of BBMB Transmission Systems and Regulation 6 of Central Electricity Regulatory Commission (Fees and Charges of Regional Load Dispatch Centre and other related matters) Regulations, 2015.

And in the matter of:

Bhakra Beas Management Board (BBMB)
Sector 19-B Madhya Marg,
Chandigarh-160019

.....Petitioner

Vs

1. Punjab State Power Corporation Limited,
The Mall, Patiala-147 001.
2. Haryana Vidyut Prasaran Nigam Limited,
Shakti Bhawan, Sector 6,
Chandigarh.
3. Rajasthan Rajya Vidyut Prasaran Nigam Limited,
Vidyut Bhawan, Janpath,
Jaipur, Rajasthan-302 005.
4. Himachal Pradesh State Electricity Board,
Vidyut Bhawan, Shimla 171 004,
Himachal Pradesh.



5. Union Territory of Chandigarh,
Sector 9D, UT Secretariat,
Chandigarh.

....Respondents

For Petitioner : Shri M.G. Ramachandran, Advocate
Shri Anil Gautam, BBMB
Ms. Hardeep Kaur, BBMB
Shri Sanjay Sidana, BBMB

For Respondents : Ms. Swapna Seshadri, Advocate for PSPCL, HVPNL,
and Rajasthan Discoms

ORDER

This petition has been filed by Bhakra Beas Management Board (BBMB) for approval of tariff of its transmission system for the period 2014-19 in accordance with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as the “2014 Tariff Regulations”) and reimbursement of the Fees and Charges of its SLDC system for the period 2014-19 in accordance with the Central Electricity Regulatory Commission (Fees and Charges of Regional Load Dispatch Centre and other related matters) Regulations, 2015 (hereinafter referred to as the “2015 Fees and Charges Regulations”).

2. The Petitioner has made the following prayers:-

- a. Examine the proposals submitted by the Petitioner for a favourable consideration as detailed in the enclosed petition, along with any clarification submitted in this regard.
- b. Grant exemptions as sought by the licensee in regard to the norms and information required in some formats as specified by the Hon’ble Commission, for which relevant data could not be provided.



- c. Pass suitable orders towards approving the proposed AFC for the BBMB's Transmission Systems as well as SLDC for FY 2014-15, FY 2015-16, FY 2016-17, FY 2017-18, and FY 2018-19.
 - d. Condone any inadvertent omission/errors/shortcomings and permit BBMB to make further submissions as may be required at a future date to support this petition in terms of modification / clarification.
 - e. Pass such further orders, as the Hon'ble Commission may deem fit and proper, keeping in view of the facts and circumstances of the case."
3. Background of the case is as under:-
- a) BBMB is a statutory body constituted under the provisions of the Punjab Reorganisation Act 1966, on the reorganisation of the erstwhile State of Punjab on 1.11.1966;
 - b) BBMB has been engaged in the activities of regulation of supply of water, generation and transmission of power from Bhakra Nangal and Beas Projects and the power being made available to the States of Punjab, Haryana, Rajasthan, Himachal Pradesh and Union Territory of Chandigarh;
 - c) On reorganisation of the erstwhile State of Punjab, BBMB was constituted and the administration, maintenance and operation of Bhakra Nangal Projects were handed over to the Bhakra Management Board with effect from 1.11.1966;
 - d) The Beas Project works, on completion were transferred by the Government of India from the Beas Construction Board to BMB and it was renamed as



BBMB as per the provisions of Section 80 of the Punjab Re-organisation Act, 1966.

- e) The System Load Despatch Centre (SLDC) of Bhakra Beas Management Board is assigned with the responsibility of round the clock monitoring, operation and control of BBMB Transmission and Generation Assets;
- f) The Petitioner has a transmission network of 3708.21 ckt-km of 400 kV, 220 kV, 132 kV and 66 kV transmission lines for supply of power to States of Punjab, Rajasthan, Haryana, Himachal Pradesh, Delhi and Union Territory of Chandigarh.

4. The Commission vide its order dated 15.9.2011 in Petition No. 181/2011 (suo-motu) held that the regulation and determination of tariff for generation and inter-State transmission of electricity by BBMB are vested in the Commission by virtue of the provisions of Section 174 of the Electricity Act, 2003 (hereinafter referred to as the “2003 Act”) and directed the BBMB to file appropriate applications for approval of tariff of its generating stations and transmission systems, in accordance with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as the “2009 Tariff Regulations”) for the period 2009-14.

5. Aggrieved by the said order dated 15.9.2011, BBMB filed Appeal No.183/2011 before the Appellate Tribunal for Electricity challenging the jurisdiction of the Commission to determine the tariff of its generating stations and transmission systems. During the pendency of the above appeal, the Commission vide its order dated



14.3.2012 in Petition No. 15/SM/2012 directed the developers/owners of the non-ISTS lines to file the tariff petitions for transmission lines connecting two States, for inclusion in POC transmission charges and losses. Thereafter, the Tribunal by its judgment dated 14.12.2012 in Appeal No.183/2011 dismissed the said appeal on merits and upheld the jurisdiction of the Commission to determine the tariff of the generating stations and transmission systems of BBMB. Against the said Order dated 14.12.2012, BBMB filed Civil Appeal before the Hon'ble Supreme Court of India and the same is pending.

6. Thereafter, the Commission by order dated 10.1.2013 in Petition No.181/2011 (suo motu) directed BBMB to file the tariff petitions in accordance with the provisions of the 2009 Tariff Regulations, separately for the generating stations and for the transmission systems. Accordingly, the Petitioner filed Petition No. 251/GT/2013 for determination of tariff of generation and transmission activities, as per the 2009 Tariff Regulations.

7. Further, in compliance with the directions of the Commission in order dated 14.3.2012 in Petition No. 15/SM/2012, the Petitioner filed Petition No. 200/TT/2013 for approval of transmission charges for 220 kV Panipat – Narela Ckt-1, 220 kV Panipat – Narela Ckt-2, 220 kV Panipat – Narela Ckt-3, 220 kV BTPS – Ballabgarh Ckt-1 and 220 kV BTPS – Ballabgarh Ckt-2 inter-state transmission lines connecting two States for 2009-14 period. The assets covered in Petition No. 200/TT/2013 have already been included as inter-State transmission lines in Petition No. 251/GT/2013. Therefore, the



Commission by order dated 7.8.2015 disposed of the Petition No. 200/TT/2013 as infructuous.

8. The Commission vide order dated 12.11.2015 in Petition No. 251/GT/2013, granted O&M Expenses for the transmission elements of BBMB for the period 2009-14. The Commission in the said order also directed the Petitioner to file necessary petition for determination of transmission tariff for the period 2014-19 in accordance with the provisions of the 2014 Tariff Regulations. Aggrieved by the said order dated 12.11.2015, the Petitioner filed a Review Petition No.5/RP/2016 on the following issues:-

- a) Non-inclusion of MISS Ganguwal Sub-station in the computation of the O&M Expenses
- b) Non-grant of all applicable SLDC charges as actually incurred;
- c) Computation of interest on working capital on normative basis.
- d) Inclusion of 139 bays of 11 kV being maintained at the various sub-stations for the purpose of determining O&M Expenses.

The Commission vide order dated 30.9.2016 in Petition No.5/RP/2016 observed as under:-

- a) The inclusion of MISS Ganguwal as a tariff transmission element consisting of 18 bays of 220 kV transmission system;



- b) BBMB may approach the Commission through an appropriate application for fee and charges for its SLDC functions;
- c) Interest on Working Capital is not allowed as the same is dependent upon the determination of other components of tariff, the details for which has not been made available by the BBMB;
- d) 11 KV bays, though used in the distribution system, shall be considered a part of Petitioner's ISTS and BBMB may approach the Commission for determination of transmission tariff of these bays/assets with a separate petition.

The Commission further approved the O&M Expenses of the generating stations of BBMB for the period 2009-14. The Commission also directed BBMB to file applications for determination of tariff of the generating stations and inter-State transmission systems. The relevant portion of order dated 30.9.2016 are as follows:-

“.....

(ii) The Petitioner is directed to file appropriate application for determination of tariff of the generating and inter-state transmission systems for the period 2014-19 in terms of the 2014 Tariff Regulations, within two months from the date of this order.
.....”

9. In compliance of the orders of the Commission dated 12.11.2015 and 21.3.2016, the Petitioner has filed an application for determination of tariff of its inter-State transmission system for the period 2014-19 in terms of the 2014 Tariff Regulations.



10. The Petitioner also undertakes the functions of the State Load Dispatch Centre (SLDC) in respect of its generating station and dispatch of power on its transmission system. The Petitioner's SLDC alongwith the associated communication system facilities was established under the Composite Unified Scheme (ULDC Phase-I) of PGCIL. The capital investment for setting up the SCADA equipment under ULDC scheme was incurred by PGCIL. Therefore, it was agreed among the partner states that the ULDC charges and Annual Maintenance Charge (AMC) for SCADA equipment installed under ULDC scheme shall be paid by the partner States directly to PGCIL.

11. However, there are certain assets such as computer and IT equipment, plant and machinery, office equipment, vehicles etc. which form part of the SLDC's assets in the BBMB fixed asset register. Further, expenses pertaining to the establishment cost (employee expenses) and some A&G and R&M expenses are being borne by BBMB for which demand is raised on the partner States in line with that of generation and transmission charges. Accordingly, the Petitioner in its Review Petition No. 5/RP/2016 in Petition No. 251/GT/2013, requested the Commission to approve recovery of the SLDC charges from the beneficiaries. The Commission in order dated 30.9.2016, in Review Petition No. 5/RP/2016 in Petition No. 251/GT/2013 held as under:-

“12..... As per the Grid Code, the generating station of BBMB through their transmission system shall be part of ISTS. The Grid Code further provides that the scheduling and dispatch procedure for the generating station of BBMB shall be as per the procedure formulated by the BBMB in consultation with NRLDC. Accordingly, BBMB is discharging the functions akin to SLDC and is therefore entitled for reimbursement of fees and charges for discharging system operation functions. The Petitioner may approach the Commission through an appropriate application for fee and charges for its SLDC functions which shall be considered in accordance with law.”



Accordingly, BBMB has sought approval of fees and charges for its SLDC functions in the instant petition.

12. The particulars of transmission lines of Bhakra-Nangal project and Beas project, and date of commissioning of transmission lines being operated by the Petitioner is summarized in the following tables:-

(A) Bhakra Transmission System

Sr. No.	Name of the Transmission	Voltage Level (kV)	Line Length (Ckt. km)	Line Length (km)	COD
1	220 kV R/Road- Narela Ckt.-I &II	220 kV	44.00	22.00	1967/1977
2	220 kV Panipat - Narela Ckt.-I &II	220 kV	113.80	56.90	1967/13.07.76
3	220 kV Panipat - Dhulkote Ckt.-I &II	220 kV	251.68	125.84	1967/13.03.76
4	220 kV Pong- Dasuya Ckt.IV	220 kV	56.00	56.00	30.09.83
5	220 kV Jalandhar- Dasuya Ckt.IV	220 kV	40.00	40.00	30.09.83
6	220 kV Bhakra-Jamalpur I&II	220 kV	172.80	86.40	18.12.68
7	220 kV Jamalpur-Sangrur I&II	220 kV	156.00	78.00	30.01.69
8	220 kV Jamalpur-Jalandhar I & II	220 kV	128.00	64.00	16.10.69
9	220 kV Pong- Jalandhar I & II	220 kV	195.00	97.50	30.07.78/ 16.11.77
10	220 kV Ganguwal- Dhulkote I & II	220 kV	224.00	112.00	25.11.62
11	132 kV Ganguwal-Kotla I & II	132 kV	21.72	10.86	23.05.56
12	66 kV Dhulkote- Chandigarh	66 kV	90.00	45.00	02.01.55/ 17.03.67
13	220 kV Bhiwani -Hissar Circuit I&II	220 kV	115.90	57.95	17.06.88
14	220 kV Bhiwani -Dadri Circuit I&II	220 kV	72.90	36.45	17.06.88
15	220 kV Hissar -Sangrur I&II	220 kV	278.00	139.00	23.02.69
16	220 kV Bhakra- Ganguwal I&II	220 kV	42.00	21.00	08.11.61
17	220 kV Bhakra- Ganguwal III	220 kV	22.00	22.00	07.11.66
18	220 kV Bhakra- Ganguwal IV&V	220 kV	44.00	22.00	05.08.80
19	66 kV Bhakra-NFL I&II	66 kV	17.00	8.50	05.11.60
20	66 kV Bhakra-NFL III	66 kV	8.50	8.50	05.11.60
Total (Bhakra Transmission System)			2093.30	1109.90	



(B) Beas Transmission System

Sr. No.	Name of the Transmission Line	Voltage Level	Line Length (Ckt. km)	Line Length (km)	COD
1	400 kV S/C Dehar-Panipat (Liloed at Panchkula)	400 kV	261.80	261.80	12.06.79
2	400 kV S/C Dehar-- Bhiwani	400 kV	312.15	312.15	21.01.90
3	220 KV Panipat- Narela Ckt.-III	220 kV	58.00	58.00	02.07.79
4	220 KV Bhiwani -Dadri Circuit III&IV	220 kV	69.40	34.70	16.03.90/09.10.90
5	132 KV Bhiwani Hansi LILO	132 kV	4.00	2.00	1989
6	220 kV KKTRA- Panipat S/C	220 kV	77.08	77.08	01.01.78
7	220 kV Panipat -Dadri S/C	220 kV	115.00	115.00	25.06.79
8	220 kV Samaypur- Ballabgarh D/Ckt.	220 kV	8.46	4.23	09.04.89/31.03.89
9	220 kV Ballabgarh-BTPS D/Ckt.	220 kV	49.46	24.73	17.11.68/03.05.71
10	220 kV S/Pur- B/Garh Ckt.III	220 kV	5.50	5.50	05.07.70
11	220 kV Dadri- B/Garh Ckt.	220 kV	119.90	119.90	23.01.76
12	220 kV Dadri- S/Pur Ckt.	220 kV	116.40	116.40	25.05.88
13	220 kV Sangrur-Barnala	220 kV	38.14	38.14	11.05.87
14	220 kV Barnala-Lehra Mohabbat	220 kV	37.88	37.88	11.05.87
15	220 kV Lehra Mohabbat-Bhatinda	220 kV	23.29	23.29	11.05.87
16	220 kV Ganguwal-Jagadhri	220 kV	158.65	158.65	01.01.78
17	220 KV Dehar- Ganguwal I&II	220 kV	111.50	55.75	Oct.77
18	220 kV Jagadhri- Kurukshetra	220 kV	48.30	48.30	01.01.78
Total (Beas Transmission System)			1614.91	1493.50	

13. Rajasthan Urja Vikas Nigam Limited (RUVNL), on behalf of the Rajasthan Discoms and Haryana Power Purchase Centre Limited (HPPCL) have filed similar reply vide affidavits dated 19.6.2017 and 12.6.2017. The issues raised by Rajasthan Discoms and HPPCL are summarised hereunder:-

a. The Petitioner has claimed transmission charges for 38 transmission lines used primarily for evacuation of power generated from various generating stations belonging to the participating States and conveyance of power from the place of generation to the Point of inter-connection at the participating States periphery.



b. Besides the above said transmission lines, BBMB has been using the five transmission lines stated below for transfer of power generated by the Central Public Sector Utilities such as NHPC Limited etc. These lines are used for transfer of power of the entities other than the participating States and they have been considered by the Commission as deemed ISTS Lines.

- a. 220 kV Panipat-Narela Ckt-1;
- b. 220 kV Panipat-Narela Ckt-2;
- c. 220 kV Panipat-Narela Ckt-3;
- d. 220 kV BTPS-Ballabgarh Ckt-1; and
- e. 220 kV BTPS-Ballabgarh Ckt-1

c. Except for the above said five transmission lines, all other transmission systems including the sub-stations and bays are used by the participating States and BBMB exclusively, for transfer of power from Bhakra and Beas Projects belonging to the participating States. The transmission systems including the lines and sub-stations are all used in a dedicated manner for conveyance of power to the participating States. These transmission lines are used only by the participating States for conveyance of power and nobody other than the participating States is using these lines.

d. Though the transmission systems operated and maintained by the Petitioner (belonging to the participating States including the Haryana Discoms) could be described as an inter-State Transmission System, as the said transmission lines are operated across two or more States, they are dedicated for the use of the participating States. BBMB is not operating such transmission systems as an inter-



State Transmission Licensee or otherwise in pursuance of business of transmission of electricity.

e. Therefore, the Petitioner is not entitled to tariff elements provided for in Regulations 20 and 21 of the 2014 Tariff Regulations. The revenue and capital expenditure incurred in the operation and maintenance of the transmission systems are reimbursed by the participating States. Therefore, the Petitioner has no revenue requirements to recover the cost of operation and maintenance of the transmission systems. Further, the Petitioner is not required to submit any bill to the Central Transmission Utility for recovery under the POC Mechanism under the 2010 Sharing Regulations. Therefore, there is no reason for including the revenue requirements of the Petitioner in the POC mechanism. There is no need to include the ISTS lines of the Petitioner in the POC mechanism. The transmission charges payable only by entities other than the participating States may be included in the POC Mechanism.

g. The Petitioner should not be allowed to recover more than what is approved by the participating States of BBMB. The representatives of the participating States are in the BBMB's Board and the budgetary and other aspects are decided at the Board Meeting. Accordingly, the revenue requirements that may be decided by the Commission for the BBMB transmission system shall be the ceiling and the payment to BBMB by the Discoms/participating States shall be based on the actuals (decided by the participating States, as a part of BBMB) whichever is lower.



i. The amount recovered from persons other than the participating states for using the transmission system shall be adjusted in favour of the participating States.

j. HPPCL and RUVNL have been charged transmission charges of the entire transmission system operated and maintained by BBMB since October, 2016. As the transmission charges of the transmission system of BBMB used for evacuation of power from the generating stations to the operating states periphery are to be borne by the participating States, the same should not be included in the PoC charges and the amount collected from them should be refunded alongwith interest.

14. RUVNL has submitted that 25 MW-5LU/day power is being scheduled to Rajasthan additionally in the name of RFF (Rajasthan Fertilizer Factory in Rajasthan), Bills are being raised on Rajasthan Discoms including transmission/wheeling charges @ 2.4 paise/unit. The petitioner should not levy transmission charges in the bills of RFF power, as Rajasthan has already borne its share in construction of these lines and is also sharing O&M expenses. The matter was referred to Ministry of Power by BBMB in the year 2000 for comments and has agreed to maintain the status-quo till the comments are received from MOP in its 200th Board meeting held on 21.11.2008. Initially when RFF power was allocated to Rajasthan, it was agreed that Rajasthan will pay for RFF power at a negotiated rate of 7.25 Paise per KWH (to be revised as per agreement) only as generation cost and no transmission charges are to be paid by RUVNL. Since the transmission system is common and Rajasthan has already paid its



share for construction of the same, no transmission charges are payable by Rajasthan for this RFF power. Thus, no transmission charges are to be paid by Rajasthan for 25 MW of power allotted to RFF.

15. In response, the Petitioner has submitted its rejoinder vide affidavit dated 29.6.2017. The Petitioner has submitted that HPPCL and RUVNL have raised the issue of methodology of recovery of the transmission charges from the participating States and other partner States and the Petitioner has already submitted the methodology of recovery of transmission charges and the Commission may like to take a view. As regards recovery of transmission charges for 25 MW of power allotted to RFF, the Petitioner has submitted the following clarifications:-

- (i) As per an agreement, 25000 KW of power is to be sold to RFF of Rajasthan Government at the Power House Bus Bar from the "Common pool". Transmission charges are levied as supply for RFF is delivered at Hisar end and not at Bhakra Power House Bus Bars. The status of RFF is that of a "Common Pool Consumer" which is quite distinct from that of its partnership status. Rajasthan has shared the cost of the BBMB Transmission System and paying O&M charges only to the extent of its "Partnership Share". Supply to RFF is over and above its partnership share in BBMB. Hence, transmission charges are payable by RFF of Rajasthan.
- (ii) Tariff for the period 1.3.1978 to 31.12.1984 of RFF of Rajasthan was negotiated and the approved tariff was 7.25 P/kWh which include the cost of



generation, transmission losses and transmission charges. This tariff was duly accepted by Rajasthan and payments were made by it accordingly. As Rajasthan is getting this supply at Hisar Bus, the cost of transmission from Bhakra Power House to Hisar has to be added while calculating its tariff. Hence transmission charges are payable by RFF of Rajasthan.

- (iii) As per the agreement, supply to RFF of Rajasthan is a “sale” from the Common Pool and not as a part of the ‘share’ of the partner state. Rajasthan has shared the cost of the BBMB Transmission System and paying O&M charges for share from BBMB projects. The cost borne by the partner States on transmission lines of BBMB does not account for evacuation of additional power including common pool power by way of sale of energy to RFF owned by Rajasthan. As such, Rajasthan has to bear the cost of transmission charges as well as transmission losses of RFF supply. Hence, the AFC approved by the Commission for the BBMB transmission system has to be recovered from the consumers other than partner states (including RFF).

Capital Cost

16. The Petitioner has claimed the following Gross Fixed Asset (GFA) as on 31.3.2014:-

	(₹ in lakh)		
Particulars	Bhakra TS	Beas TS	Total Transmission
GFA as on 31.3.2014	21360.55	16039.03	37399.58



The above mentioned capital cost has not been verified by the Statutory Auditor. The Petitioner has also submitted the "Fixed Asset Register" report prepared by a private firm mentioning the original value of BBMB assets including generating, irrigation and transmission assets put together, as ₹3037 crore, which is as follows:-

Asset Categories	Original Amount (in ₹)	W.D.V (in ₹)
Building & Civil Structures	7,970,076,762	1,186,552,957
Computer & IT Equipment	41,464,846	17,763,227
Furniture Fixtures & Fittings	7,033,616,149	20,876,072
Land	499,517,114	499,517,114
Office Equipment	131,814,973	32,942,052
Plant & Machinery	7,595,945,795	5,516,743,948
Plant & Machinery Sub-station	1,001,093,601	320,725,998
Tools & Tackles	42,678,960	8,168,951
Transformer	2,373,653,739	907,585,452
Transmission Systems	2,024,893,870	72,679,096
Vehicle	202,879,691	84,695,541
Total	28,917,635,499	8,668,250,408
CWIP	1,451,402,566	1,338,738,612
Grand Total	30,369,038,064	10,006,989,020

Additional Capitalisation

17. The Petitioner has claimed the following actual additional capitalisation during 2014-15 to 2017-18 and the projected additional capitalisation during 2018-19, vide affidavit dated 11.4.2018:-

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Bhakra Transmission System	500.75	869.71	2519.30	1101.23	3664.98
Beas Transmission System	785.51	627.87	761.69	2481.58	2249.87
Total BBMB Transmission System	1286.26	1497.59	3280.99	3582.81	5914.85

The Petitioner has claimed the above mentioned additional capitalisation on account of expenditure incurred towards additional work for successful and efficient operation under Regulation 14(ix) of the 2014 Tariff Regulations. However, there is no such provision in the



2014 Tariff Regulations and the claim should have been under Regulation 14(3)(ix) of the 2014 Tariff Regulations. The Petitioner has further submitted that the above add cap is for R&MU purpose which involved replacement and maintenance of various electrical and mechanical equipment.

18. The Petitioner did not file all the required information for determination of tariff for the period 2009-14. Accordingly, O&M Expenses were granted by the Commission in order dated 12.11.2015 in Petition No. 251/GT/2013 while determining tariff for 2009-14 period. The Petitioner was also directed to submit all the information for determination of tariff for 2014-19 period in accordance with the 2014 Tariff Regulations. The relevant portion of the order dated 12.11.2015 is as follows:-

“18. The Tribunal having decided the jurisdiction in favour of this Commission to determine the tariff of the generating stations and inter-state transmission systems of the Petitioner as above, the Commission by order dated 10.1.2013 had directed the Petitioner to file tariff application in accordance with the provisions of the 2009 Tariff Regulations. However, contrary to the directions of the Commission and the findings of the Tribunal, the Petitioner vide affidavit dated 23.8.2013 has submitted that as BBMB does not hold assets and there is no capital value of the assets and accordingly, the tariff filing forms in terms of the provisions of the 2009 Tariff Regulations has not been filed by the Petitioner. This cannot be acceptable. It is noticed that in Petition No.200/TT/2013 filed by the Petitioner for determination of transmission tariff in respect of ISTS lines, the Petitioner vide affidavit dated 29.1.2014 and 29.10.2014 had claimed tariff for 2009-14 and 2014-19 respectively based on the indicative per KM cost as provided by CTU (based on price level 3rd quarter 2011). As stated, Petition No. 200/TT/2013 has been disposed of on the ground that the assets covered therein have been included in the instant petition. Therefore, for the purpose of determination of the annual transmission charges, it is imperative that the Petitioner furnish complete information as required under the provisions of the 2009 Tariff Regulations. It is however noticed that the Petitioner vide affidavit dated 19.4.2012 in Petition No. 200/TT/2013 while pointing out that it is not feasible to file tariff petition as per formats specified under the 2009 Tariff Regulations, except for O&M expenses and Interest on Working Capital, had submitted that the Commission can take the depreciated value of BBMB’s transmission system in books of the participating states as the capital value. It had also submitted that BBMB is taking steps to get such capital value of the said transmission systems from the participating stations and would submit the same immediately upon being made available to BBMB. Despite these submissions, no visible steps appear to have been taken by the Petitioner to submit the said information. In our view, the non-furnishing of the information and



reiteration of the submissions which have been rejected by both, the Commission and the Tribunal amounts to violation of the findings of the Tribunal and the directions of the Commission. Therefore, BBMB is directed to file all necessary information regarding its transmission assets as per the applicable Tariff Regulations. Since the tariff period 2009-14 is already over, we direct BBMB to file necessary petition for determination of transmission tariff for the period 2014-19 in accordance with the provisions of the 2014 Tariff Regulations. However, for the tariff period 2009-14, we grant the O&M expenses for the transmission elements covered in the petition for the period 2009-14, as stated in the subsequent paragraphs.”

Subsequently, the Petitioner filed an IA No. 43/2016 in Petition No. 251/GT/2013, in which the Commission vide order dated 28.10.2016 has clarified the following:

“9. Accordingly, it is clarified that this Commission’s orders dated 12.11.2015 and 21.3.2016 in Petition No. 251/GT/2013 only determined the O&M expenses of the generation and transmission of BBMB and did not decide that BBMB would not be entitled to consideration of tariff elements other than O&M expenses. The intention of the above orders passed by the Commission was not to deprive BBMB of tariff in regard to other tariff elements. Though not explicitly stated in the above orders, it was left to the BBMB and participating States to adjust the tariff of other elements as per the system that existed before.”

As per the order dated 28.10.2016, the elements of tariff other than O&M Expenses were to be adjusted by the Petitioner and the participating States as per the methodology in practice.

19. In the instant petition, Petitioner has claimed tariff for the combined assets of generation, transmission and irrigation. However, the Petitioner has not submitted break-up of the capital costs of generation, transmission and irrigation on the basis of "Fixed Asset Register" report (FAR report) prepared by a private firm. It is, however, observed that the original value of "Transmission Systems" mentioned in the FAR report is ₹202.49 crore, which is not matching with the capital cost of ₹374 crore claimed for the transmission assets as on 31.3.2014. Further, the Petitioner has not explained as to



how the GFA claimed has been arrived at in the FAR report. We are of the view that the information submitted by the Petitioner is not sufficient to conduct the prudence check of the capital cost claimed by the Petitioner.

20. The Commission vide order dated 19.9.2018 in Petition No. 22/GT/2017 had observed the following:-

“33. The participating States have adopted different methodologies in respect of treatment of capital and revenue expenditure in their books of accounts. The capital base on which the tariff has been claimed by the Petitioner is not reconciling with the GFA booked in the books of the participating States. The GFA of the generating stations as claimed by the Petitioner being on the higher side in comparison to the GFA in books of participating States, it is not possible to determine the tariff components based on capital base i.e ROE, IOL and Depreciation. However, allowable O&M expenses for generating assets of BBMB as calculated as per the 2014 Tariff Regulations, are very close to the actual O&M expenditures of BBMB. As such, agreeing to the request of Petitioner for suitable transition period or in other words agreeing to maintain status-quo till 31.03.2019 would be the most prudent option. This would allow time to the Petitioner and participating States to come to a common platform with respect to capital base of generating assets (i.e gross block, cumulative depreciation already recovered and net block), gross loan, cumulative repayment, Interest on Loan, performance parameters of NAPAF, design energies and rate/volume of power to be sold to common pool customers”

21. It is observed that the capital expenditure towards assets covered under instant petition was historically made by participating States and it is booked in their accounts. The assets are not in the books of BBMB. This capital expenditure is being served by consumers of the participating States after prudence check by the respective State Commissions. It is also observed that BBMB has not been able to provide reconciled data since last two tariff periods. In view of the fact that capital expenditure already incurred is in books of participating States and that BBMB has not been able to provide proper data, we are of the view that tariff towards capital expenditure already incurred,



except O&M Expenses, cannot be worked out for the instant assets for the 2014-19 tariff period.

22. In this petition, we allow a transition period for add-cap expenditure till 31.3.2019 and the Petitioner is directed to claim its expenses except O&M Expenses for the period 2014-19 from the participating States as per their existing methodology. The Petitioner is directed to file projected add-cap during 2019-24 tariff block as per the 2019 Tariff Regulations that would be notified in due course of time strictly adhering to the timelines.

Operation & Maintenance Expenses (O&M Expenses)

23. The Petitioner has prayed to allow a “transition period” to enable BBMB to get into the “regulatory regime” which were earlier allowed by the Commission in case of DVC and other CPSUs. Accordingly, the Petitioner has claimed the following O&M Expenses:-

	(₹ in lakh)				
Transmission System	2014-15	2015-16	2016-17	2017-18	2018-19
Bhakra	12299.10	12707.02	13179.32	13582.19	14036.18
Beas	5615.69	5802.52	6019.33	6202.59	6409.27

24. The normative O&M Expenses worked out for the BBMB’s Transmission System as per Regulation 29(4) of the 2014 Tariff Regulations are as under:-

	(₹ in lakh)				
Transmission System	2014-15	2015-16	2016-17	2017-18	2018-19
Bhakra	12299.10	12707.02	13128.67	13563.57	14016.73
Beas	5615.69	5802.52	5995.06	6193.58	6399.85



25. There is difference in the 'O&M Expenses claimed' by the Petitioner and 'normative O&M Expenses' worked out in some years. It is observed that the difference during 2016-17 to 2018-19 is on account of the filing fee claimed by the Petitioner as part of O&M Expenses, which is separately allowed under Regulation 52 of the 2014 Tariff Regulations independent of the O&M Expenses. Filing fee is dealt in paragraph 43 of this order.

SLDC System

26. The Petitioner is performing the functions of scheduling and dispatching of power from its generating station, which are similar to the functions of SLDC. The Petitioner has claimed Gross Fixed Asset (GFA) of ₹47.89 lakh for SLDC as on 31.3.2014. However, the claim made by the Petitioner is not verified by its Statutory Auditor. The Petitioner has also submitted the "Fixed Asset Register" report. However, the Petitioner has not submitted the clear break-up of the capital costs of generation, transmission, irrigation and SLDC system. It is observed that Petitioner has derived GFA for SLDC assets based on the capital costs. But, the Petitioner has not explained how it has been arrived at.

Additional Capitalisation for SLDC System

27. The Petitioner has claimed additional capitalisation under clause 1 of Regulation 10 of the 2015 Fees and Charges Regulations towards purchase of tools and tackles, air-conditioners, vacuum cleaners, exhaust fans etc. and purchase of small electrical and mechanical equipment. The following table summarizes the actual additional



capitalisation and the proposed additional capitalisation for the years 2016-17 and 2018-19 respectively as submitted by the Petitioner vide affidavit dated 11.4.2018:-

(₹ in lakh)

2016-17	2017-18	2018-19
37.72	177.25	17.68

28. As the capital cost claimed by the Petitioner as on 31.3.2014, the GFA submitted by the participating States, and FAR report do not match, we are not in a position to conduct the prudence check of the capital cost of the SLDC assets claimed by the Petitioner. It is observed that the capital expenditure towards SLDC assets covered under instant petition was historically made by participating States and it is booked in their accounts. This capital is being serviced by the consumers of the participating States after prudence check by the State Commissions. In view of the fact that capital expenditure already incurred is in books of participating States and that Petitioner has not been able to provide proper data, we are unable to compute the tariff of the SLDC assets. Therefore, only O&M Expenses of the SLDC assets have been allowed in the instant order.

29. Further, we allow a transition period for Add-cap expenditures till 31.3.2019 period during which the expenses, except for O&M Expenses, can be claimed by the Petitioner as per their existing methodology. The Petitioner is directed to file petition for fees and charges for SLDC including the projected add-cap for SLDC system as per the Fees and Charges Regulations for 2019-24.



30. It is also observed that the Petitioner has claimed add cap for SLDC system, considering tools and tackles, furniture, air conditioners, exhaust fans etc. as of capital nature. These minor items are in nature of O&M Expenses (except HR Expenses) and shall be considered accordingly by the Petitioner.

O&M Expenses for SLDC System

31. The Petitioner has submitted the actual O&M Expenses during 2009-16 and classified them under “Repair and Maintenance”, “Administrative and General Expenses” and “Employee Expenses”. The actual O&M Expenses incurred by the Petitioner are mentioned below:-

		(₹ in lakh)						
Sr no	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
A	Employee Cost	427.05	536.60	714.08	765.19	895.62	863.75	813.73
1	Salaries, Wages and allowances	392.03	516.02	655.67	697.41	847.61	795.11	760.90
2	Expenses On Stipend	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Expenses On Pension	8.30	12.55	17.08	23.91	26.97	29.98	33.84
4	Commutation Of Pension	10.04	0.00	4.84	8.49	0.00	0.00	4.47
5	Gratuity & D.C.R.G	3.67	3.12	11.56	23.87	7.96	12.95	5.80
6	Leave Encashment	13.02	4.91	24.93	11.51	13.07	25.73	8.74
7	Arrears (Power Wing +lw Wing Transferred To Power Wing) Less Incentive	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B	A&G	92.81	94.45	87.86	59.56	65.80	81.73	153.55
	Insurance	0.00	0.07	0.00	0.00	0.00	0.00	0.02
	Security	0.00	0.00	0.68	0.00	0.00	0.00	0.00
	Electricity Charges	24.02	23.30	25.66	23.05	33.95	27.32	33.05
	Travelling And Conveyance	3.94	6.75	4.17	2.86	8.60	15.58	10.55
	Communication Expenses	3.18	23.99	13.95	2.90	2.13	1.61	2.90
	Advertising	2.60	0.20	0.15	0.09	0.00	0.00	0.00
	Entertainment	0.22	0.03	0.05	0.03	0.09	0.26	0.15



Sr no	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Other Expenses Under A&G	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Expenses On Conveyance Allowance	0.20	0.00	0.00	0.00	0.03	0.04	0.09
	Expenses On Leave Travel Concession	3.02	3.66	0.40	5.11	5.40	5.46	2.33
	Expenses On Computer	30.52	25.33	29.63	0.22	0.29	0.52	0.91
	Expenses On Purchase Of Vehicles	4.06	0.00	0.00	0.00	0.00	0.00	0.00
	Expenses Of Dispensary	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Expenses On Medical Charges	2.89	8.20	7.17	2.30	2.97	3.69	5.68
	Expenses On Legal Services	0.04	0.04	0.86	9.54	6.29	5.69	5.72
	Expenses On Printing And Stationery	2.43	2.01	3.05	1.69	1.31	1.45	1.60
	Expenses On Postage And Telegrams	0.12	0.10	0.21	0.20	0.05	0.58	0.00
	Liveries	0.21	0.16	0.16	0.23	0.19	0.18	0.26
	Expenses On Books And Periodicals	0.09	0.08	0.05	0.07	0.14	0.03	0.07
	Expenses On Hot And Cold Weather Charges	0.02	0.05	0.06	0.05	0.08	0.07	0.09
	Bank Collection Charges	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Expenses On Furniture	0.01	0.02	0.02	0.01	0.03	0.03	0.01
	Expenses On Type Writer & Photostat Machine	0.21	0.42	0.47	1.11	0.54	0.23	0.44
	Misc. Office Expenses (Sundries)	16.58	2.39	2.33	2.58	2.47	16.58	90.13
	Medicines	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Expenditure On Sports Activities	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Expenses On Training & Seminars	0.62	0.25	1.26	0.85	2.52	3.71	0.79
	Scholarship	0.00	0.00	0.10	0.10	0.16	0.00	0.00
	Incentive To The Partner States/State Electricity Board	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Awards/Prizes/Mementos	0.00	0.00	0.17	9.41	0.17	0.24	0.30
	House Building Advance	-1.82	-2.07	-2.34	-2.61	-1.50	-1.48	-1.48
	Conveyance/Vehicle Advance	-0.35	-0.52	-0.38	-0.21	-0.11	-0.04	-0.08
C	R&M	0.53	5.98	7.59	6.36	22.63	21.35	1.13
	Consumption Of Stores & Spares	0.07	-0.06	0.22	0.44	1.55	0.00	0.00
	Normal Expenditure	0.46	6.04	7.37	5.93	21.08	21.35	1.13



Sr no	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	TOTAL	520.38	637.03	809.53	831.12	984.04	966.84	968.41

32. The Petitioner has claimed 'O&M Expenses without HR Expenses' and 'HR Expenses' for the SLDC Systems as per Regulations 20 and 21 of the 2015 Fee and Charges Regulations is as under:-

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses without HR Expenses	106.66	114.26	122.40	131.13	140.48
HR Expenses	810.31	894.51	987.45	1635.08	1804.97
TOTAL	916.97	1008.77	1109.85	1766.21	1945.45

33. The Commission has allowed normalised O&M Expenses (without HR expenses) and HR expenses separately in case of NRLDC, POSOCO in order dated 26.12.2016 in Petition No. 243/TT/2015. On similar lines, 'O&M Expenses without HR expenses' and 'HR expenses' have been worked out for the SLDC system of the Petitioner.

34. The normative 'O&M Expenses without HR expenses' and normative 'HR Expenses' worked out in the instant case as per Regulations 20 and 21 of the 2015 Fee and Charges Regulations are mentioned below:

(₹ in lakh)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
O&M Expenses w/o HR Expenses	71.48	75.57	79.89	84.46	89.29
HR Expenses	793.47	838.86	886.84	937.57	991.20
TOTAL	864.95	914.43	966.73	1022.03	1080.49

35. The comparison of 'Normative O&M Expenses' claimed by BBMB and 'Actual O&M Expenses' for the years 2014-15 and 2015-16 are given below:-



(₹ in lakh)

2014-15			2015-16		
Normative (BBMB)	Actual	Difference	Normative (BBMB)	Actual	Difference
916.97	966.84	- 49.87	1008.77	968.41	40.36

36. The above mentioned O&M Expenses without HR Expenses and HR Expenses have been worked out after normalisation of expenses, submitted by the Petitioner in the main petition.

Sharing of Transmission Charges of BBMB Transmission System

37. The Commission vide order dated 28.4.2017 in No. L-1/44/2010-CERC has observed the following:-

“10. The assets of BBMB and LTA in respect of BBMB shall not be included under PoC mechanism and a view on inclusion of these assets under PoC shall be taken after determination of final tariff of these assets.”

Rajasthan and Haryana have submitted that except a few lines, all the transmission lines of the Petitioner are dedicated to participating States and hence should not be included in PoC.

38. We have examined the matter in detail. The transmission charges of the ISTS and the intra-State transmission system carrying inter-State power were included in the PoC based on the tariff determined by the Commission and State Commissions in case of intra-State transmission system. In these cases, the tariff of the transmission system is determined based on the capital cost and after taking into account all elements of tariff. However, in case of BBMB on account of non-availability of the capital cost of the



transmission system and taking into account that the participating States have made investment in the transmission system of BBMB, the Commission has confined its tariff determination to O&M Expenses only. Including this tariff in the POC will result in distortion of the tariff of the participating States as they would be charged in proportion to their allocation of power at the PoC rate of the region. Accordingly, the Commission has decided to exclude the tariff (only O&M Expenses) of the transmission system of BBMB out of the purview of the PoC computation

39. RUVNL and HPPCL which have filed the affidavit on behalf of the Discoms of Rajasthan and Haryana have contended that they have paid the transmission charges of the transmission lines used by the participating States since October, 2016, for which they were not liable and hence, the excess payment collected from them through PoC charges should be returned to them. The said issue shall be dealt with separately on a petition for the same.

40. As regards RUVNL's contention that the Petitioner has been charging additional cost of transmission charges and wheeling charges from RFF of Rajasthan, the Petitioner has submitted that RFF is a 'Common Pool Consumer' which is quite distinct from that of the partnership status of Rajasthan with other participating States. Supply to Rajasthan Government for RFF is over and above its partnership share in Bhakra Project. Hence, the petitioner has contended that the transmission charges for this supply are payable by Rajasthan.

41. BBMB has further submitted the following in the main petition:-



“It is pertinent to mention here that revenue derived from these common pool consumers is passed on to the participating States including UT Chandigarh in proportion to their shares in BBMB Projects. Net O&M expenditure (i.e. after adjustment of credit of Revenue receipts from Common Pool Consumers) is being reimbursed by partner States for its scheduled allocation of power from BBMB Projects. As such, BBMB has no revenue source and does not have any Profit or Loss in the operation.”

42. It is observed that RFF of Rajasthan is a new entrant to the transmission system of the Petitioner and accordingly, Rajasthan has to bear the transmission and wheeling charges pertaining to RFF, over and above the original share of Rajasthan as a participating State. Therefore, we are of the view that the Petitioner is entitled to recover the transmission and wheeling charges from RFF, which shall be reimbursed to the participating States in proportion to the allocation of power of BBMB.

43. The Petitioner shall be entitled for reimbursement of the filing fees and publication expenses with regard to the present petition in terms of Regulation 52 of the 2014 Tariff Regulations directly from the beneficiaries on pro-rata basis.

Summary

44. Summary of the decisions in the instant order is as under:-

(a) As the information submitted by BBMB is not sufficient to calculate all the components of the transmission charges for the 2014-19 tariff period, transmission charges are restricted to O&M Expenses for the transmission system and the SLDC assets owned by the Petitioner.



(b) The O&M Expenses allowed in the instant order shall not be included in the PoC charges and shall be claimed by the Petitioner from the participating States in proportion to the allocation of power of BBMB.

(c) The Petitioner is directed to claim the tariff for the transmission system and SLDC assets for the 2019-24 period strictly as per the Tariff Regulations and Fees and Charges Regulations for the period 2019-2024 which shall be notified in due course.

(d) Rajasthan is liable to pay the transmission and wheeling charges of RFF over and above the charges payable by Rajasthan.

(e) The filing fees and publication expenses as admissible in terms of Regulation 52 of the 2014 Tariff Regulations shall be shared by the participating States in proportion to the allocation of power from the generating station of BBMB.

45. This order disposes of Petition No. 16/TT/2017.

sd/-
(Dr. M. K. Iyer)
Member

sd/-
(P. K. Pujari)
Chairperson

