

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. : **279/MP/2019**

Subject : Miscellaneous Petition under Regulation 55, "Power to remove difficulties" and Regulation 54, "Power to Relax" of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014, on account of additional cost incurred owing to revision of scale of pay for executives and non-executives from 1.1.2017 to 31.3.2019 consequent to implementation of pay revision and revision of gratuity amount with effect from 1.1.2017, as detailed in the Petition.

Date of Hearing : 26.5.2022

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

Petitioner : Power Grid Corporation of India Limited (PGCIL)

Respondents : Delhi Transco Limited and others

Parties present : Shri M.G Ramachandran, Senior Advocate, PGCIL
Shri Shubham Arya, Advocate, PGCIL
Ms. Poorva Saigal, Advocate, PGCIL
Shri Ravi Nair, Advocate, PGCIL
Shri Nipun Dave, Advocate, PGCIL
Ms. Reeha Singh, Advocate, PGCIL
Shri R.B Sharma, Advocate, BRPL
Shri V.C Shekhar, PGCIL
Shri Arjun Malhotra, PGCIL
Shri Prashant Kumar, PGCIL
Ms. Supriya Singh, PGCIL
Shri Anindya Khare, MPPMCL
Ms. Megha Bajpeyi, BRPL

Record of Proceedings

The matter was called out for virtual hearing.

2. The learned counsel for the Petitioner submitted the following:

- a) Regulation 29(3)(a) of the 2014 Tariff Regulations has not factored the impact of pay revisions and subsequent revisions in amount of gratuity of Board level and below board level executives and non-executives of the Petitioner with effect from 1.1.2017. The recommendations of the third Pay Committee were implemented after the notification of the 2014 Tariff



Regulations and hence, the impact of pay revision was not 'factored in' while framing the said regulation. Accordingly, the Petitioner has sought recovery of the actual expenditure incurred towards pay revision, by exercise of the power under Regulation 54 and Regulation 55 of the 2014 Tariff Regulations.

- b) The legitimate expenditure incurred by the Petitioner are not being serviced as the same have not been factored in the norms. Section 61(d) of the Electricity Act, 2003 provides that one of the guiding factors for determination of the terms and conditions of tariff is to safeguard consumer interest while ensuring recovery of the cost of electricity in a reasonable manner.
- c) The 2014 Tariff Regulations do not provide any limitation regarding the recovery of the costs of pay revisions which are subsequent to the norms under the 2014 Tariff Regulations. The Commission in the Statement of Reason (SOR) to the 2014-19 Tariff Regulations, while deciding the O&M Expenses norms applicable for the 2014-19 tariff period had considered additional impact of wage/ pay revision on actual basis.
- d) The fact the Commission has stated in the SOR that the O&M would be considered on a case to case basis does not take away the substantive provision in the Regulation 29(3) of the 2014 Tariff Regulations.
- e) APTEL in similar cases related to NTPC, NHPC and DVC has upheld the decision of the Commission in order dated 12.10.2012 in Petition No.35/MP/2011 and has allowed the pay revision and recovery as a separate cost. The Commission has already allowed the Petitioner to recover the impact of wage and pay revisions which was implemented w.e.f. 1.1.2007 as over and above the O&M norms specified in the 2004 Tariff Regulations. The 2014 Tariff Regulations are similar in principle to the 2004 Tariff Regulations.
- f) The increase in ceiling of gratuity as per the Payment of Gratuity (Amendment) Act, 2018 is covered under change in law. Being part of wage revision of employees w.e.f. 1.1.2017, the Petitioner has claimed the impact of enhancement of ceiling of gratuity as additional O&M expenses.

3. Learned counsel appearing on behalf of BRPL made detailed submissions referring to its reply. He submitted that the request of the Petitioner seeking relaxation under Regulation 54 and Regulation 55 should be limited to parameters laid down by the Hon'ble Supreme Court in Mahadeva Upendra Sinai v UOI & ors (1975 AIR 797) otherwise there would be no sanctity in the norm based tariff. The paragraph 33.2 of SOR to the 2014 Tariff Regulations provides the view of the Commission and the conditions prescribed on the impact of wage revision. The data furnished by the Petitioner does not support the examination of all the conditions mentioned therein. The Petitioner has included the impact of increase in ceiling of gratuity in its proposal, while the Commission has provided only for increase in employee expenses in wage revision. He requested to consider the submissions made in its reply.

3. The Commission directed the Petitioner to the furnish the following details/ information on affidavit by 20.6.2022 with a copy to the Respondents:



- a. Break-up of the actual O&M expenses of transmission system under various sub-heads (as per formats at Annexure-A) after including the pay revision impact of employees and wage revision impact (minimum wages), if applicable, for each of the region and corporate centre (in both MS Excel and PDF format).
 - b. Breakup of the pay revision impact claimed in respect of employees of the Petitioner Company for each region and Corporate Centre/other offices employee cost allocated to the region (as per Annexure-B enclosed in both MS Excel and PDF format).
 - c. Any other information/documents as considered necessary in support of the claims with respect to pay and wage revision and gratuity for the 2016-19 tariff period.
 - d. Clarify the linkage between 'provisions' made for pay revision for the period 2016-19 with actual pay revision impact.
4. The Commission further directed the Petitioner to submit the above information within the time specified and observed that no extension of time will be granted.
5. After hearing the Parties, the Commission reserved the order in the matter.

By order of the Commission

sd/-
(V. Sreenivas)
Joint Chief (Law)



Annexure A (B-1)

Details of Operation & maintenance expenses of Transmission O & M service (To be filled for each of the region and corporate centre)

1						
Name of the Company:						
Name of the Transmission System Region						
						(Rs. In Lakhs)
Sr.No.	ITEM	2014-15	2015-16	2016-17	2017-18	2018-19
1	2	3	4	5	6	7
1.0	Repairs and Maintenance Expenses :					
1)	Repairs of Plant & Machinery					
2)	Consumption of Stores (not capitalized)					
3)	Consumption of Spares (not capitalized)					
4)	Patrolling expenses					
5)	Power Charges (electricity consumed for repairing activity)					
6)	Expenses of Diesel Generating sets					
6)	Provisions					
7)	Prior Period Adjustment , if any					
8)	Other expenses, if any (please provide details)					
	Sub-total(R&M Expenses)					
2.0	Administrative & General Expenses:					
1)	Insurance					
2)	Security (General other than special)					
3)	Rent					
4)	Electricity Charges					
5)	Traveling and conveyance					
6)	Communication expenses					
7)	Advertisement and publicity					
8)	Foundation laying and inauguration					
9)	Books Periodicals and Journals					
10)	Research expenses					
11)	Cost Audit Fees					
12)	Horticulture Expenses					
13)	Bandwidth charges dark fibre lease charges (Telecom) etc					
14)	Donations expenses					
15)	Entertainment expenses					
16)	Filing Fees					
17)	Legal Expenses					
18)	Consultancy Expenses					
19)	Professional charges (not covered under employee expenses)					
20)	Printing and Stationary					
21)	Hiring of Vehicle (excluding construction & Corporate exp)					
22)	Training and Recruitment expenses					
23)	Rates and taxes					
24)	Rebate to Customers					
25)	Self Insurance Reserve					
26)	Provisions (Provide details)					
27)	Prior Period Adjustment , if any					
28)	Any other A&G expenses (Provide details)					
29)						
	Sub-total(A&G Expenses)					
3.0	Employee Expenses					
1)	Salaries, wages and allowances					
2)	Staff welfare expenses					
	a) Contribution to Provident and other funds					
	b) Gratuity					



	c) Pension					
	d) Employee Medical Expenses					
	e) Liveries and Uniforms					
	f) Safety & Appliances expenses					



1						
Name of the Company:						
Name of the Transmission System Region						
						(Rs. In Lakhs)
Sr.No.	ITEM	2014-15	2015-16	2016-17	2017-18	2018-19
1	2	3	4	5	6	7
	g) Others					
3)	Productivity linked incentive					
4)	Expenditure on VRS					
5)	Ex-gratia					
6)	Performance related pay (PRP)					
7)	Any other expenses					
8)	Provisions (furnish details separately)					
9)	Prior Period Adjustment , if any (furnish details separately)					
	Sub-total(Employee Expenses)					
4.0	Additional /Specific Security it any on the advise of Govt. Agency/ Statutory Authority/ any other reasons					
5.0	Loss of store/Disposal/Write off					
6.0	Provisions (other than above)					
7.0	Prior Period Adjustment , if any (not covered above)					
8.0	Corporate office expenses allocation					
	(i) Transmission O&M Service					
	(ii) Projects under construction					
	(iii) ULDC -Communication					
	(iv) Consultancy services, if any					
	(v) Other business (Telecom)					
	(vi) Other business (if any)					
9.0	Corporate Social Responsibility expenses					
10.0	- Others (Specify items not included above)					
	Sub Total (1 to 9)					
11	Other Income, Revenue and Recoveries, if any					
a)	Short term open access (other than transmission service					
b)	System & Market operation charges					
c)	Interest on differential tariff recovered					
d)	Consultancy Services					
e)	Interest against Loans and advances					
f)	Interest from advanced to contractors/suppliers					
g)	Income from lease of assets					
h)	Disposal of scrap/stores (not covered under capitalized assets)					
i)	Interest on Government securities					
j)	Miscellaneous income from operations					
k)	Revenue/ Recoveries, if any					
12	Net Expenses					
13	Capital spares consumed not included in (A) (1) above and not claimed /allowed by Commission for capitalization " ix"					
Notes:						
I. The details of Corporate Expenses and the methodology of allocation of corporate expenses to various functional activities and allocation of Corporate expenses pertaining to power generation/transmission system to each operating stations/ transmission region/system and stations/transmission region/system under construction should be clearly specified in ANNEXURE-VIII as provided here separately.						
II. An annual increase in O&M expenses under a given head in excess of 10% percent should be explained.						
III. The data should be based on audited balance sheets, duly reconciled and certified.						
IV. Employee cost should be excluding arrears paid for pay hike/prior period adjustment /payment						
IV. Details of arrears, if any, pertaining to period prior to the year 2008-09 should be mentioned separately.						
V. No. of employees opting for VRS during each year should be indicated.						
VI. Details of abnormal expenses, if any, shall be furnished separately.						



	VII Break-up of staff welfare expenses should be furnished
	VIII Details of Consumptive Water requirement , contracted quantum and actual water consumed with source , rate etc. should be furnished year-wise for Thermal Power Stations



1						
Name of the Company:						
Name of the Transmission System Region						
						(Rs. In Lakhs)
Sr.No.	ITEM	2014-15	2015-16	2016-17	2017-18	2018-19
1	2	3	4	5	6	7
IX. Details of capital spares consumed each year which were not claimed/allowed in the tariff should be furnished giving item wise unit price and quantity consumed.						



Annexure A B(II)						
DETAILS OF OPERATION AND MAINTENANCE EXPENSES OF COMMUNICATION SYSTEM (OTHER THAN TELECOM OR OTHER BUSINESS)						
1 (To be filled for each of the Region and corporate centre)						
(Rs. In Lakhs)						
Sr.No.	ITEM	2014-15	2015-16	2016-17	2017-18	2018-19
1	2	3	4	5	6	7
1.0	Repairs and Maintenance Expenses :					
1)	Repairs of Plant & Machinery					
2)	Consumption of Stores (not capitalized)					
3)	Consumption of Spares (not capitalized)					
4)	Patrolling expenses					
5)	Power Charges (electricity consumed for repairing activity)					
6)	Expenses of Diesel Generating sets					
6)	Provisions					
7)	Prior Period Adjustment , if any					
8)	Other expenses, if any (please provide details)					
	Sub-total(R&M Expenses)					
2.0	Administrative & General Expenses:					
1)	Insurance					
2)	Security (General other than special)					
3)	Rent					
4)	Electricity Charges					
5)	Traveling and conveyance					
6)	Communication expenses					
7)	Advertisement and publicity					
8)	Foundation laying and inauguration					
9)	Books Periodicals and Journals					
10)	Research expenses					
11)	Cost Audit Fees					
12)	Horticulture Expenses					
13)	Bandwidth charges dark fibre lease charges (Telecom) etc					
14)	Donations expenses					
15)	Entertainment expenses					
16)	Filing Fees					
17)	Legal Expenses					
18)	Consultancy Expenses					
19)	Professional charges (not covered under employee					
20)	Printing and Stationary					
21)	Hiring of Vehicle (excluding construction & Corporate exp)					
22)	Training and Recruitment expenses					
23)	Rates and taxes					
24)	Rebate to Customers					
25)	Self Insurance Reserve					
26)	Provisions (Provide details)					
27)	Prior Period Adjustment , if any					
28)	Any other A&G expenses (Provide details)					
29)						
	Sub-total(A&G Expenses)					
3.0	Employee Expenses					
1)	Salaries, wages and allowances					
2)	Staff welfare expenses					
	h) Contribution to Provident and other funds					
	i) Gratuity					
	j) Pension					



	k) Employee Medical Expenses					
	l) Liveries and Uniforms					
	m) Safety & Appliances expenses					



DETAILS OF OPERATION AND MAINTENANCE EXPENSES OF COMMUNICATION SYSTEM (OTHER THAN TELECOM OR OTHER BUSINESS)						
(To be filled for each of the Transmission Region and corporate centre)						
Name of the Company:						
Name of the Transmission Licensee						
		(Rs. In Lakhs)				
Sr.No.	ITEM	2014-15	2015-16	2016-17	2017-18	2018-19
1	2	3	4	5	6	7
	n) Others					
3)	Productivity linked incentive					
4)	Expenditure on VRS					
5)	Ex-gratia					
6)	Performance related pay (PRP)					
7)	Any other expenses					
8)	Provisions (furnish details separately)					
9)	Prior Period Adjustment , if any (furnish details separately)					
	Sub-total(Employee Expenses)					
4.0	Additional /Specific Security it any on the advise of Govt. Agency/ Statutory Authority/ any other reasons					
5.0	Loss of store/Disposal/Write off					
6.0	Provisions (other than above)					
7.0	Prior Period Adjustment , if any (not covered above)					
8.0	Corporate office expenses allocation					
	(vii) Transmission O&M Service					
	(viii) Projects under construction					
	(ix) ULDC -Communication					
	(x) Consultancy services, if any					
	(xi) Other business (Telecom)					
	(xii) Other business (if any)					
9.0	Corporate Social Responsibility expenses					
10.0	- Others (Specify items not included above)					
	Sub Total (1 to 9)					
11	Other Income, Revenue and Recoveries, if any					
b)	Short term open access (other than transmission service					
b)	System & Market operation charges					
c)	Interest on differential tariff recovered					
d)	Consultancy Services					
e)	Interest against Loans and advances					
f)	Interest from advanced to contractors/suppliers					
g)	Income from lease of assets					
h)	Disposal of scrap/stores (not covered under capitalized					
i)	Interest on Government securities					
j)	Miscellaneous income from operations					
k)	Revenue/ Recoveries, if any					
12	Net Expenses					
13	Capital spares consumed not included in (A) (1) above and not claimed /allowed by Commission for					
Notes:	i					
	I. The details of Corporate Expenses and the methodology of allocation of corporate expenses to various functional activities and allocation of Corporate expenses pertaining to power generation/transmission system to each operating stations/ transmission region/system and stations/transmission region/system under construction should be clearly specified in ANNEXURE-VIII as provided here separately.					
	II. An annual increase in O&M expenses under a given head in excess of 10% percent should be explained.					
	III. The data should be based on audited balance sheets.					



	IV. Employee cost should be excluding arrears paid for pay hike/prior period adjustment /payment
	IV. Details of arrears, if any, pertaining to period prior to the year 2008-09 should be mentioned separately.
	V. No. of employees opting for VRS during each year should be indicated.
	VI. Details of abnormal expenses, if any, shall be furnished separately.



DETAILS OF OPERATION AND MAINTENANCE EXPENSES OF COMMUNICATION SYSTEM (OTHER THAN TELECOM OR OTHER BUSINESS)						
1 (To be filled for each of the Transmission Region)						
Name of the Company:						
Name of the Transmission Licensee						
						(Rs. In Lakhs)
Sr.No.	ITEM	2014-15	2015-16	2016-17	2017-18	2018-19
1	2	3	4	5	6	7
VII Break-up of staff welfare expenses should be furnished						
VIII Details of Consumptive Water requirement , contracted quantum and actual water consumed with source , rate etc. should be furnished year-wise for Thermal Power Stations						
IX. Details of capital spares consumed each year which were not claimed/allowed in the tariff should be furnished giving item wise unit price and quantity consumed.						



FORMAT FOR CLAIMING WAGE REVISION IMPACT
YEARWISE IMPACT OF REVISION IN SALARIES & WAGES PAID TO THE EMPLOYEES

Amount (Rs in lakh)

Component	2016-17			2017-18			2018-19		
	Pre Revised	Post Revision	Wage revision Impact	Pre Revised	Post Revision	Wage revision Impact	Pre Revised	Post Revision	Wage revision Impact
1.1 Basic Pay									
1.2 Dearness Allowance									
1.3 HRA									
1.4 Allowances & Perquisites									
1.5 PRP/Ex Gratia									
1.6 Productivity linked									
1.7 Expenditure on VRS									
2.1 Super Annuation Benefits (PF, Pension & PRMS)									
2.2 Gratuity									
2.3 Leave encashment (HPL/EL)									
Total									
Less: EDC									
Net employee cost									

Wage revision impact on Corporate Centre cost of Transmission Regions

Amount (Rs in lakh)

Component	2016-17			2017-18			2018-19		
	Pre Revised	Post Revision	Wage revision Impact	Pre Revised	Post Revision	Wage revision Impact	Pre Revised	Post Revision	Wage revision Impact
CC Expenses									
1.1 Basic Pay									
1.2 Dearness									
1.3 HRA									
1.4 Allowances & Perquisites									
1.5 PRP/Ex									
Total									

