

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 203/MP/2020

Coram:

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

Date of Order: 27.03.2023

In the matter of:

Petition under Regulations 54 and 55 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 for truing up of expenditure approved vide order dated 20.3.2017 in Petition No. 136/MP/2016 for years 2016-19 towards deployment of special security forces (CISF) at Salakati and Bongaigaon Sub-station in respect of Eastern and North Eastern Region.

And

In the matter of:

Power Grid Corporation of India Limited (PGCIL),
B-9, Qutab Institutional Area, Katwaria Sarai,
New Delhi

.....**Petitioner**

Vs

1. Bihar State Electricity Board (BSEB),
Vidyut Bhawan, Bailey Road Patna- 800 001
2. West Bengal State Electricity Board (WBSE),
Bidyut Bhawan, Bidhan Nagar
Block Dj, Sector-Ii, Salt Lake City Calcutta - 700 091
3. Grid Corporation Of Orissa Limited,
Shahid Nagar, Bhubaneswar -751 007
4. Damodar Valley Corporation (DVC),
DVC Tower, Maniktala
Civic Centre, VIP Road, Calcutta - 700 054



5. Power Department,
Government of Sikkim, Gangtok -737101
6. Jharkhand State Electricity Board (JSEB),
Engineering Bhawan Dhurwa, Ranchi-834 004
7. Assam State Electricity Board (ASEB),
Bijulee Bhawan, Paltan Bazar Guwahati - 781 001, Assam
8. Meghalaya Energy Corporation Limited,
(Formerly Meghalaya State Electricity Board)
Short Round Road Shillong – 793 001.
9. Government of Arunachal Pradesh,
Itanagar, Arunachal Pradesh
10. Power & Electricity Department,
Government. of Mizoram Mizoram,
Aizwal
11. Electricity Department,
Government of Manipur,
Keishampat, Imphal
12. Department of Power,
Government of Nagaland
Kohima, Nagaland
13. Department of Power,
Government of Tripura, Agartala
Tripura - 799 001

.....Respondents

For Petitioner : Shri Zafrul Hasan, PGCIL
Shri Ashish Alankar, PGCIL

For Respondents : None

ORDER

The instant petition has been filed by Power Grid Corporation of India Limited seeking reimbursement of additional expenditure incurred towards deployment of special security forces at Salakati and Bongaigaon Sub-Stations, located in the eastern



and north-eastern region, for the years 2016-19 after truing up of the expenditure approved in this regard vide order dated 20.3.2017 in Petition No 136/MP/2016 under Regulation 54 and Regulation 55 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”).

2. The Petitioner has made the following prayers in the instant petition:

- “i) Approve the actual abnormal expenditure (additional security expenditure) for the year 2016-17, 2017-18 and 2018 in respect of Eastern Region and North Eastern Region as per para-7.0 above.*
- ii) Approve reimbursement of Petition filing fee.*
- iii) And pass such other relief as Hon’ble Commission deems fit and appropriate under the circumstances of the case and in the interest of justice.”*

Background

3. The brief facts in the matter are as follows:

- a. The Salakati Sub-Station under Chukha Transmission System in North Eastern Region and Bongaigaon Sub-station under the Bongaigaon-New Siliguri transmission line (an inter-regional asset between Eastern Region and North Eastern Region) of the Petitioner are facing severe law and order problem since their inception and are under constant threat of militancy/ terrorism. The Central Industrial Security Force (CISF) is deployed in the Salakati and Bongaigaon Sub-stations for security of the assets and personnel. The expenditure incurred towards the deployment of the CISF was allowed by the Commission since 2004-2005.
- b. The details of the orders issued by the Commission reimbursing the additional expenditure on account of the deployment of the security forces in the said sub-stations is as follows:



Year	Eastern Region		North Eastern Region	
	Petition No.	Order Date	Petition No.	Order Date
2004-05	81/2006	27.10.2006	35/2006	25.9.2007
2005-06	81/2007	30.8.2007	151/2007	28.5.2008
2006-07	83/2008	10.12.2008	69/2008	28.7.2008
2007-08	22/2009	31.3.2009	160/2008	18.2.2009
2008-09	42/2010	18.6.2010	303/2009	29.1.2010
2009-10	308/2010	28.4.2011	312/2010	17.3.2011
2010-11	13/2012	07.3.2012	192/MP/2011	5.12.2011
2011-12	1/MP/2013	21.5.2013	1 /MP/20 13 & 9/RP/2013	21.5.2013 &10.9.2013
2012-13	75/MP/2014	20.6.2014	75/MP/2014	20.6.2014
2013-14	164/MP/2014	29.9.2014	164/MP /2014	29.9.2014
2014-15	177/MP/2015	27.8.2015	177/MP/2015	27.8.2015
2015-16	136/MP/2016	20.3.2017	136/MP/2016	20.3.2017

c. The Commission in order dated 27.8.2015 in Petition No.177/MP/2015 directed the Petitioner to file one consolidated petition for the period 2015-19 to avoid multiplicity of petitions. The relevant portion of the order dated 27.8.2015 is as follows:

“13. It is noted that the petitioner is filing the petition for reimbursement of additional expenditure towards deployment of special security force (CISF) every year. To avoid multiplicity of the petitions, we direct the petitioner to file one consolidated petition for the purpose of reimbursement of additional expenditure incurred on deployment of special security forces for the period 2015-16 to 2018-19.”

d. Accordingly, the Petitioner filed Petition No.136/MP/2016 claiming additional expenditure towards deployment of CISF at Salakati and Bongaigaon Sub-stations for 2015-19 period. The Commission vide order dated 20.3.2017 approved the actual expenses incurred by the Petitioner in 2015-16 and allowed 85% of the projected additional expenditure in 2016-19 subject to truing up. The relevant portion of the order dated 31.5.2017 is as follows:

“11. In exercise of power under Regulation 54 of the 2014 Tariff Regulations, we allow the expenses on CISF incurred by the petitioner in relaxation of Regulation 29 (3) of the 2014 Tariff Regulations and direct that the expenses for the year 2015-16 as claimed by the petitioner shall be reimbursed by the respondents. With regard to expenses to be incurred for the years 2016-17, 2017-18 and 2018-19,



we allow 85% of the projected additional expenditure to be incurred by the petitioner subject to truing up.”

e. The Petitioner has filed the instant petition for truing up and reimbursement of the additional expenditure approved by the Commission vide order dated 20.3.2017 in Petition No.136/MP/2016.

4. The Petitioner has made the following submissions in this regard:

a) The transmission systems of the Petitioner are spread all over the country. Number of transmission systems such as Dulhusti, Uri, Salal, Kathalguri, Chukha, Ranganadi, etc., traverse through inhospitable terrain and are susceptible to insurgencies and sabotage.

b) Both the sub-stations come under the Kokrajhar district which, together with Chirang, Baksa and Udalguri districts, come under Bodoland Territorial Administrated Districts with its council secretariat located at Kokrajhar town. The sub-stations are isolated with the road distance of about 3 km between them. The Salakati and Bongaigaon Sub-stations are having separate colony with residential quarters for employees and security personnel. Since its construction phase, the Petitioner has been receiving various threats from militant outfits because of which the CISF has been deployed in the sub-stations for security of the personnel and assets and to ensure un-interrupted power-flow. Since the security situation did not improve during the 2016-19, the deployment continued for the said duration. At present, the total strength of CISF in Bongaigaon & Salakati Sub-station is 90-98.



c) The O&M norms applicable for 2014-19 period specified in the 2014 Tariff Regulations have been derived based on the actual O&M Expenses during the period 2008-09 to 2012-13. However, the additional expenses on account of deployment of the CISF have not been considered while deriving the O&M norms for 2014-19 tariff period. Further, there is no provision for claiming of such abnormal O&M expenses separately by way of petition in the 2014 Tariff Regulations. However, Regulations 54 and 55 of the 2014 tariff regulations give power to the Commission to relax or remove difficulties in giving effect to the provisions of 2014 Tariff Regulations. The O&M Expenses towards deployment of CISF may be allowed under Regulations 54 and 55 of the 2014 Tariff Regulations.

d) The Petitioner filed the Petition No. 136/MP/2016 claiming the following additional expenditure towards deployment of the CISF in the Salakati and Bongaigaon Sub-stations during 2015-19 tariff period as per the directions of the Commission in order dated 27.8.2015 in Petition No.177/MP/2015.

		(₹ in lakh)							
S. No.	Description	2015-16		2016-17		2017-18		2018-19	
		Bongaigaon	Salakati	Bongaigaon	Salakati	Bongaigaon	Salakati	Bongaigaon	Salakati
1	Salary	295.48	295.48	369.35	369.35	403.63	403.63	441.08	441.08
2	Medical	1.89	2.54	2.36	3.18	2.58	3.48	2.82	3.80
3	Other Expenses	14.78	2.14	18.48	2.68	20.19	2.93	22.06	3.20
4	Vehicle Hiring	0.09	0.00	0.11	0.00	0.12	0.00	0.13	0.00
	Total	312.24	300.16	390.30	375.20	426.52	410.04	466.10	448.08

e) The Commission, vide order dated 20.3.2017, in Petition No.136/MP/2016 allowed the reimbursement of actual additional expenditure towards



deployment of CISF for the period 2015-16. Further, 85% of projected additional expenditure towards deployment of CISF in the Salakati and Bongaigaon Sub-stations in 2016-17, 2017-18 and 2018-19 was allowed subject to true up.

- f) The Petitioner has claimed the following actual additional expenditure on account of the deployment of the CISF in Bongaigaon & Salakati Sub-stations during the years 2016-17, 2017-18 and 2018-19. The Petitioner has also submitted the Statement of Account issued by the Auditor in support of its claim.

(₹ in lakh)

S.No.	Description	2016-17		2017-18		2018-19	
		Bongaigaon	Salakati	Bongaigaon	Salakati	Bongaigaon	Salakati
1	Salary	316.55	474.23	324.52	530.09	391.66	587.49
2	Other Expenses	6.36	8.05	5.92	8.12	5.56	8.4
	Total	322.91	482.28	330.44	538.21	397.22	595.89

- g) However, the Commission, in order dated 22.2.2005 in Petition No 83/2004, had directed that the “salary” component of the abnormal security for Bongaigaon and Salakati Sub-stations be distributed in the ratio of 50:50.
- h) As per the directions of the Commission in the order dated 22.2.2005, the actual expenditure on account of the deployment of the CISF in Bongaigaon & Salakati Sub-stations during the years 2016-17, 2017-18 and 2018-19 after reapportioning the salary component in the 50:50 ratio works out to be as follows:

(₹ in lakh)

S. No.	Description	2016-17		2017-18		2018-19	
		Bongaigaon	Salakati	Bongaigaon	Salakati	Bongaigaon	Salakati
1	Salary	395.39	395.39	427.31	427.31	489.58	489.58



2	Other Expenses	6.36	8.05	5.92	8.12	5.56	8.4
	Total	401.75	403.44	433.23	435.43	495.14	497.98

- i) The Commission may approve the reimbursement of the actual expenditure on account of deployment of the CISF in Salakati and Bongaigaon Sub-stations during the years 2016-17, 2017-18 and 2018-19 in the instant petition by truing up the expenditure approved vide order dated 20.3.2017 in Petition No.136/MP/2016.

5. During the hearing on 6.3.2023, the representative of the Petitioner reiterated the submissions made in the petition and requested to allow the additional expenditure incurred as claimed by the Petitioner towards deployment of the CISF in Salakati and Bongaigaon Sub-stations, which is not covered in the O&M norms specified for the 2014-19 tariff period in the 2014 Tariff Regulations, under Regulations 54 and 55 of the 2014 Tariff Regulations. Vakalatnama has been filed on behalf of Jharkhand Urja Vikas Nigam Limited however, no reply has been filed by it. None of the Respondents made appearance despite notice and have not filed any reply in the matter.

Analysis and Decision:

6. We have considered the submissions made by the Petitioner. The Petitioner has prayed for approval of the actual additional expenditure towards deployment of the CISF in Salakati and Bongaigaon Sub-stations during 2016-17, 2017-18 and 2018-19 under Regulations 54 and 55 of the 2014 Tariff Regulations, by truing up the expenditure approved vide order dated 20.3.2017 in Petition No. 136/MP/2016.



7. The Petitioner has submitted that Salakati and Bongaigaon Sub-stations are receiving security threats from the militant outfits and therefore, CISF has been deployed to accord greater security to subject assets and personnel deployed at sub-stations/lines and to ensure un-interrupted power-flow. The Petitioner has also submitted that the security situation in the sub-stations has not improved during 2016-19 and are under the constant threat of militancy during this period and hence deployment of security personnel continued. According to the Petitioner, at present, the total strength of CISF in Bongaigaon & Salakati Sub-stations are 90-98 against the sanctioned strength of 103 personnel. The Petitioner has submitted corroborative evidence in the form of newspaper clippings and correspondences with the security agencies to substantiate its claim regarding the prevailing law and order situation.

8. Taking into consideration the general law and order situation in the region especially the area around the Bongaigaon & Salakati Sub-stations, the Commission, in order dated 20.3.2017 in Petition No.136/MP/2016, came to the conclusion that it is necessary to continue with the deployment of additional security forces to ensure the safety and security of its personnel and the transmission assets. The Commission further observed that the abnormal security expenses towards deployment of the security forces was not considered while specifying the O&M norms in the 2014 Tariff Regulations and has to be considered on a case to case basis and accordingly approved the reimbursement of 85% of the projected additional expenses towards deployment of the CISF during 2016-19, subject to truing up, by relaxing Regulation 29 in exercise of the



power to relax under Regulation 54 of the 2014 Tariff Regulations. The relevant portion of the order dated 20.3.2017 is as follows:

“10. We have considered the submissions made. While laying down norms for O & M expenses in the 2014 Tariff Regulations, abnormal security expenses were excluded on the understanding that such expenses could be considered on case-to-case basis. In view of the general law and order situation prevailing in the North-eastern Region, security personnel from CISF have been deployed in the Salakati and Bongaigaon sub-stations since 2001 as preventive measures to ensure safety and security of its personnel and property, facilitating maintenance of continuous supply of electricity in the region. As against the sanctioned strength of 103 personnel, actual of PGCIL deployment varies 83 to 103 every year. Since, the expenditure on deployment of CISF personnel have not been included in the O & M expenses, we are of the view that the petitioner needs to be reimbursed such expenses towards deployment of CISF Personnel.

11. In exercise of power under Regulation 54 of the 2014 Tariff Regulations, we allow the expenses on CISF incurred by the petitioner in relaxation of Regulation 29 (3) of the 2014 Tariff Regulations and direct that the expenses for the year 2015-16 as claimed by the petitioner shall be reimbursed by the respondents. With regard to expenses to be incurred for the years 2016-17, 2017-18 and 2018-19, we allow 85% of the projected additional expenditure to be incurred by the petitioner subject to truing up.”

9. The Petitioner has submitted that the following the following additional expenditure was incurred on account of the deployment of the CISF in Bongaigaon & Salakati Sub-stations during the years 2016-17, 2017-18 and 2018-19:

(₹ in lakh)

S.No.	Description	2016-17		2017-18		2018-19	
		Bongaigaon	Salakati	Bongaigaon	Salakati	Bongaigaon	Salakati
1	Salary	316.55	474.23	324.52	530.09	391.66	587.49
2	Other Expenses	6.36	8.05	5.92	8.12	5.56	8.4
	Total	322.91	482.28	330.44	538.21	397.22	595.89

10. The Petitioner has also submitted the audited statement of account, dated 18.10.2019, in support of its claim.

11. The Petitioner has submitted further that the Commission, in its order dated 22.2.2005 in Petition No 83/2004, while approving abnormal O&M expenses for additional security for



the year 2003-04 in Eastern Region, had directed that the “salary” component of the security for Bongaigaon and Salakati Sub-Stations be distributed in the ratio of 50:50. The relevant portion of the order dated 22.2.2005 in Petition No 83/2004 is as follows:

“15. The justification furnished by the petitioner for booking higher percentage (60%) of the expenses under the head "salary" against Salakati sub-station is not convincing. The two sub-stations are geographically in close proximity and, therefore, the level of security requirement at these two sub-stations cannot be markedly different. The decision regarding locating office, store and township at any of the places might have been taken based on administrative convenience but this cannot be accepted as valid argument for booking higher expenses at the location concerned. In our opinion, the “salary” should be apportioned in the ratio of 50:50. This issue was not considered in Petition No. 83/2003 where the abnormal security expenses as claimed by the petitioner were allowed by the Commission. However, now that issue has been raised, it is fair to redistribute "salary" component of abnormal security expenses for 2003-04 in the ratio of 50:50”

12. The Petitioner has claimed the actual expenditure on account of the deployment of the CISF in Bongaigaon & Salakati Sub-stations during the years 2016-17, 2017-18 and 2018-19 after reapportioning the salary component in the 50:50 as per the directions of the Commission in the order dated 22.2.2005 and it is as follows:

(₹ in lakh)

S. No.	Description	2016-17		2017-18		2018-19	
		Bongaigaon	Salakati	Bongaigaon	Salakati	Bongaigaon	Salakati
1	Salary	395.39	395.39	427.31	427.31	489.58	489.58
2	Other Expenses	6.36	8.05	5.92	8.12	5.56	8.4
	Total	401.75	403.44	433.23	435.43	495.14	497.98

13. We have gone through the submissions. After taking into consideration the copies of the documents, wherein the security situation of the area around the Bongaigaon & Salakati Sub-stations has been elaborated, the extracts of various correspondences highlighting the prevailing law and order situation during 2016-19, we are of the view that the Petitioner is required to continue with the deployment of the CISF in Bongaigaon &



Salakati Sub-stations to ensure safety and security of its personnel and property and maintenance of continuous supply of electricity in the region.

14. In view of the observations and findings of the Commission in order dated 20.3.2017 in Petition No.136/MP/2016 and the prevailing law and order situation in Bongaigaon & Salakati Sub-stations, we true up the expenses approved vide order dated 20.3.2017 towards deployment of CISF in Bongaigaon & Salakati Sub-stations in exercise of the power conferred under Regulation 54 of the 2014 Tariff Regulations by relaxing Regulation 29 of the 2014 Tariff Regulations and direct that the additional expenses during the year 2016-19 shall be reimbursed by the Respondents.

15. We also direct that the security expenses with regard to Bongaigaon & Salakati Sub-stations shall be shared in accordance with the provisions of the Central Electricity Regulatory Commission (Sharing of inter-state Transmission Charges and Losses) Regulations 2010 as provided in Regulation 43 of the 2014 Tariff Regulations.

16. It is observed that the Petitioner has sought reimbursement of the filing fee paid by it. The Commission in order dated 11.1.2009 in Petition No. 109/2009 has already held that filing fee will be reimbursed only in case of tariff petitions and will not be reimbursable in case of Miscellaneous Petitions. Further, the Commission's regulations also do not provide for reimbursement of the filing fee in case of Miscellaneous Petitions. The relevant portion of the order dated 11.1.2009 is extracted hereunder:

“85. The Commission after careful consideration has decided that filing fee will be reimbursed in the following cases:

(a) Main petitions for determination of tariff;

(b) Petitions for revisions of tariff due to additional capital expenditure;



(c) Petitions for truing up of expenditure.

Filing fees paid for filing the Review Petitions, Interlocutory Applications and other Miscellaneous Applications will not be reimbursed in tariff. The Commission has decided to reimburse the expenses on publication of notices as such expenses are incurred to meet the statutory requirement of transparency in the process of determination of tariff."

17. Since this petition is a Miscellaneous Petition, reimbursement of filing fee paid by the Petitioner is not allowed.

18. To summarise, the details of the trued-up additional expenses approved towards deployment of CISF in Bongaigaon & Salakati Sub-stations in the instant order are as follows:

(₹ in lakh)

Particulars	2016-17		2017-18		2018-19	
	Bongaigaon	Salakati	Bongaigaon	Salakati	Bongaigaon	Salakati
Trued up additional expenses approved in the instant order						
	401.75	403.44	433.23	435.43	495.14	497.98

19. Petition No. 203/MP/2020 is disposed of in the light of the above discussions and findings.

sd/-
(P.K. Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(I. S. Jha)
Member

