

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. **Dr. Pramod Deo, Chairperson**
2. **Shri Bhanu Bhushan, Member**

Petition No. 69/2008

In the matter of

Reimbursement of additional expenditure towards deployment of Special Security Forces (CISF) at Bongaigaon sub-station and Tripura State Rifles (TSR) for transmission line patrolling for the year 2006-2007 in North-eastern Region.

And in the matter of

Power Grid Corporation of India Ltd., Gurgaon **Petitioner**

Vs

1. Assam State Electricity Board, Guwahati
2. Meghalaya State Electricity Board, Shillong
3. Government of Arunachal Pradesh, Itanagar
4. Power and Electricity Department, Govt. of Mizoram, Aizwal
5. Electricity Department, Govt. of Manipur, Imphal
6. Department of Power, Govt. of Nagaland , Kohima
7. Department of Power, Govt. of Tripura, Agartala **Respondents**

The following were present:

1. Shri U.K. Tyagi, PGCIL
2. Shri C.Kannan, PGCIL
3. Shri M.M. Mondal, CM (Fin), PGCIL
4. Shri S.S.Raju, PGCIL

**ORDER
(DATE OF HEARING: 24.7.2008)**

The petitioner has filed this petition seeking reimbursement of additional expenditure incurred towards deployment of special security forces at Bongaigaon sub-station in the State of Assam and for line patrolling in the State of Tripura for the year 2006-07.

2. The petitioner has based its claim on Regulations 12 and 13 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 (the regulations) which empower the Commission to make appropriate provisions for removing difficulties and to relax the provisions thereof in appropriate cases.

3. It has been stated that the security situation in North-Eastern Region has remained precarious for some time. The petitioner is stated to have reviewed the situation when it observed that security scenario during 2006-07 had not improved and was same as during the previous years. Therefore, the petitioner felt the need for continuing deployment of CISF at Bongaigaon sub-station and the Tripura State Rifles for line patrolling during 2006-07, to accord greater security to the petitioner's assets, personnel deployed at sub-stations/ transmission lines and to ensure uninterrupted power flow to the respondents.

4. The petitioner has stated to have incurred an expenditure of Rs. 82.56 lakh on account of deployment of CISF personnel at Bongaigaon sub-station forming part of Malda- Bongaigaon transmission line, an inter-regional asset and Rs. 53 thousand on patrolling of personnel of the Tripura State Rifles. Accordingly, the petitioner has claimed reimbursement of the following expenditure on account of the personnel deployed on special security, as abnormal O & M expenses:

S.No.	Sub-station	Expenditure
1.	Additional security expenditure towards deployment of security forces (TSR) for transmission line patrolling in Tripura	Rs.0.53 lakh

2.	Bongaigaon sub-station	Rs. 41.28 lakh (50% of the total expenses of Rs. 82.56 lakh)
----	------------------------	--------------------------------------------------------------

5. The claim for the amount of Rs. 41.28 lakh for Bongaigaon sub-station has been worked out by re-apportioning the total expenses between Eastern and North-Eastern Regions in the ratio of 50:50. The claims of the petitioner are supported by the auditor's certificate dated 29.2.2008.

6. The details of expenditure after considering distribution of salary component of abnormal security personnel deployed at Bongaigaon sub-station and the Tripura State Rifles for line patrolling are as indicated below:

(Rs in lakh)		
Particulars	Bongaigaon sub-station	TSR Patrolling
Salary	76.92	0.51
Medical	1.00	-
Other Expenses	2.05	-
Vehicle Hiring Charges	2.59	0.02
	82.56	
Total	50% = 41.28	0.53

7. The petitioner has listed certain instances of kidnapping, attack and killing to highlight difficult security scenario in the region. The petitioner has submitted copies of the newspaper reports and correspondence with the security agencies in support of its claims about the prevailing law and order situation. The petitioner has further supported its claims based on the Commission's order dated 25.9.2007 in Petition No. 35/2006 whereby reimbursement of additional security expenses for the year 2004-05 was approved.

8. The petition was heard after notice. None was present on behalf of the respondents.

9. Reply has been filed by the respondent, Assam State Electricity Board (ASEB). ASEB has stated that the petitioner has sought recovery up to 31.3.2007. During this period, UCPTT was in vogue and generation at the central generating stations has improved. ASEB had further submitted that extremist problem is diminishing. It has pointed out that the security expenses at Bongaigaon sub-station were on higher side. ASEB felt that deployment of security forces at Bongaigaon sub-station should be need based.

10. The petitioner has clarified that the tariff in the form of UCPTT @ 35 paise/kWh does not include the component of abnormal security expenditure and included only the normal O& M expenditure component. The petitioner has relied upon the Commission's order dated 26.5.2005 in Petition No. 22/2005 wherein it was observed that :

“any additional/abnormal expenditure which was not in contemplation when UCPTT rate of 35 paise/kwh was decided in 1998, shall have to be paid additionally.”

11. The petitioner has further submitted that based on the threat perception, security personnel were deployed at Bongaigaon sub-station round-the-clock like in past years. Therefore, the cost of deployment of security at Bongaigaon sub-station is much more than the cost associated with Kumarghat sub-station, since TSR was deployed for transmission line patrolling on selective basis.

12. The Commission vide its order dated 25.9.2007 *ibid* held under:

“On consideration of the facts placed on record by the petitioner, the petitioner was required to make special arrangements to ensure safety and security of its personnel and property. The incidents narrated by the petitioner in support of its claim justify deployment of additional forces. The expenses were essential and unavoidable. In the absence of necessary security arrangements, any untoward incident could have resulted in disruption of power supply in the region, depriving the consumers, railways and other industry in region of electricity. The loss on account of such deprivation could prove disastrous. Therefore, we are satisfied that the respondents are the ultimate beneficiary of the special security arrangement made by the petition, and they should reimburse the expenditure incurred.”

13. The petitioner has sought approval for reimbursement of expenses under power to relax so it can be allowed the way it was allowed for 2005-06. The deployment of security forces is to accord greater security to petitioner's assets and personnel deployed at the sub-stations and transmission lines, and to extend uninterrupted power supply to the beneficiaries. Any decision for further deployment is to be taken keeping these factors into consideration.

14. On consideration of the facts available on record, and taking cognizance of the general law and order situation in the North-Eastern Region, we are satisfied that the petitioner was required to make special arrangements to ensure safety and security of its personnel and property. The incidents narrated by the petitioner in support of its claim justify deployment of additional forces. The expenses were essential and unavoidable. In the absence of necessary security arrangements, any untoward incident could have resulted in disruption of power supply in the region, depriving the consumers, railways and other industry in region of electricity. The loss on account of such deprivation could prove

disastrous, and far more than the expenditure incurred on making special security arrangements and being claimed. Therefore, we are satisfied that the respondents, as the ultimate beneficiary of the special security arrangement made by the petitioner should reimburse the expenditure incurred.

15. Accordingly, we, in exercise of our powers under Regulation 13 of the regulations direct that the entire additional security expenses incurred are to be reimbursed by the respondents. The expenses for patrolling of the transmission lines linked with Kumarghat sub-station as claimed by the petitioner shall be borne by the beneficiaries of the North-Eastern Region. As regards Bongaigaon sub-station, it is noted that it forms part of the Kathalguri Transmission System, which includes Malda-Bongaigaon transmission line, an inter-regional asset between Eastern and North-Eastern Regions. The Commission in its order dated 26.5.2005 in Petition No. 22/2005 which related to reimbursement of abnormal expenses by the beneficiaries in Eastern Region for the year 2003-04 has decided that only 50% of the additional security expenses apportioned to Bongaigaon sub-station are to be borne by the beneficiaries in Eastern Region, and the remaining 50% of the expenses need to be reimbursed by the beneficiaries in North-Eastern Region. Therefore, the respondents as the beneficiaries in the North-Eastern region are liable to pay Rs. 41.28 lakh only (50% of the abnormal security expenses of Rs. 82.56 lakh) for Bongaigaon sub-station. The charges to be borne by the beneficiaries in the North-Eastern Region for the year 2006-07 are accordingly summarized below:

S.No.	Sub-station	Expenditure
1.	Additional security expenditure towards deployment of security forces (TSR) for transmission line patrolling in Tripura.	Rs. 0.53 lakh

2.	Bongaigaon sub-station.	Rs. 41.28 lakh (50% of the total expenses of Rs. 82.56 lakh)
----	-------------------------	--------------------------------------------------------------

16. The additional security expenses for the year 2006-07 shall be shared by the constituents of the North-Eastern Region in proportion to the transmission charges shared by them for the petitioner's transmission system in North-Eastern Region for that year.

17. With this order, the present petition stands disposed of.

Sd/-
(BHANU BHUSHAN)
MEMBER
New Delhi dated the 28th July 2008

sd/-
(DR.PRAMOD DEO)
MEMBER