



Bhakra Beas
Nation's Pride



मुख्य अभियंता / प्रणाली प्रचालन

भाखड़ा ब्यास प्रबन्ध बोर्ड

Chief Engineer/System Operation

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प्रेषक

मुख्य अभियंता / प्रणाली प्रचालन

प्रेषित

सचिव

Speed ✓

केंद्रीय विद्युत नियामक आयोग,

3rd and 4th मंजिल, चंद्रलोक बिल्डिंग, 36, जनपथ,

नई दिल्ली -110 001

क्रमांक 667-68बीएमसी 202

दिनांक 25-01-2019

विषय: ड्राफ्ट सेंट्रल इलेक्ट्रिसिटी रेगुलेटरी कमीशन (टैरिफ के नियम और शर्तें) विनियम, 2019 पर टिप्पणी और सुझाव

इस कार्यालय के पत्र संख्या 84 बीएमसी 202 दिनांक 04.01.19 की निरंतरता में, ड्राफ्ट सेंट्रल इलेक्ट्रिसिटी रेगुलेटरी कमीशन (टैरिफ के नियम और शर्तें) विनियम, 2019, टैरिफ अवधि 1.4.2019 से 31.3.2024 पर इस कार्यालय के टिप्पणी/सुझाव संलग्न है जी।

संलग्न/यथोक्त (3Copies)

मुख्य अभियंता/ प्रणाली प्रचालन

प्रतिलिपि: विशेष सचिव, बीबीएमबी, चण्डीगढ़।

Draft CERC Terms and Conditions of Tariff, Regulations 2019 for the period 2019-24 - Comments of BBMB.

Central Electricity Regulatory Commission has notified "Draft CERC Terms and Conditions of Tariff, Regulations 2019" for the period 2019-24. Following provisions have been made in the Regulations:

Clause 35 (1) Provided that Operation and maintenance of generating station and the transmission system of Bhakra Beas Management Board (BBMB) and Sardar Sarovar Project(SSP) shall be determined after taking into account provisions of the Punjab Reorganization Act, 1996 and Narmada Water Scheme, 1980 under Section 6-A of the Inter-State Water Disputes Act, 1956 respectively.

Clause 83 The tariff of generating station and the transmission system of Bhakra Beas Management Board (BBMB) and Sardar Sarovar Project(SSP) shall be determined after taking into consideration, the provisions of the Punjab Reorganization Act, 1996 and Narmada Water Scheme, 1980 under Section 6-A of the Inter-State Water Disputes Act, 1956, respectively.

In view of the above the comments of BBMB are as under:

Constitution of BBMB

BBMB is a statutory body constituted under the provisions of the Punjab Reorganisation Act 1966, for the administration, maintenance and operation of the Bhakra Nangal Project and Beas Projects on the reorganisation of the erstwhile State of Punjab on 1.11.1966. The status of generation and transmission assets of above projects, their ownership, interest of the participating States, role of BBMB in managing the above assets, ownership in the units of electricity generated and all matters connected therewith are statutorily provided for under Sections 78 to 80 of the Punjab Reorganisation Act 1966.

Section 79 (5) & 80 (1) of the Punjab Re-Organization Act 1966 are reproduced hereunder:

Section 79(5) The Governments of the successor States and of Rajasthan shall at all times provide the necessary funds to the Bhakra Management Board to meet all expenses (including the salaries and allowances of the staff) required for the discharge of its functions and such amounts shall be apportioned among the successor States, the State of Rajasthan and Electricity Boards of the said States in such proportion as the Central Government may, having regard to the benefits to each of the said States or Boards, specify.

Section 80(1) Notwithstanding anything contained in this Act or in any other law, the construction (including the completion of any work already commenced) of Beas Project shall, on and from the appointed day, be undertaken by the Central Government on behalf of the successor States and the State of Rajasthan.

Provided that the Governments of the successor States and the State of Rajasthan shall at all times provide the necessary funds to the Central Government for the expenditure on the project (including the expenses of the Board) and such amounts shall be apportioned among the successor States and the State of Rajasthan in such proportion as may be fixed by the Central Government after consultation with the Governments of the said States.

In addition to above **Section 95 of Punjab Re-Organization Act** specifies that "The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law" which implies that **Punjab Re-Organization Act overrides all the other subsequent Acts.**

In view of the above it is submitted as under:

- 1) As per the provisions of the Punjab Reorganisation Act 1966, the administration, maintenance and operation of the Bhakra Nangal Project and Beas Projects are being undertaken by BBMB. BBMB does not own any of the assets of Bhakra Nangal Project or the Beas Project. These assets at all times from the beginning are owned by the beneficiary States.
- 2) There is no capital investment in the books of BBMB in any of these assets. The capital assets were created by the beneficiary States and have been given under the possession and control of BBMB only for the purpose of

operation and maintenance. All expenses of operation and maintenance are met by the beneficiary States. Further any additional capitalisation required for the Projects including any renovation and modernisation scheme and other up-gradation scheme are also funded by the beneficiary States.

- 3) There is no profit loss account statement or balance sheet of BBMB. Further BBMB cannot raise any debt from the market and additional equity has to be invested by the partner states.
- 4) The electricity generated by BBMB is apportioned to the participating States in a fixed proportion as directed by the Central Government.
- 5) BBMB has been supplying very small quantum of power to certain consumers such as National Fertilizers Limited Nangal, Rajasthan (for Rajasthan Fertilizer Factory), Union Territory of Chandigarh and old Himachal Pradesh out of the common pool based on the directions of the Govt. of India/ statutory obligations in Bhakra Nangal Agreement and decision of BBMB board represented by participating states and Central Govt..It is pertinent to mention here that Revenue derived from these common pool consumers is passed on to the participating States in proportion to their shares in BBMB Projects.
- 6) **Section 79 (5) & 80 of the Punjab Re-Organization Act 1966** specified that the Governments of the successor States and of Rajasthan shall at all times provide the necessary funds to BBMB to meet all expenses required for the discharge of its functions as well as the methodology for apportionment of such expenses among the successor States and the State of Rajasthan. **Accordingly all the expenditure incurred by BBMB is financed by the partner states/power utilities of the partner states till date.**
- 7) It is further submitted that even if the tariff determined by the Hon'ble Commission in regard to the generating stations and transmission assets is more than the actual Expenditure, BBMB will not be entitled to receive the differential amount from the beneficiary States and appropriate the same as its income. Similarly, even in circumstances where BBMB is required to make

any expenditure in addition to those specified in the Tariff Regulations, 2019, such expenditure are to be contributed by the owners, namely, the beneficiary States.

- 8) In view of the above tariff determination of BBMB generating stations and transmission system is **not required**. It is therefore requested to make suitable provisions in the Tariff Regulations, 2019 to dispense BBMB from filing the tariff petitions for its Generating Stations and Transmission System and allow BBMB to continue with the existing methodology of sharing all expenses incurred by BBMB by the partner states as per the provisions of **Punjab Reorganisation Act**.

OR

Alternatively

In view of the peculiar structure of BBMB projects as brought out above , Hon'ble Commission may consider special dispensation for BBMB from filing/submitting Tariff forms required to be submitted by other central generating and transmission companies and make special provisions in the Tariff Regulations, 2019 accordingly. Further BBMB may be allowed to continue with the existing methodology of sharing all expenses incurred by BBMB by the partner states as per the provisions of **Punjab Reorganisation Act**.