MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION BHOPAL

Sub: In the matter of revision of O &M Norms for control period FY 2007 to FY 2009 and revision of Terminal Benefit provisions.

ORDER

(Passed on this day 3rd January 2008)

M.P. Power Transmission Co. Ltd. (MPPTCL) Shakti Bhwan, Vidyut Nagar, Rampur, Jabalpur Petitioner

V/s.

M. P. Paschim Kshetra Vidyut Vitaran Co. Ltd., Indore - Respondent No. 1
M.P. Madhya Kshetra Vidyut Vitaran Co. Ltd., Bhopal - Respondent No. 2
M.P. Poorva Kshetra Vidyut Vitaran Co. Ltd., Jabalpur - Respondent No. 3
M.P. Audhogik Kendra Vikas Nigam, (MPAKVN) Indore - Respondent No. 4

Shri D.P. Saxena Consultant Shri S. K. Nagesh, Jt. Secy. (MPPTCL), Shri Sudhir Agrawal, J.D. (Finance) and Shri D. Chakrabarty, EE (CRA Cell) have appeared on behalf of the Petitioner.

Shri D.K. Ojha, S.E. (Comm.) has appeared on behalf of the M.P. Paschim KVVCI. Indore

Shri A.V. Verma, ASE has appeared on behalf of the MP Madhya KVVCL Bhopal

Shri P.K. Jain, AEE has appeared on behalf of the MPPKVCL Jabalpur

Shri B.L. Jaiswal, EE has appeared on behalf of the MP Audyogik Kendra Vikas Nigam

2. M.P. Power Transmission Company Ltd, (MPPTCL) filed this application before the Commission for consideration of revision in O&M norms and provision of Terminal benefit as ordered by the Commission in its Transmission Tariff Order for FY 07 to FY 09. The petitioner had submitted to the Commission that due to revision in the wages of the employees and in the pension, the petitioner's O&M expenses have increased enormously. The petitioner had further submitted that in the norms set by the Commission for determination of transmission tariff for FY 07 to FY 09, the Commission had taken the data for the years from 2001 to 2005. The wage revision for employees and pension revision for pensioners had been declared on a later date. This has resulted into considerable increase in the petitioner's expenditure particularly under the head of Employee expenses and Terminal Benefit Expenses.

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The case was last heard on 30/10/2007, wherein the respondents requested the Commission
to allow them four weeks' time to file their submissions. The Commission had accepted the
request. The next hearing in the subject case was scheduled on 03/01/2008.

3. During the course of hearing today i.e on 03/01/2008, all the four respondents have submitted their representations. MP Paschim KVVCL has submitted that the expenditure on the employee expenses may be considered on first priority and the revision in the O&M norms as requested by the petitioner may be accepted in such a way that the actual expenditure on the employee cost should be in the limit of +/- 5% of the projections. Madhya KVVCL and MP Poorv KVVCL have submitted that the upward revision in the existing norms may be considered only if it leads to better efficiency and for the inefficient performance of the Transmission Company, the Distribution Companies may be compensated accordingly. MPAKVN has submitted that the petitioner's proposal may not be considered as the Transmission Charges as fixed by the Commission on per MW basis are on higher side when compared to the PGCIL charges. Further, the intermittent variation in the transmission tariff may adversely increase the cost of power which ultimately will have an effect on SEZ industries as well.

4. The Commission heard the petitioner and the respondents. The Commission states that the norms for the determination of the Transmission Tariff have been fixed by Commission through notification of the regulation namely MPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2005. The Commission has further stated that the said regulation has the provision for the true up on the basis of the uncontrollable variations. Clause 1.25 of the said regulations stipulates as under:

" -------A review shall be undertaken by the Commission to scrutinise and true up the data and to accommodate any uncontrollable variations.------

In view of this the Commission is of the opinion that the Commission will certainly consider the variation in the norms on the basis of the audited statements of the accounts and the uncontrollable factors, whatever may be, when the true-up petition is filed before the Commission. For the present case, the Commission is not considering the revision in the O&M norms as requested by the petitioner.

With the above direction the Commission decides to close the Case.

(R.Natarajan)

(Member (Econ.)

(D. Roy Bardhan) Member (Engg.)

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