

**Notified on 30/04/2010**

Bhopal, 16<sup>th</sup> April, 2010

No. 950/MPERC/2010. In exercise of powers conferred by Section 181 (2) (h) and 181(2) (zd) read with Section 36 and 61 of the Electricity Act, 2003 (No. 36 of 2003), the Madhya Pradesh Electricity Regulatory Commission hereby makes the following amendment in MPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2009 notified on 08.05.2009 :

**FIRST AMENDMENT TO MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS FOR DETERMINATION OF TRANSMISSION TARIFF) REGULATIONS, 2009**

Short title and commencement: 1.1 These Regulations shall be called “**Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2009 (First Amendment) {ARG-28 (I)(i) of 2010}**”.

1.2 These Regulations shall extend to the whole of the State of Madhya Pradesh.

1.3 These Regulations shall come in force with immediate effect from the date of their publication in the Official Gazette of the Government of Madhya Pradesh.

**2. Amendment to Clause 27 of the Regulation:**

In the **Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2009**, the following shall be substituted in Clause 27.6, namely:-

“ 27.6 As per the Commission’s view, the funds needed for pension contribution of existing employees i.e. current liability for each Year alone should be allowed in the employee cost of the M.P. Power Transmission Company Ltd.; M.P. Power Generating Company Ltd. and the three Distribution Companies. The Commission, in the intervening period, has been allowing expenses towards actual pension payment and other terminal benefits like gratuity as a pass through in the ARR. With the rapid increase in terminal benefit expenses, its impact on retail tariff is progressively going up. This arrangement of allowing actual expenses in ARR is becoming unsustainable and will have to be discontinued in near future. In view of the above, following action need be taken in the matter of unfunded pension liabilities and terminal benefits of employees :-

- (a) An actuarial analysis for determining pension liability of pensioners as also for service already rendered by existing employees on one hand and current provision needed for each fiscal year commencing from FY 2010-11 for serving employees on the other hand, be got conducted for each Year for each Company and findings be reported to the Commission by 28<sup>th</sup> February, 2010. The M.P. Power Transmission Company Ltd. shall act as a nodal agency for this activity.
- (b) The scheme for funding this unfunded liability is finalized and terms for operating Terminal Benefit Trust Fund are set by State Government by 30<sup>th</sup> April, 2010. The scheme so finalized be such that it ensures that the burden of past unfunded

liability does not become a charge eventually on retail Tariff only and that the scheme is fair to all the stakeholders.

- (c) Since actions as in (a) and (b) above will take time, the existing arrangement of allowing expenses for terminal benefits in ARR of MP Power Transmission Company Ltd. shall continue on actual payment basis upto FY 2010-11 to the Transmission Licensee.

**By order of the Commission**

**Commission Secretary**