

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
New Delhi**

**Petition No. 728/MP/2020**

|                        |   |   |
|------------------------|---|---|
| <b>Subject</b>         | : | Miscellaneous petition under Regulation-24, 111 & 113 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and Regulation-76 (Power to Relax) and Regulation-77 (Power to Remove Difficulty) of Central Electricity Regulatory Commission (Terms & Conditions of Tariff) Regulations, 2019 for removal of difficulty with regard to tariff recovery for Unified Network Management System (U-NMS) project |
| <b>Date of Hearing</b> | : | 3.9.2021  |
| <b>Coram</b>           | : | Shri P. K. Pujari, Chairperson<br>Shri Arun Goyal, Member<br>Shri P. K. Singh, Member   |
| <b>Petitioner</b>      | : | Power Grid Corporation of India Ltd. (PGCIL)  |
| <b>Respondents</b>     | : | Rajasthan Rajya Vidyut Prasaran Nigam Ltd. & Ors.   |
| <b>Parties Present</b> | : | Ms. Swapna Seshdari, Advocate, PGCIL<br>Mr. Anand K Ganesan, Advocate, PGCIL<br>Mr. Ashwin Ramanathan, Advocate, PGCIL<br>Ms. Ritu Apurva, Advocate, PGCIL<br>Mr. Aditya Dubey, Advocate, PGCIL<br>Dr. Sunita Chohan, PGCIL<br>Mr. V C Sekhar, PGCIL<br>Mr. Prashant Kumar, PGCIL<br>Mr. Anindya Khare, MPPMCL  |

**Record of Proceedings**

Case was called out for virtual hearing.

2. Learned counsel for the Petitioner submitted that the Petitioner is implementing the project for establishment of Unified Network Management System (U-NMS) at regional and national level for management of ISTS & Intra-State communication systems. She submitted that the nature of U-NMS system is different from the communication system, based on which the norms have been prescribed in the 2019 Tariff Regulations, and as such it requires a different consideration. The useful life and the O&M Expenses prescribed under the 2019 Tariff Regulations for the communication system cannot be applied to U-NMS as the same is not adequate for proposed U-NMS system and has sought reconsideration of the same.

3. Leaned counsel for the Petitioner submitted that O&M Expenses for the communication system is 2% of the original project cost of the communication system which is not adequate

---



to meet the U-NMS system's O&M expenses. The useful life of the communication system as per Regulation 3(73) of the 2019 Tariff Regulations is 15 years. The communication system usually covers fiber optic cable, communication equipment, etc. being procured for establishing communication system. However, U-NMS system largely consists of computer system hardware and software and services like data acquisition, data processing, running various application for managing communication system being used for data storage, data retention, data centre, which are similar to SCADA/EMS systems or IT equipment. The obsolescence and technological changes in IT and rapid growth in power system necessitates the frequent replacement of above services usually in 5 years' span.

4. She further submitted that Task Force was constituted by Ministry of Power (MoP), vide order dated 13.10.2008 which in its report has recommended that the life of IT equipment is to be considered as 3 to 7 years. The 2019 Tariff Regulations and the RLDC Fees and charges Regulations provide depreciation rate for the IT equipment similar to U-NMS as 15%. This implies that the useful life for such assets is approximately 7 years. As U-NMS is different from the traditional communication system, she requested to approve useful life of U-NMS as 7 years and to consider O&M Expenses based on actuals instead of normative O&M expenses of 2% as provided in the 2019 Tariff Regulations. She requested to admit the petition and find a solution on the above said issues after hearing the beneficiaries as the project is being implemented progressively in all parts of the country.

5. In response to a query of Commission regarding the statutory provisions under which U-NMS is being implemented, she submitted that the CERC (Communication System in Interstate Transmission of Electricity) Regulations, 2017 has identified that CTU shall be the Nodal Agency for supervision of communication system in respect of inter-State communication system and will implement centralized supervision for quick fault detection and restoration. She submitted that CEA (Technical Standards for Communication System in Power System Operations) Regulations, 2020 and Manual of Communication Planning Criteria being published by CEA provides provision of centralized supervision for quick fault detection and restoration of communication network of ISTS and all other utilities by integrating its Network Management System (NMS) with other users of NMS. Further, guidelines framed by National Power Committee (NPC) on availability of communication system for ISTS require U-NMS to support computation of availability of communication channel. She further submitted that regional U-NMS scheme pertaining to Northern Region and NER region has been approved.

6. In response to another query, learned counsel for the Petitioner clarified that initially the plan was made by CTU and after the approval of plan by the Commission, PGCIL will be implementing the project and will be the owner of U-NMS project.

7. After hearing the learned counsel for the Petitioner, the Commission admitted the petition and directed to issue notice to the Respondents. The Commission further directed the Petitioner to implead CTU as party and to file amended memo of parties by 13.9.2021.

8. The Commission directed the Petitioner to submit the following information on affidavit by 23.9.2021 with an advance copy to the Respondents. The Commission also directed the Respondents to file reply in the matter on affidavit by 30.9.2021 and the Petitioner to file its rejoinder, if any, by 11.10.2021:



- a. A comprehensive report clarifying the U-NMS system and equipments installed in same and the overlap of communication system installed at ISTS sub-stations and U-NMS communication system to be installed for national and regional centres for management of ISTS & Intra-State communication systems, if any.
- b. A certified copy of item-wise breakup of the project cost as per the depreciation schedule of the 2019 Tariff Regulations and a net weightage average of depreciation rate for such equipment of the Project.
- c. Plan prepared by CTU for implementing of U-NMS project.

9. The Commission also directed the parties to comply with the directions with the timeline specified and observed that no extension of time shall be granted.

10. The Petition shall be listed for hearing in due course for which separate notice will be issued.

**By order of the Commission**

sd/-  
(V. Sreenivas)  
Deputy Chief (Law)

