

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

- 1. Shri Ashok Basu, Chairperson**
- 2. Shri Bhanu Bhushan, Member**

Petition No. 97/2006

In the matter of

Application for grant of transmission licence to Torrent Power Transmission Private Limited.

And in the matter of

Torrent Power Transmission Private Limited, Ahmedabad**Petitioner**

Vs

1. Torrent Power AEC Limited, Ahmedabad
2. PTC India Limited, New Delhi
3. Madhya Pradesh State Electricity Board, Jabalpur
4. Power Grid Corporation of India Limited, New Delhi.

.....**Respondents**

The following were present

1. Shri Vibhuti Handoo, TPTL
2. Shri T.C. Upreti, TPTL
3. Shri Markand Bhat, TPTL
4. Shri Sudhir Shah, TPTL
5. Shri Deepak Dalal, TPTL
6. Ms. Kashish Bhambhani, PGCIL
7. Shri V.M. Kaul, PGCIL
8. Shri Rajeev Mohan, PGCIL
9. Shri B.C. Parikh, GETCO

**ORDER
(DATE OF HEARING: 6.3.2007)**

The application has been made under Section 14 of the Electricity Act, 2003 (hereinafter to be referred to as 'the Act') for grant of transmission licence for construction and maintenance of certain transmission lines and the facilities to be used for evacuation of power from 1100 MW SUGEN Combined Cycle Power Project (Sugen CCPP) at Akhakhol in the State of Gujarat.

2. Torrent Power Generation Limited (TPGL) is in the process of setting up 1100 MW SUGEN CCPP in respect of which 'in principle' approval for the project cost has been granted by the Commission. The major beneficiaries of Sugen CCPP are Torrent Power AEC Ltd (TPAL) and Torrent Power SEC Ltd (TPSL). It has been stated that TPGL had applied for open access for evacuation of power from Sugen CCPP to the beneficiaries in the Western Region. However, in view of the capacity constraints, it was not found feasible to use the existing transmission lines for this purpose. In the meeting taken by the Secretary, Ministry of Power on 25.8.2005 to discuss and finalize the evacuation plan, it was decided that the required transmission network would be set up by an SPV between TPGL and Power Grid Corporation of India Ltd (PGCIL). Since TPGL was an SPV, restricted to only implementing the Sugen CCPP and under the PPA, the sale was to be effected at the bus bar, the respective distribution companies were entrusted with the responsibility of implementing the 220 kV transmission lines. It was also proposed that 400 kV transmission lines, sub-stations and associated switchgear for transmission of power to TPAL and other inter-State buyers of the power from SUGEN CCPP be implemented by the applicant as a joint venture. In furtherance of the said proposal, the applicant company has been formed and incorporated, with equity participation of 74% and 26% from TPAL and PGCIL respectively.

3. The main objects of the applicant company include undertaking the business of establishing, commissioning, setting up, operating and maintaining electric power transmission systems/networks. The applicant has stated that with

the support of the Torrent group and PGCIL it would be able to undertake the execution of the transmission lines and other facilities.

4. The transmission assets in respect of which the licence was initially sought are as under:

Transmission lines

Sr. No.	Transmission line	Approximate line length (kms)
1.	SUGEN CCPP switchyard Akhanol-Pirana 400 kV D/C transmission line	220
2.	Pirana-Dehgam 400 kV D/C transmission line	56
3.	LILO of Gandhar-Vapi 400 kV transmission line at SUGEN CCPP switchyard	24

Sub-station works

Ser No	Sub-station works
1.	4 nos. 400 kV line bays at Pirana 400/132 kV sub-station (new)
2.	2 nos. 315 MVA, 400/132 kV ICTs at Pirana 400/132 kV sub-station (new)
3.	2 nos 400 kV & 132 kV ICT bays at Pirana 400/132 kV sub-station (new)
4.	2 nos 50 MVAR line reactors at Pirana 400/132 kV sub-station (new)
5.	2 nos 400 kV BC-TBC at Pirana 400/132 kV sub-station (new)
6.	2 nos 400 kV line bays at Dehgam 400/220 kV (Extension) sub-station

5. The applicant has submitted that as a part of the power to be transmitted through the above transmission assets is meant for inter-State users, the transmission assets should be considered as an inter-State transmission system in terms of sub-section (36) of Section 2 of the Act. Accordingly the Commission has been approached for grant of licence.

6. The applicant sent a copy of its application to the Central Transmission Utility in accordance with sub-section (3) of Section 15 of the Act. The applicant has also published notices under sub-section (2) of Section 15 of the Act in the following newspapers:

- (a) Business Standard : Delhi, Ahemedabad
- (b) Hindustan Times : Bhopal
- (c) Rajasthan Patrika : Delhi
- (d) Loksatta :Ahmedabad
- (e) Navbharat :Jabalpur

7. We have been informed that no objections were received in response to the public notices. The Central Transmission Utility, vide its letter dated 5.10.2006, has recommended grant of licence to the applicant.

8. The Commission in its order dated 15.11.2006 had directed the Central Transmission Utility to clarify whether the transmission system proposed formed part of the transmission plan prepared by the Central Electricity Authority. The Central Transmission Utility in its affidavit dated 9.2.2007 has clarified that the transmission system proposed has been planned in consultation with the Central Electricity Authority. The Central Transmission Utility has, however, stated that in the 25th meeting of Standing Committee on Power System Planning in Western Region and the meeting of Western Region constituents for long-term open access held on 30.9.2006, Gujrat Electricity Transmission Company (GETCO) proposed that 400/220 kV sub-station at Pirana alongwith 400 kV Pirana-Dehgam D/C transmission line proposed to be constructed by the applicant should be established as part of the regional scheme to facilitate long-term power transfer requirement in northern part of the State of Gujarat, in addition to supplying power to TPAL. The proposal has been accepted and it has been decided that 400/200 kV sub-station at Pirana along with 400 kV Pirana-Dehgam 400 kV DC transmission line shall be executed by PGCIL as part of the Western Region

system strengthening scheme. As a result, the scope of the proposed transmission system to be executed by the applicant stands revised. The revised scope of work is as under:

A. Transmission lines

Sl. No.	Transmission lines/facility	Approx. line length (kms)
(i)	LILO of Gandhar – Vapi 400 kV line at Sugan CPP switchyard	26
(ii)	Sugan CCPP Akhakhhol – Pirana 400 kV D/C line (To be built in two phases):- (a) From Sugan to a point near Gandhar where LILO of the circuit of existing Gandhar-Dehgam 400 kV D/C line at Sugan will be done. (b) Extension of this line to Pirana and opening of LILO of Gandhar – Dehgam line near Gandhar	222

B. Sub-station works

Sl. No.	Sub-station works
(a)	2 nos. 400 kV line bays at PIRANA (PG) 400/220 kV (new) sub-station.
(b)	2 nos. 50 MVAR line reactor at PIRANA (PG) 400/220 kV (new) sub-station.

9. Based on the above, the applicant has revised its proposal. These assets are being referred to as “the proposed transmission system”.

10. We had sought to ascertain whether the applicant, a joint venture between TPAL and PGCIL, has been formed in conformity with the guidelines issued by Ministry of Finance on 12.1.2006. The Central Transmission Utility has examined the issue in consultation with Ministry of Power and Ministry of Finance. In the affidavit filed by the Central Transmission Utility, it has stated that as per the clarification given by Ministry of Finance under its letter dated 31.1.2007, copy of which has been placed on record, the projects of PSUs in JV need to be processed by the PPPAC. The projects, which are not sponsored by the public

sector entity and whose assets are created for dedicated use, are not required to be processed through the PPPAC. The Central Transmission Utility has clarified that since the proposed transmission system is a part of the generating station and is not sponsored by any PSU, there will be no need for JV route to be processed through the PPPAC.

11. With reference to another query of the Commission as to whether the execution of the transmission system by the applicant is in conformity with the guidelines issued by the Central Government in Ministry of Power on execution of transmission projects through competitive bidding, the Central Transmission Utility has clarified that as per the guidelines issued by the Ministry, the Empowered Committee is required to identify the transmission projects to be implemented through the process of competitive bidding. Since the proposed transmission system will be a dedicated one for evacuation of power from Sugden CCPP, the selection of the executing agency for the proposed transmission system through competitive bidding is not required to be done as per the guidelines of the Ministry.

12. We take note of the fact that the affidavit dated 9.2.2007 has been filed by the Central Transmission Utility after obtaining approval of Ministry of Power. Therefore, in our consideration, the affidavit also reflects the views of the Central Government.

13. First of all, we shall consider the question of jurisdiction of the Commission to grant transmission licence to the applicant and consequently the maintainability

of the present application. As per the submissions of the applicant, the proposed transmission system is meant for evacuation of power from the Sugan CCPP to the distribution licensees in the State of Gujarat. However, the proposed transmission system is to be connected with the transmission system of the Central Transmission Utility and is likely to be utilized for transmission of power out of the State of Gujarat. The applicant has submitted that the proposed transmission system qualifies to be classified as inter-State transmission system as defined in sub-section (36) of Section 2 of the Act. The applicants' proposal has been supported by the Central Transmission Utility in its recommendation to the Commission.

14. We have considered this aspect very carefully. The proposed transmission system is to be connected with the Western Region ISTS of the PGCIL, which means that the system may also be utilized for inter-State transmission of electricity. Further, in response to the notices published by the applicant in the newspapers, no objections or suggestions have been received from any quarters to the application for grant of licence made. We are, therefore, prima facie satisfied that the proposed transmission system is part of the inter-State transmission system and the Commission has the jurisdiction to grant transmission licence.

15. The transmission system has been planned in consultation with the Central Electricity Authority. Considered in the light of the clarification given by Ministry of Finance and Ministry of Power, the project is not required to be processed through

the PPPAC as provided in Ministry of Finance guidelines dated 12.1.2006 and the guidelines on competitive bidding issued by Ministry of Power.

16. The applicant, in its affidavit dated 1.3.2007, has stated that in view of the clarification contained in the Ministry of Finance letter dated 31.1.2007, it has executed revised agreements with PGCIL on 23.2.2007. The petitioner has also filed the copies of the following revised agreements:

- (a) Implementation agreement between Torrent Power Limited and the applicant company;
- (b) Transmission service agreement between Torrent Power Limited and the applicant company;
- (c) Shareholders' agreement between Torrent Power Limited and PGCIL; and
- (d) Agreement terminating the buy-out agreement dated 29.8.2006 with PGCIL.

17. As regards the cost of the proposed transmission system, the applicant had indicated the estimated completion cost as Rs.550 crore. The Central Transmission Utility in its recommendation has stated that the estimated cost of the project would be Rs.478.81 crore (at 2nd quarter 2006 price level) excluding IDC, project management expenses and financing charges. The applicant in its affidavit dated 14.3.2007, has submitted that the total indicated cost estimate of Rs.550 crore in the application has now been reduced to Rs.358 crore, consequent to reduction in the scope of work to it. The applicant has undertaken that while incurring the actual expenditure, it will follow the systems and processes followed by PGCIL to ensure that the cost incurred is the most competitive cost. In

our view the estimated project cost of the works to be undertaken by the applicant and the PGCIL should not exceed the original project cost, to the detriment of the interest of the consumers. We may hasten to add that the representative of the applicant clarified at the hearing that the construction, maintenance of the proposed transmission system shall not cause increase in tariff.

18. Based on the material on record, we propose to issue transmission licence to the applicant for construction and maintenance of the proposed transmission system as given in para 8 above. We, therefore, direct that a public notice under clause (a) of sub-section (5) of Section 15 of the Act be published. The suggestions or objections, if any, to the proposal for grant of licence may be filed by any person before the Commission. A final view on grant of licence shall be taken thereafter on consideration of the suggestions or objections, if any, received. The copy of this order shall also be sent to the State utilities in the Western Region.

Sd/-
(BHANU BHUSHAN)
MEMBER

Sd/-
(ASHOK BASU)
CHAIRPERSON

Dated, New Delhi the 22nd March, 2007