

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram:**

1. **Shri Bhanu Bhushan, Member**
2. **Shri Rakesh Nath, Member (EO)**

**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 Deepak Dalal, TPTL
2. Shri Sudhir Shah, TPTL
3. Shri Vibhuti Handoo, TPTL
4. Shri Vinod Khanna, TPTL
5. Shri V.M. Kaul, PGCIL
6. Ms. Manju Gupta, PGCIL
7. Shri Rajeev Mohan, PGCIL
8. Shri R.Prasad, PGCIL
9. Shri D. Khandelwal, MPPTCL
10. Shri H.V.Pandya, GETCO
11. Shri P.J.Jani, GUVNL
12. Shri N.B.Kansara, GUVNL

**ORDER  
(DATE OF HEARING: 1.5.2007)**

The application has been made under Section 15 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 Akhakhhol 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) and a part of the power generated is to be sold outside the State. It has been stated that TPGL had applied for open access for evacuation of power from Sugen CCPP. 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., the fourth respondent. 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 their transmission lines. It was also decided 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 a joint venture with the fourth respondent as a shareholder. 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. TPGL, TPAL and TPSL have subsequently been amalgamated into a single entity, Torrent Power Ltd.

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 the fourth respondent it would be able to undertake the execution of the transmission lines and other facilities, in respect of which application for grant of licence has been made, as under:

### **Transmission lines**

Sr. No.	Transmission line	Approximate line length (kms)
1.	SUGEN CCPP switchyard Akhakhol-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 S/C 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

4. 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, they are part of the 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.

5. 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.

6. The Central Transmission Utility, vide its letter dated 5.10.2006, has recommended grant of licence to the applicant.

7. The applicant published public notices in the newspapers as required under sub-section (2) of Section 15 of the Act. However, no objections have been received in response to the public notices.

8. 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 25<sup>th</sup> 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, Gujarat Electricity Transmission Company (GETCO) proposed that 400/220 kV sub-station at Pirana along with 400 kV Pirana-Dehgam D/C transmission line proposed to be constructed by the applicant should be established by the Central Transmission Utility 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 400/220 kV sub-station at Pirana along with 400 kV Pirana-Dehgam 400 kV DC transmission line shall be executed by the fourth respondent, the Central Transmission Utility, as part of the Western Region system strengthening scheme. Accordingly, the application is being considered for grant of licence for the following assets:

**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. The Commission 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 sponsored by the public sector undertaking 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 in accordance with the guidelines of Ministry of Finance dated 12.1.2006. 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 of the public sector utilities, there will be no need for JV route to be processed through the PPPAC.

10. The transmission assets given in para 8 above have been planned in consultation with the Central Electricity Authority and are proposed to be executed by the applicant as a dedicated transmission system. When 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.

11. The applicant has executed revised agreements with the fourth respondent in the light of certain clarifications furnished by Ministry of Finance in its letter dated 31.1.2007, the copies of which have been filed.

12. The applicant in its application had indicated the estimated completion cost of the transmission assets as Rs. 550 crore. The Central Transmission Utility in its recommendation has stated that the estimated cost would be Rs.478.81 crore (at 2<sup>nd</sup> quarter 2006 price level) excluding IDC, project management expenses and financing charges. The applicant in its further affidavit dated 14.3.2007, has submitted that the total indicated cost estimate of Rs.550 crore in the application would get reduced to Rs.358 crore, consequent to reduction in the scope of work to be executed by it. The applicant has undertaken that while incurring the actual expenditure, it will follow the systems and processes followed by the fourth respondent to ensure that the cost incurred is the most competitive. In our view the estimated project cost of the works to be undertaken by the applicant and the fourth respondent should not exceed the original project cost, to the detriment of the interest of the beneficiaries of the transmission assets. We may add that the representative of the applicant clarified at the hearing that the construction, maintenance of the proposed transmission system shall not have any impact on tariff payable by the consumers in area outside to supply of TPAL.

13. Based on the material on record, the Commission by its order dated 22.3.2007 had proposed to grant licence to the applicant for the following assets:

**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):- (c) 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. (d) 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.

14. A notice under clause (a) of sub-section (5) of Section 15 of the Act was published by the Commission, inviting suggestions/objection to the above proposal of the Commission. The suggestions or objections have been filed Gujarat Urja Vikas Nigam Limited on 27.4.2007 and by MPPTCL after the hearing. During the hearing, the representatives of the GUVNL, GETCO and MPPTCL raised certain issues.

15. It has been clarified that the proposed transmission system shall be owned, operated and maintained by the applicant only at its own expenses. The issue of seeking of long-term open access by the applicant on the transmission system owned by Gujarat Electricity Transmission Company, raised on its behalf is to be dealt separately and cannot be considered as part of the present proceedings. As far as timeframe for removal of temporary LILO arrangement is concerned, it is observed that in the original proposed scheme 400 kV Pirana sub-station along with Pirana-Dehgam 400 kV D/C transmission line was included as a part of the transmission assets. However, it was on the request of GETCO that these assets are proposed to be executed by the fourth respondent in its capacity as the Central Transmission Utility. GETCO has sought prescription of timeframe for removal of temporary LILO

arrangement. The applicant clarified that temporary LILO arrangement would be removed after construction of 400 kV Pirana sub-station. At the time of hearing, the fourth respondent explained that 400 kV Pirana sub-station would be constructed in 30 months from date of award of works. The Energy and Petrochemicals Department, Government of Gujarat has issued notification in connection with transmission network.

16. MPPTCL in its responses has stated that it will be availing 100 MW of power from Third module of Sugan CCPP to be commissioned during Feb 2008. Therefore, MPPTCL's liability to share the transmission charges should be thereafter only. The representative of the applicant has accepted the contention.

17. In the light of clarifications given the representatives of the GUVNL, GETCO and MPTCL have confirmed that they have no objection to grant of transmission licence to the applicant.

18. On consideration of the material available on record, we direct that licence for transmission of electricity in favour of the applicant, Torrent Power Transmission Private Limited for the assets noted in para 13 above be issued. The licence granted shall be subject to the terms and conditions as contained in the Act, the rules prescribed by the Central Government and the regulations specified by the Commission from time to time, including statutory amendment and re-enactment thereof. The licence shall be granted subject to the applicant's depositing the initial licence fee of Rs. One lakh within 30 days of this order. The payment of licence fee during the validity of the licence shall be regulated in terms of fee to be notified by the



Commission separately by virtue of powers under sub-clause (g) of sub-section (1) of Section 79 of the Act. Till such time the fee is so notified by the Commission, the applicant shall pay licence fee of Rs.25 lakh per annum (1<sup>st</sup> April of a year to 31<sup>st</sup> March of the following year), the licence fee for a part of year shall be paid on pro rata basis. The first instalment of fee shall be deposited within 30 days of grant of the licence. The licence shall be valid for a period of 25 years, unless revoked earlier.

19. With the above directions, Petition No.97/2006 stands disposed of.

Sd/-  
**(RAKESH NATH)**  
**MEMBER**

Sd/-  
**(BHANU BHUSHAN)**  
**MEMBER**

**New Delhi, Dated the 16<sup>th</sup> May, 2007**