

“DRAFT TRANSMISSION LICENSE”

PART I – GRANT OF TRANSMISSION LICENSE

- 1.1 The Central Electricity Regulatory Commission (hereinafter referred to as “Commission”), in exercise of the Powers conferred as per section 27 C of the amended Indian Electricity Act, 1910 (hereinafter referred to as “Act”), hereby grants Transmission License (hereinafter referred to as “License”) to M/s (hereinafter referred to as the “Licensee”) to construct, maintain and operate..... (Name of the Project) under the direction, control and supervision of CTU subject to the Terms & Conditions set out in Part – II of this License Document.
- 1.2 Wherever there is a contradiction between the terms & conditions specified in this License and the Agreements signed between the Licensee & CTU, the provision of this License, as amended/ modified from time to time, shall prevail.
- 1.3 The Licensee shall be liable for action as per sections 44 and 45 of the Electricity Regulatory Commissions Act, 1998 , in case of any contravention of the Terms and Conditions of this License.
- 1.4 This License is not transferable.

1.5 The grant of License to the Licensee shall not in any way hinder or restrict the grant of a License to any other person or party within the same area for some other transmission system. The Licensee shall not claim any exclusivity.

This License commences on the date it is issued and unless revoked earlier in accordance with the provisions of this License, shall continue to be in force for a period of Twenty Five (25) years.

Secretary
(CERC)

Dated : at New Delhi.

Part-II – TERMS & CONDITIONS

1.0 Interpretation

- a) Unless the contrary intention appears, words and expressions used in the Conditions shall be construed as if they were in the IEGC and Electricity Regulations as amended from time to time and references to an enactment shall include any statutory modification or re-enactment thereof even after the date when this Transmission License comes into force.

- b) Any word or expression defined for the purposes of any provision of said Electricity Regulations shall, unless the contrary intention appears, have the same meaning when used in the Conditions.

- c) References in this License to Conditions, Parts and Schedules shall, unless the context otherwise requires, be construed as references to Conditions, Parts, and Schedules of this License.

- d) In this License, unless the context otherwise requires, the following words/expression shall mean as defined hereunder:

“Act”	Means “The Indian Electricity Act, 1910”.
“Agreement”	Means Implementation Agreement and/or Transmission Service Agreement
“Authorised”	In relation to any business or activity means authorised by this License.
“Commission”	Means the Central Electricity Regulatory Commission.
“CTU”	Means the Central Transmission Utility notified by the Central Government under sub-section (1) of section 27A of the Act.
“Electricity Regulations”	Means “The Electricity (Supply) Act, 1948”; “The Indian Electricity Rules, 1956”; “The Electricity Regulatory Commissions Act, 1998”, as amended from time to time and/or the laws as enacted from time to time.
“Financial Year”	bears the same meaning given at para 5.1.
“IEGC”	Means the Indian Electricity Grid Code as approved by the Commission.
“Implementation Agreement (IA)”	Means a contractual document with provisions related to construction phase of the Project.
“Initial Period”	Means the period from date of issue of License upto the date of commercial operation of the Project.

“Project”	Means the transmission project as described in Schedule-1.
“Transmission Service Charges(TSC)”	Means Charges as approved by the Commission and payable by the CTU to Licensee towards construction, operation and maintenance of the Project.
“Transmission Service Agreement (TSA)”	Means a contractual document with provisions related to operation phase of the Project.
“Transmission License”	Means a License granted under Part II A of the amended Indian Electricity Act,1910 to transmit energy.
“Transmission Licensee”	Means a person who holds a Transmission License.

2.0 **Obligations of Transmission Licensee**

- a) It shall be the duty of the Licensee to commission the Project in a specified time in an efficient manner in accordance with the requirements of Agreement(s).
- b) The Licensee shall comply with the Electricity Regulations, orders and directions issued by the Commission from time to time and shall also act in accordance with the terms & conditions of this License and various Agreements during the construction as well as operation and maintenance of the Project.

- c) The Transmission Licensee shall strictly comply with the provisions of IEGC as if it is a “term of the license” unless the Commission has allowed deviations to the Licensee relieving him of any of its obligations to implement or comply with specific provision (s) of the IEGC.
- d) The Licensee shall comply with the requirements of the laws of the land.
- e) Any person lawfully authorised by the Transmission Licensee to carry out the purposes of the Transmission License, shall comply with Section – 12 to 19 of Indian Electricity Act, 1910 as if he is a Transmission Licensee.

3.0 **Prohibited Activities**

- a) The Licensee shall not at any time, without the prior approval in writing of the Commission acquire by purchase or otherwise a license or the undertaking or acquire any beneficial interest in or associate himself with, so far as the business of generating, transmitting, distribution or supply of energy is concerned with any other licensee or persons generating, transmitting, distributing, supplying or intending to generate, transmit, distribute or supply electricity.

- b) The Licensee shall not make use of the assets of the Project for a purpose other than transmission of electricity without prior approval of the Commission.
- c) The Licensee shall not enter into arrangements with third party for purchase/sale of electricity for conveyance of the same through the Project without prior approval of the Commission.
- d) Any agreement relating to any transaction of the nature described above at a), b) or c) , unless made with the prior written consent of the Commission, shall be void and would constitute violation of Terms of License.
- e) The Licensee shall not, at any time, assign his License or transfer his undertaking, or any part thereof, by sale, mortgage, lease, exchange or otherwise.
- f) The Licensee shall not augment/modify any part of the Project except –
 - (i) pursuant to an agreement with CTU which has the prior approval of the Commission ;
 - (ii) in accordance with any guideline issued by the Commission.

4.0 **Payment of License Fee**

4.1 The Licensee shall, at the times stated hereunder , pay to the Commission fees of the amount specified or determined as under:

- i) Within 30 (thirty) days or such other period as the Commission may allow after the issuance of Letter of Intent for grant of License, the Licensee shall pay to the Commission an initial fee of Rs.1,00,000/- (Rs. One lakh) for the initial period till commencement of commercial operation of the assets. The Commission shall grant License after deposition of the fee.
- ii) After the assets are declared under commercial operation the Licensee shall be required to pay a sum equal to 1% of Annual TSC approved by the Commission as annual license fee for each financial year starting from 1st April to 31st March during first week of April of every year.
- iii) For the period between commercial operation date and end of the respective financial year, prorata of yearly license fee as stipulated at (ii) above shall be paid within 30 (thirty) days of commencement of commercial operation.

4.2 In case the Licensee fails to pay to the Commission the fees or part thereof due under para 4.1 above by the dates specified ;

- (a) the Licensee shall be liable to pay to the Commission penal interest on the outstanding amount at simple interest rate of

2% per month, the interest being payable for the period beginning on the day after which the amount becomes due, and ending on the day on which the Commission receives payment, and

- (b) The Commission may revoke this License pursuant to para 10.0 of this License.

5.0 **Accounts of the Transmission Licensee**

5.1 The first financial year of the Licensee shall be reckoned from the date of effectiveness of this License to the following 31st March and thereafter each financial year of the Licensee shall be from 1st April to the following 31st March.

5.2 The Licensee shall -

- (a) Maintain separate information and statements of accounts for the Project. The statement of accounts for the Project shall be in such form and contain such particulars as may be asked for by the Commission ; and
- (b) Keep the accounts of the Project separate from any other business operated by the Licensee including activities related to similar such transmission Projects ; and
- (c) Prepare on a consistent basis from such records accounting statements for each Financial Year comprising a profit and loss

account, a balance sheet and a statement of source and application of funds together with notes thereto and showing separately the amounts of any revenue, cost, asset, liability, reserve, or provision which has been either:

- (i) charged from or to any business activity other than the one associated with this Project together with a description of the basis of that charge ; or
 - (ii) determined by apportionment or allocation between the various business activities together with a description of the basis of the apportionment or allocation, and
- (d) Provide in respect of the accounting statements prepared in accordance with this para 5.0, a report by the Auditors in respect of each Financial Year, stating whether in their opinion the statements have been properly prepared in accordance with this para 5.0 and give a true and fair view of the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to the Project to which the statements relate, and
- (e) Submit to the Commission & CTU copies of the accounting statements and Auditor's report not later than six months after the end of the financial year to which they relate.
- (f) Any officer(s) authorised by the Commission/CTU shall be entitled to inspect and verify the accounts of the Licensee at any point of time during the validity of this License.

6.0 Information to the Commission

- 6.1 The Licensee shall provide, in the manner and form determined by the Commission, such information as the Commission may require from time to time to monitor the Licensee's compliance with the conditions of this License and any other legislative or regulatory requirements. The manner and form of information shall be as may be specified by the Commission.
- 6.2 Without prejudice to the generality of provisions of para 6.1 above, the Commission may require the Licensee to supply information which is more extensive than or differs from that is required to be prepared and supplied to the Commission.

7.0 Prudential Reporting

- 7.1 The Licensee must report the occurrence of any of the following circumstances to the Commission and CTU as soon as practicable :
- (a) The Licensee experiences significant change in its circumstances which may affect the Licensee's ability to meet its obligations under the Electricity Regulations, Act, directives/guidelines issued by the Commission, IEGC or this License
 - (b) Any material breach of the provisions of Electricity Regulations, Act, directives/guidelines issued by the Commission, IEGC or this License and provide such information, as the Commission requires in relation to the breach.

- (c) There is a change in major shareholding or, ownership or, management of the Licensee.

8.0 Operation and Compliance Audits

8.1 The Licensee shall submit the necessary documents/information to the CTU/Commission regarding independent annual operational and compliance audit in respect of :

- (a) The level of performance achieved with regard to availability of transmission system, transmission losses, O&M practices, quantum of incentive/disincentive, fines/penalties levied, if any, under Electricity Regulations ;and
- (b) Compliance by Licensee with obligations under the License, IEGC, Agreement(s) with CTU : and
- (c) Compliance by Licensee with the provisions of Electricity regulations in force and rules, directions/guidelines etc. issued by the Commission from time to time ; and
- (d) Financial, technical and other capability of the Licensee to continue its operation authorised by this License.

9.0 Dispute Resolution

9.1 All disputes or differences arising in connection with the terms and conditions of the Agreement(s) between the Transmission Licensee and CTU shall be settled in so far as possible between CTU and

Transmission Licensee by mutual consultation/consent and pursuant to the Agreements. In case of non-settlement, such disputes may be referred to the Commission. The Commission shall arbitrate and/or adjudicate to settle such disputes or differences exercising the powers conferred under Section 13(h) of Electricity Regulatory Commissions Act, 1998.

9.2 All issues arising in relation to the interpretation of the License and as to the Terms and Conditions thereof shall be a matter for determination by the Commission and the decision of the Commission on such issues shall be final and binding.

10.0 Terms of Revocation

10.1 The Commission may at any time consider revocation of this License under the following circumstances:

- (a) If the Licensee requests in writing to the Commission that this License may be revoked; or
- (b) If any amount payable as per para 4.0 remains unpaid for 30 (thirty) days after it has become due; or
- (c) If the Licensee in the opinion of the Commission has committed a material breach of any of the Terms and Conditions of the License and does not comply with an order of the Commission to rectify such breach; or

- (d) If the Licensee in the opinion of the Commission, is not in a position to fully and efficiently discharge the duties and obligations imposed on Licensee by the License; or
 - (e) If in the opinion of the Commission the Licensee has committed a willful or unreasonable default in doing anything required of him by or under the Electricity Regulations and IEGC.
- 10.2 The Commission shall give not less than three (3) months notice in writing to the Licensee stating the grounds on which the License is proposed to be revoked.
- 10.3 The Commission may, instead of revoking the License, permit it to remain in force subject to such further terms and conditions as considered fit to impose and any further terms or conditions imposed shall be binding upon and be observed by the Licensee, and be of like force and effect as if they were contained in the License.
- 10.4 The License shall stand revoked without any notice in case the Agreement(s) between CTU and Licensee is terminated provided that such termination has the approval of the Commission. The revocation shall become effective from the date of termination of Agreement(s).
- 10.5 Consequent to revocation of License, the Project shall be handed over to CTU as per the provisions of the TSA.

11.0 **Communication**

11.1 All communications relating to this License shall be in writing.

11.2 All communication is to be regarded as having been given by the sender and received by the addressee –

- a) when delivered in person to the addressee either by hand, or by courier;
- b) 15 days after the date of posting by registered mail/speed post.

SCHEDULES

Schedule 1 : Project Related Details

Schedule 1

1.0 Project Related Details:

The Project comprises of following transmission system: