

CENTRAL ELECTRICITY REGULATORY COMMISSION

FOREWARD

As per section 27A(2) of the amended Indian Electricity Act 1910, the Central Transmission Utility (CTU) is required to undertake inter-alia transmission of energy through Inter-State Transmission system. It is considered that the incremental investment in Inter-State Transmission system may not be possible on its own by POWERGRID due to resource constraints. Therefore, investment from other resources shall be required for augmentation of Inter State Transmission system. Under section 13 (c) of the ERC Act, 1998 the Central Commission is vested with the function of regulating the inter-state transmission of energy including tariff of the transmission utilities. Further section 13 (d) of the ERC Act, 1998 stipulates that the Central Commission shall promote competition, efficiency and economy in the activities of the electricity industry. Keeping in view the enormity of financial resources required for development of adequate capacity of inter-state transmission system and the limited availability of funds with POWERGRID for the purpose, the Commission as a regulator has to formulate the mechanism of efficient introduction of investment in transmission sector for discharging its responsibilities under section 13 (c) & 13 (d) of the ERC Act, 1998.

The participants in inter-state transmission system would be required to be a Transmission Licensee under the provisions of section 27C. As per section 27C (1) & (2) of amended Indian Electricity Act 1910 the Central Commission is empowered to grant transmission license which will authorise the transmission licensee to construct, maintain and operate any inter-state transmission system (ISTS) under the direction, control and supervision of the Central Transmission Utility (CTU). Under section 27C (3) of amended Indian Electricity Act 1910, the terms and conditions of the License, application form and its fees is required to be notified by the Central Commission. As per section 27C (4) of amended Indian Electricity Act, 1910, the application for obtaining transmission license is first required to be approved by the CTU in such a manner as may be notified by the Central Commission before consideration of application for grant of license by the Commission.

With a view to ensure transparency in the entire process of participation of agencies other than POWERGRID in transmission sector and grant of license for the purpose, the Commission has to finalise the procedure to be followed by the CTU in this regard. The drafts for said procedure in the form of Notification, Transmission License and Application Form for Transmission License are enclosed for views/comments.