

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. **Shri Bhanu Bhushan, Member**
2. **Shri R. Krishnamoorthy, Mmember**

Petition No. 157/2007

In the matter of

Application for grant of transmission licence to Essar Power Transmission Company Limited.

And in the matter of

Essar Power Transmission Company Limited. **.....Applicant**

The following were present:

1. Shri G.Umapathy, Advocate EPTCL
2. Shri S. Srivastava, EPTCL
3. Shri N. Venkataraman, EPTCL

**ORDER
(DATE OF HEARING: 12.2.2008)**

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 implementing by the applicant the associated dedicated transmission system (the transmission system) of Mahan Thermal Power Plant (the generating station) being constructed by Essar Power MP Limited in Madhya Pradesh, a sister company of the applicant under Essar group.

2. The generating station is being established about 25 km South-West of NTPC Vindhyachal Generating Station with 2 x 600 MW capacity in the first phase and ultimate capacity of 1800 MW-2000 MW by Essar Power M.P. Ltd., a subsidiary of Essar Power Ltd, which itself in the subsidiary of Essar Power Holding Ltd. The commissioning schedule of the generating station is stated to be as under:

- (i) First Unit (600 MW) - July 2010
- (ii) Second Unit (600 MW) - October 2010

3. 700 MW of power from the generating station is proposed to be supplied to Essar group's steel plant at Hazira in the State of Gujarat. The Essar Power M. P. Ltd. is stated to have signed a memorandum of understanding (MOU) with Government of Madhya Pradesh for setting up the generating station. According to the MOU, the generating station would supply about 80 MW (7.5% of net power) on real time basis at variable cost. In addition, Government of M.P has the first right of refusal for getting another 360 MW (30% of aggregate capacity) with the tariff to be decided through competitive bidding.

4. The applicant has indicated the estimated completion cost of the transmission system as Rs. 857.77 crore, which it proposes to finance with debt equity in the ratio of 70:30. Completion schedule for the transmission system has been indicated as October, 2010.

5. It has been stated that detailed load-flow studies have been carried out by Power Grid Corporation of India Limited and the proposed transmission system for power transfer to the States of Madhya Pradesh and Gujarat has been approved and long term open access is stated to have been accorded by Western Region Coordination Committee for transmission schemes.

6. The elements of the transmission system in respect of which the licence has been sought are as under:

Transmission lines

Sr. No.	Transmission lines	Approximate line length (kms)
1.	400 kV D/C (triple conductor) transmission line from Mahan to Sipat Pooling sub-station	315
2.	LILO of existing 400 kV S/C Vindhyachal-Korba transmission line of Powergrid at Mahan	20
3.	400 kV D/C (twin conductor) transmission line from Gandhar NTPC switchyard to Hazira	97

Sub-stations

4.	3X500 MVA 400 /220 kV sub-station at Hazira
5.	2x50 MVAR line reactors at Sipat pooling sub-station
6.	2x50 MVAR line reactors at Mahan

7. The identified long-term customers of the proposed transmission system are,-

- (i) Essar Steel Limited
- (ii) Essar Steel Hazira Limited
- (iii) GoMP or its nominated Agency

8. The applicant has submitted that as a part of the power to be transmitted through the transmission system is meant for inter-State users, it 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.

9. 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) Central Chronicle : Bhopal, Raipur
- (b) Nai Dunia : Indore, Bhopal, Gwalior, Jabalpur, Raipur

- (c) Jaihand : Ahmedabad, Rajkot
(d) Indian Express : Ahmedabad, Baroda

10. We have been informed that no objections were received in response to the public notices published by the applicant. The Central Transmission Utility, vide its letter dated 18.1.2008, has filed its suggestions/comments on the applicant primarily as under:

- (i) Development of pooling point near Sipat may require long time and it may be difficult to complete work till commissioning of Mahan TPS. Therefore, it was decided that to facilitate grid connectivity, initially LILO of one circuit of 400 kV Vindhyachal-Korba transmission line may be carried out at Mahan TPS as an interim arrangement for carrying out power transfer on short term basis depending upon transmission capacity available.
- (ii) The generating company has to make arrangement for start-up power and pay transmission charges for the same. The CTU has to be apprised of this arrangement.

11. It is to be noticed that the CTU does not have any serious objection to the construction, operation and maintenance of the transmission system for which licence has been applied. The proposed system has also been agreed to in the meeting of WR constituents held on 30.7.2007 at Indore.

12. The Central Transmission Utility in its letter dated 18.1.2008, has advised the list of elements to be included in the proposed transmission system, according to which following are required to be added in the scope of the applicant:

- (i) 1x80 MVAR, 420 kV switchable bus reactor at Mahan TPS along with its associated 400 kV bay;
- (ii) 2 nos 400 kV line bays at Sipat pooling station;
- (iii) 2 nos 400 kV line bays at Gandhar (NTPC) switchyard;
- (iv) 4 nos 400 kV line bays at Mahan TPS.

13. The applicant has no objection to inclusion of the above in the transmission system.

14. The main objects of the applicant company include undertaking the business of establishing, commissioning, setting up, operating and maintaining electric power transmission systems/networks and selling and purchasing of electricity. The applicant has filed an affidavit dated 13.2.2008 to the effect that it will not engage in electricity trading activities and will only undertake the transmission business and will strictly comply with the terms and conditions of the transmission licence.

15. Based on the material on record, we propose to issue transmission licence to the applicant for construction, maintenance and operation of the proposed transmission system as given in para 6 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.

16. We may make it clear that the Commission should not be deemed to have expressed any opinion on or having accepted the averment made in the application regarding commercial arrangements for sale of electricity from the generating station.

17. It is further made clear that the Commission does not propose to treat the transmission system as a “dedicated” transmission system, for construction, maintenance and operation of which licence is not needed by the generating company, since the system may be utilized in future for carrying power other than that for which it is being proposed to be constructed presently.

18. List on 8.4.2008 for further directions.

Sd/-
(R.KRISHNAMOORTHY)
MEMBER
New Delhi, dated the 29th February 2008

sd/-
(BHANU BHUSHAN)
MEMBER