

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

No. L-7/165(180)/2008-CERC

Dated, the 3rd February, 2010

NOTIFICATION (DRAFT)

In exercise of powers conferred under section 178 of the Electricity Act, 2003 and all other powers enabling it in this behalf, and after previous publication, the Central Electricity Regulatory Commission hereby makes the following regulations, to amend the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Transmission Licence and other related matters) Regulation, 2009, hereinafter referred to as “the principal regulations”, namely:

1. **Short title and commencement:** (1) These regulations may be called the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Transmission Licence and other related matters) (Amendment) Regulations, 2010.

(2) These regulations shall come into force with effect from the date of their publication in the Official Gazette.

2. **Amendment of Regulations 13:-** Regulation 13 of the principal regulations shall be substituted as under, namely:

“13. Term of Licence.- (1) The transmission licence shall, unless revoked earlier, continue to be in force for a period of 25 years from the date of issue.

(2) If the useful life of the transmission asset for which transmission licence has been issued extends beyond the period of 25 years, the Commission may consider on merit of each case to grant licence for another term for which the licensee may make an application in accordance with Regulation 7 two years before the expiry of the initial period of licence.

(3) Where the tariff of the transmission assets has been determined by the Commission under Section 62 of the Act, the tariff of such assets beyond the period of 25 years shall be determined in accordance with the tariff regulations applicable at that point of time:

(4) Where the Request for Proposal (RFPs) for the projects have been issued or the projects have been awarded on the basis of competitive bidding under Section 63 of the Act on the date of notification of these regulations, the tariff of such transmission assets beyond the initial period of licence shall be determined in accordance with the following guidelines:

(i) Capital Base shall be 30% of the Gross Block or the actual equity invested in the project as per balance sheet as at the end of 25th year whichever is lower, subject to prudence check by the Commission;

- (ii) Other financial and technical norms i.e. Return on Equity, Interest on Loan, O&M Expenses, Interest on working capital, target availability, incentive etc. shall be considered on the basis of norms of tariff prevalent during the period in which the initial period of licence is due to expire;
 - (iii) In case the transmission licensee decides to undertake renovation & modernization of the transmission system after the initial period of licence, it shall make an application for approval of the cost of renovation and modernization alongwith the application for grant of fresh licence, which shall be considered by the Commission in accordance with the prevalent norms.
- (5) For all future projects to be developed through competitive bidding, the bidders shall be required to quote the tariff upto 35th year from date of commercial operation which shall be considered for bid evaluation:

Provided that in case the licence is granted for another term, the tariff for the extended period upto 35th year shall be payable on the basis of the rate quoted at the bidding and adopted by the Commission for the respective year of operation.”

(Alok Kumar)
Secretary

Note: The principal regulations were published on 26th May, 2009 Part III Section 4 of the Government of India Extraordinary No.94.