

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 146/2010**

**Coram: Dr. Pramod Deo, Chairperson  
Shri S.Jayaraman, Member  
Shri V.S.Verma, Member  
Shri M.Deena Dayalan, Member**

**DATE OF HEARING: 8.7.2010**

**DATE OF ORDER: 29.9.2010**

**In the matter of**

Application for grant of Transmission Licence to Talcher-II Transmission Company Limited.

**And in the matter of**

Talcher-II Transmission Company Limited, New Delhi ..... **Applicant**

**Vs**

1. Eastern Power Distribution Company of Andhra Pradesh Limited,  
Visakhapatnam
2. Southern Power Distribution Company of Andhra Pradesh Limited,  
Tripathi
3. Central Power Distribution Company of Andhra Pradesh Limited,  
Hyderabad
4. Northern Power Distribution Company of Andhra Pradesh Limited,  
Warangal
5. Bangalore Electricity Supply Co. Ltd., Gulbarga
6. Gulbarga Electricity Supply Co. Ltd., Gulbarga
7. Hubli Electricity Supply Co. Ltd., Hubli
8. Mangalore Electricity Supply Co. Ltd., Mangalore
9. Chamundeshwari Electricity Supply Co. Ltd., Mysore
10. Kerala State electricity Board, Thiruvananthapuram

11. Tamil Nadu State Electricity Board, Chennai
  12. Secretary (Power), Govt. of Puducherry, Puducherry
  13. Grid Corporation of Orissa, Bhubaneswar
  14. Power Grid Corporation of India Ltd., New Delhi
- ..... Respondents

**The following were present:**

1. Shri Subodh Garg, TPCL
2. Shri LN Mishra, TPCL
3. Shri Anil, TPCL

**ORDER**

The Applicant, Talcher-II Transmission Company Limited, has filed this application under Central Electricity Regulatory Commission (Procedure, Terms and Conditions of Transmission Licence and other related matters) Regulations, 2009 (hereinafter “transmission licence regulations”) for grant of transmission licence to build, own, operate and maintain the Transmission Systems-Augmentation of Talcher-II Transmission System comprising the following elements:

**(a) Transmission lines:**

S.No.	Name (end-points location)	Voltage Class (kV)	Length (Km)	Type (S/C or D/C)
1.	Talcher II- Rourkela	400 kV	161	D/C, Quad
2.	Talcher II- Behrampur	400 kV	220	D/C
3.	Behrampur- Gazuwaka	400 kV	290	D/C

**(b) Sub-stations**

S.No.	Name (Location)	Voltage Level (s) (kV)	Transformer (Nos. and MVA capacity)	Reactive/ capacity compensation (Device with MVAR capacity)	No. of bays
1	Behrampur	400/220 kV	2 Nos X 315 MVA	A0 4 Nos- 50 MVAR Switchable Line Reactors b) 1 No- 63 MVAR 400 kV bus reactor	10

(c) **Scope of work**

S. No.	Scope of work	Completion target
1.	Talcher II- Rourkela 400 kV D/C Quad line	30 months or earlier
2.	Talcher-II Behampur-400 kV D/C line	30 months or earlier
3.	Behampur-Gazuaka 400 kV D/C line	30 months or earlier
4.	Behrampur-400/220kV Sub-station with (a) 400/220 kV Transformer-2x315 MVA (b) 4 number of 400 kV line bays each with 50 MVAR switchable reactor that is 4x50 MVAR switchable line reactors (c) 63 MVAR 400 kV bus reactor (d) 220 kV line bays:4 nos. with space for 2 nos. of bays (e) 400 kV: 1 <sup>1</sup> / <sub>2</sub> breaker scheme; 220 kV Double Bus scheme	30 months or earlier

2. Ministry of Power, Government of India initiated a scheme for development of Independent Transmission Projects through private sector participation for evacuation of power from the generation station and transmission of power from pooling station to other grid stations up to load centers and system strengthening in India. These projects are to be awarded to developers selected on the basis of tariff based competitive bidding process. Government of India, Ministry of Power, vide its Resolution No. 11.5.2005-PG(i) dated 17.4.2006 notified the 'Tariff based Competitive-bidding Guidelines for Transmission service' (hereinafter "the Guidelines") under Section 63 of the Electricity Act, 2003 (the Act).

3. REC Transmission Projects Company Limited (RECTPCL) was notified by Government of India, Ministry of Power vide Notification No. F.No.11/12/2006-PG dated 26.6.2007 as the Bid Process Coordinator (BPC) for the purpose of selection of a Transmission Service Provider (TSP) to establish the Transmission System- Augmentation of Talcher-II Transmission system through tariff-based competitive bidding on "Build, Own, Operate and Maintain" (BOOM) basis by

following the process laid down in the Guidelines. Talcher-II Transmission Company Limited (TTCL) was incorporated on 1.5.2007 by RECTPCL as its wholly owned subsidiary to initiate the work on the project. The main objects of TTCL on its incorporation are as under:

“To plan, promote and develop an integrated and efficient power transmission system network in all its aspects including planning, investigation, research, design and engineering, preparation of preliminary, feasibility and definite project reports, construction, operation and maintenance of transmission lines, sub-stations, load dispatch stations and communication facilities and appurtenant works, coordination of integrated operation of regional and national grid system, execution of turn- key jobs for other utilities/ organizations, wheeling of power, purchase and sale of power in accordance with the policies, guidelines and objectives laid down by the Central Governemtn from time to time.”

4. The Applicant has submitted that subsequent to the process of competitive bidding conducted by the Bid Process Coordinator, Reliance Power Transmission Limited has been evaluated as the successful bidder and the Letter of Intent was issued on 18.12.2009. Subsequently the Applicant has been acquired by the successful bidder on 27.4.2010 as per the process specified under the bid documents. Accordingly, the Applicant as the TSP has approached the Commission for grant of inter-State transmission licence to build, own, operate and maintain the transmission system in accordance with Transmission Licence Regulations. It has been further stated that the Applicant has been selected as the Project Developer as per Regulation 4(1) of transmission licence regulation and meets the eligibility criteria for grant of licence as per Regulation 6(a) of the said regulation.

5. Section 14 of the Act provides that the Appropriate Commission may, on an application made to under section 15 of the Act grant a licence to any person to

transmit electricity as a transmission licensee in any area as may be specified in the licence. The word 'person' has been defined in section 2(49) of the Act to include any company or body corporate or association or body of individuals whether incorporated or not or artificial juridical person. The Applicant has been incorporated under the Companies Act, 1956 and as such is eligible to make application for licence. Section 15(1) of the Act provides that every application under section 14 shall be made in such manner and in such form as may be specified by the Appropriate Commission and shall be accompanied by such fees as may be prescribed. The Central Commission has specified the Central Electricity Regulatory Commission (Procedure, Terms and Conditions of Transmission Licence and other related matters) Regulations, 2009 (hereinafter "transmission licence regulations"). Regulation 3 of the Transmission Licence Regulations provide that the Empowered Committee shall identify the projects included in the transmission plan to be developed under the guidelines for competitive bidding. Regulation 4 of Transmission Licence Regulations provides that in case of projects identified by the Empowered Committee for development under the guidelines for competitive bidding, selection of the project developer shall be made in accordance with the procedure laid down in the guidelines. The transmission project under consideration has been identified by the Empowered Committee. The selection of the project developer, Reliance Power Transmission Limited, has been made in accordance with the guidelines for competitive bidding.

6. Regulation 7 of the transmission licence regulations provides for the procedure for grant of transmission licence as under:

*“(1) The application for grant of licence shall be made to the Commission in Form-I appended to these regulations and shall be accompanied by such fee as may be prescribed by the Central Government from time to time.*

*(2) In case of the person selected for implementation of the project in accordance with the guidelines for competitive bidding, the application shall also contain such additional information, as may be required under these guidelines.*

*(3) The application shall be supported by affidavit of the person acquainted with the facts stated therein.*

*(4) Before making an application, the applicant shall serve a copy of the application on each of the long-term customers of the project and shall submit evidence to that effect along with the application and shall also post the complete application along with annexures and enclosures on its web site, the particulars of which shall be given in the application.*

*(5) The application shall be kept on the web site till such time the licence is issued or the application is rejected by the Commission.*

*(6) Immediately on making the application, the applicant shall forward a copy of the application to the Central Transmission Utility.*

*(7) The applicant shall, within 7 days after making the application, publish a notice of its application in Form-II attached to these regulations, in at least two daily newspapers, one in English language and one in vernacular language, having circulation in each State or Union Territory where an element of the project or a long-term customer is situated, in the same language as of the daily newspaper in which the notice of the application is published.*

*(8) As far as possible, within 7 days of receipt of the application the Secretariat of the Commission shall convey defects, if any, if noticed on preliminary scrutiny of the application for rectification and the defects conveyed shall be rectified by the applicant in such time as may be indicated in the letter conveying the defects.*

*(9) In the notice published in the newspapers under clause (7) it shall be indicated that the suggestions and objections, if any, on the application, may be filed before the Secretary, Central Electricity Regulatory Commission, Third Floor, Chanderlok Building, Janpath, New Delhi-110001 (or the address where the office of the Commission is situated), with a copy to the applicant, by any person, including the long-term customers, within 30 days of publication of the notice,*

*(10) The applicant shall within 15 days from the date of publication of the notice as aforesaid submit to the Commission on affidavit the details of the notice published, indicating the newspapers in which the notice has been published and the date and place of their publication and shall also file before the Commission the relevant copies of the newspapers, in original, in which the notice has been published.*

*(11) The Central Transmission Utility shall send its recommendations, if any, to the Commission on the proposal made in the application within a period of thirty days from the date of receipt of application by it:*

*Provided that copy of the recommendations, if any, made by the Central Transmission Utility shall always be forwarded to the applicant;*

*Provided further that the recommendations of the Central Transmission Utility shall not be binding on the Commission.*

*(12) The applicant may file its comments, duly supported by an affidavit, on the recommendations made by the Central Transmission Utility and the suggestions and objections, if any, received in response to the public notice published by him, within 45 days of service of copy of the application on the Central Transmission Utility or publication of notices in the newspapers, with an advance copy to the Central Transmission Utility or the person who has filed the suggestions and objections on the proposal made in the application, as the case may be.*

*(13) The Commission after considering the suggestions and objections received in response to the public notice published by the applicant and the recommendations, if any, of the Central Transmission Utility may, propose to grant the licence or for reasons to be recorded in writing, reject the application.”*

7. The Applicant has filed the present application for grant of transmission licence in accordance with the Transmission Licence Regulations. The Applicant has submitted proof of service of the copies of the application on the LTTCs and Central Transmission Utility and proof of web posting of the complete application.

The long term customers of the Applicant are as under:

S.No.	Name of distribution licensee	Allocated capacity (MW)
1.	Eastern Power Distribution Company of Andhra Pradesh Ltd.	375 MW
2.	Southern Power Distribution Company of Andhra Pradesh Ltd.	
3.	Central Power Distribution Company of Andhra Pradesh Ltd.	
4.	Northern Power Distribution Company of Andhra Pradesh Ltd.	
5.	Banglore Electricity Supply Co Ltd.	350 MW
6.	Gulberga Electricity Supply Co Ltd.	

7.	Hubli Electricity Supply Co Ltd.	
8.	Mangalore Electricity Supply Co Ltd.	
9.	Chamundeshwari Electricity Supply Co Ltd.	
10.	Kerala State electricity Board	247 MW
11.	Tamilnadu State Electricity Board,	477 MW
12.	Electricity Department, Govt of Puducherry,	51 MW
13.	Grid Corporation of Orissa	200 MW
14.	Power Grid Corporation of India Limited	4 MW
15.	Unallocated	300 MW

8. The Applicant has made the application as per Form-1 accompanied by prescribed fee. The Applicant has served copies of the application on the Long Term Transmission Customers (LTTC) for the project which is scheduled to be commissioned 30 months from the effective date under the TSA. The levelised tariff charges quoted by the Applicant which have been recommended by the Bid Evaluation Committee for acceptance, is Rs.1440.0215 million per annum. The Applicant has also enclosed copies of the Bid Evaluation Committee recommendations for selection of the Applicant as the selected bidder and proof of making the evaluation report public by the Bid Process Coordinator as per the Guidelines. The Bid Evaluation Committee in its certificate dated 14.12.2010 has certified as under:

“The entire bid process has been carried out in accordance with the “Tariff Based Competitive Bidding Guidelines for Transmission Service” and “Guidelines for Encouraging Competition in Development of Transmission Projects” issued by Ministry of Power, Government of India under Section-63 of the Electricity Act, 2003 and as amended from time to time.”

“

9. The Applicant vide its affidavit dated 28.5.2010 has placed on record the relevant copies of the newspapers in original in which notice of its application has been published. The Applicant has published the notices in Dharitri in Oriya published from Orissa , Deshabhimani in Malayalam and the Hindu in English published from Kerala, , Maalaimalar in Tamil and Financial Chronicle in English



published from Tamil Nadu, Maalaimalar in Tamil and Financial Chronicle in English published from Pondicherry, Andhra Bhoomi in Telugu and Financial Chronicle in English published from Andhra Pradesh, and Saukanta Karnataka in Kannada published from Karnataka. The Applicant has complied with the requirement of Regulation 4(7) of transmission licence regulations.

10. In response to the public notice, no objection/suggestion has been received. The Long Term Transmission Customers have not filed any reply to the petition.

11. The main objects of the Applicant Company in the Memorandum of Association (MOA) contain the words “purchase and sale of power in accordance with the policies, guidelines and objectives laid down by the Central Government from time to time”. The Applicant in its Supplementary Affidavit dated 4.9.2010 has submitted that “Talcher II Transmission Company Ltd shall not engage in trading/sale or purchase of electricity till the time it is a transmission licensee and shall fulfill all terms and conditions of License Regulations and Applicable laws”. We direct that the Applicant shall take steps to carry out necessary amendment in the MOA and file the same within two months from the date of this order.

12. The Applicant had served a copy of the application on Central Transmission Utility (CTU) as required under Section 15(3) of the Act and Regulation 4(6) of the transmission licence regulations. The CTU in its letter dated 21.6.2010 has forwarded its recommendations in terms of Section 15(4) of the Act. In the recommendations it has been stated that the transmission assets for which licence is being sought has been identified by the Empowered

Committee on transmission for implementation through private sector participation. The scheme is a back-up transmission system for evacuation of power from Talcher-II generating project. The scheme was earlier approved by the constituents of the Southern Region in the 2<sup>nd</sup> meeting of SRPC held at Hyderabad on 31.10.2006, 4<sup>th</sup> meeting of SRPC held at Chennai on 4.6.2007 and by Orissa in the 8<sup>th</sup> meeting of ERPC held at Bodhgaya on 21.11.2010. The CTU has recommended under Section 15(4) of the Act for grant of Transmission Licence to Talcher-II Transmission Company Ltd which has been acquired by the successful bidder through the process of competitive bidding, that is, Reliance Power Transmission Limited on 27.4.2010.

13. Reliance Power Transmission Limited has been selected as the successful bidder on the basis of the tariff based competitive bidding as per the guidelines issued by Govt. of India, Ministry of Power. The Bid Process Coordinator has certified that the entire bid process has been carried out in accordance with the “Tariff Based Competitive Bidding Guidelines for Transmission Service” and “Guidelines for encouraging Competition in Development of Transmission Projects” issued by Ministry of Power. Reliance Power Transmission Limited has been issued with the Letter of Intent (LOI) as the selected bidder. After issue of LOI, Reliance Power Transmission Limited has furnished the Contract Performance Guarantee in terms of clause 2.21 of the Request for Proposal separately to each of the Long Term Transmission Customers and thereafter has acquired 100% stake in TTCL in terms of the Share Purchase Agreement executed on 27.4.2010. Thus, the applicant, TTCL has become a fully owned subsidiary of Reliance Power Transmission Limited and has applied for grant of inter-State transmission licence in accordance with the transmission licence

regulations. The applicant has fulfilled the requirements of transmission licence regulations. The CTU under section 15(4) has recommended the applicant for grant of transmission licence. The applicant has also filed an application under section 63 of the Act which is separately under consideration of the Commission. Considering all the materials on record we are *prima facie* of the view that the applicant satisfies the conditions for grant of inter-State transmission licence for planning, construction, operation and maintenance of the transmission system as described in para 1 of this order. We, therefore, direct that a public notice under clause (a) of sub-section (5) of Section 15 of the Act be published to invite suggestions or objections to grant of transmission licence aforesaid. The objections or suggestions, if any, be filed by any person before the Commission.

14. List this petition on 19.10.2010 for further directions.

Sd/-

Sd/-

Sd/-

Sd/-

**(M. DEENA DAYALAN) (V.S.VERMA) (S. JAYARAMAN) (DR. PRAMOD DEO)**  
**MEMBER MEMBER MEMBER CHAIRPERSON**