

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 121/TL/2012**

**Sub:** Application under Section 14 of the Electricity Act, 2003 read with Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of transmission licence and other related matters) Regulations, 2009 with respect to transmission licence to Nagapattinam-Madhugiri Transmission Company Limited.

Date of hearing : 14.6.2012

Coram : Dr. Pramod Deo, Chairperson  
Shri S.Jayaraman, Member  
Shri V.S. Verma, Member  
ShriA.S.Bakshi, Member (EO)

Petitioner : Nagapattinam-Madhugiri Transmission Company Limited

Respondents : IL &FS Tamil Nadu Power Company Limited, Chennai

Parties present : Shri Pawan Upadhaya, Advocate for the petitioner  
ShriJoesph Kurian, PGCIL  
Shri Dilip Rozekar, PGCIL

**Record of Proceedings**

Learned counsel for the petitioner submitted that the Power Grid Corporation of India Ltd. participated in the bidding under the Tariff Based Competitive Bidding guidelines for Transmission Service issued by Government of India Ministry of Power for selection of TSP to establish "Transmission System Associated with IPPs of Nagapattinam / Cuddalore Area – Package-A". Power Grid has been declared as the selected bidder and Letter of Intent (LoI) was issued on 6.3.2012 by the Bid Process Coordinator (BPC). In accordance with provision 2.4 (d) of RFP Bidding Documents and the LoI issued by the BPC, Power Grid has acquired on 29.3.2012 Nagapattinam-Madhugiri Transmission Company Limited (NMTCL) and thus, NMTCL incorporated under the Companies Act, 1956 is a 100% wholly owned subsidiary of Power Grid Corporation of India Limited.

2. Learned counsel submitted that in accordance with provisions of RFP Bidding Documents and the LoI issued by the BPC, NMTCL has made this application for the grant of transmission license. The applicant has completed all the required formalities regarding issuance of license as per the procedures

laid down in Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of transmission license and other related matters) Regulations, 2009.

3. Learned counsel *inter-alia* submitted as under:

(a) As per Section 14 of the Electricity Act, 2003 (the Act), a Government company or the company referred to in sub-section (2) of Section 131 of Act and the company or companies created in pursuance of the Act specified in the Schedule, shall be deemed to be a licensee under Act;

(b) As per Section 2(31) of the Act, "Government Company" shall have the meaning assigned to it in section 617 of the Companies Act, 1956.

(c) Further, Section 617 of the Companies Act, 1956 provides that "*Government company, means any company in which not less than fifty one per cent of the [paid-up share capital] is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary of a Government company.*"

(d) Presently, 69.42% of the paid up share capital of Power Grid is held by Government of India and the balance 30.58 % is held by the public, therefore, Power Grid is a Government Company. Since, NMTCL is a 100% wholly owned subsidiary of Power Grid and therefore, NMTCL is a government company within the meaning of section 617 of the Companies Act, 1956.

(e) In terms of said provisions including Section 14 of Act, by virtue of it being a Government company, declare NMTCL as a deemed licensee and if a government company participate in tariff based competitive bidding and become successful bidder, the transmission service provider should be considered as a deemed transmission licensee.

4. Order in the petition was reserved.

**By Order of the Commission**

**Sd/-  
(T. Rout)  
Joint Chief (Law)**