

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 440/MP/2014

Subject : Petition under Section 79 (1) (c) & (f) of the Electricity Act, 2003 for adjudication of dispute between Essar Power Gujarat Limited and Power Grid Corporation of India Limited in relation to illegal threat of encashment of the bank guarantee furnished in relation to connectivity granted to the petitioner.

Date of hearing : 7.11.2014

Coram : Shri Gireesh B. Pradhan, Chairperson
Shri M. Deena Dayalan, Member
Shri A.K. Singhal, Member
Shri A.S. Bakshi, Member

Petitioner : Essar Power Gujarat Limited

Respondent : Power Grid Corporation of India Limited

Parties present : Shri Alok Shankar, Advocate, EPGL
Shri Deepak Rodricks, EPGL
Shri Dilip Rozekar, PGCIL

Record of Proceedings

Learned counsel for the petitioner, Essar Power Gujarat Limited submitted as under:

- (a) The petitioner is setting up 3240 MW thermal power plant at district Jamnagar in the State of Gujarat.
- (b) On 9.2.2010, the petitioner applied for connectivity of 2240 MW in the Western Region which was granted by CTU.
- (c) On 3.1.2011, Transmission Agreement was entered into between the petitioner and PGCIL in terms of the Central Electricity Regulatory Commission (Grant of Connectivity, Long Term Access and Medium term Open Access in inter-State Transmission and related matters) Regulations, 2009 (Connectivity Regulations).
- (d) Pursuant to the Transmission Agreement, on 14.12.2011, an agreement for Long Term Access with System Strengthening was entered into between PGCIL and the petitioner. Accordingly, the petitioner furnished Bank Guarantee (BG) in favour of PGCIL for ` 112 crore in terms of Connectivity Regulations which was valid till 4.11.2014.

(e) PGCIL vide its letter dated 8.9.2014 informed the petitioner that the validity period of BG is expiring on 4.11.2014 and to be extended by another one year before the expiry of the validity. In case BG is not extended before the expiry date, the same may be treated as the claim against BG and no further claim will be lodged for realizing of the proceeds.

(f) PGCIL vide its letter dated 4.11.2014, directed the petitioner to install Special Protection Scheme to restrict the actual evacuation to 250 MW since there is no capacity available for transfer of power more than 250 MW from Salaya TPS beyond Bhachau taking into account Mundra UMPP generation.

(g) Since the connectivity and LTA has been granted only for 250 MW, BG should be proportionate to 250 MW i.e. ` 12.5 crore. The granted connectivity of 2240 MW is an empty formality, in light of the provisions of the CEA Manual and earlier letter from PGCIL, there is no basis for PGCIL to continue to require BG in accordance with the total capacity applied for.

(h) BG has been extended by another one year.

2. The representative of PGCIL submitted as under:

(a) On 9.2.2010, the petitioner applied for grant of LTA and Connectivity for 2240 MW. The agreement provides that in case Salaya TPS-Bachau D/C is not available by the date of commencement of connectivity, the petitioner's generating station may be connected with WR grid by LILO of one circuit of 400 kV Mundra UMPP-Jetpur D/C line (Triple) as an interim arrangement.

(b) On 3.3.2011, the petitioner applied for grant of LTA of 250 MW which was granted by PGCIL on 5.8.2011 after discussion in 14th meeting of WR constituents held on 13.5.2011.

(c) As per Clause 7.3 of the Detailed Procedure, the petitioner is required to pay @ ` 5 lakh per/ MW for construction/augmentation of transmission system for more than 20 km. Accordingly, BG of ` 112 crore has been taken from the petitioner by CTU corresponding to 2240 MW for which Connectivity was sought.

3. After hearing the learned counsel for the petitioner and representative of PGCIL, the Commission directed the respondent to file its reply on affidavit, by 28.12.2014 with an advance copy to the petitioner who may file its rejoinder, if any, by 20.12.2014.

4. The Commission directed the petitioner to file the following information by 28.11.2014:

- (a) Copy LTA application;
- (b) Status of generating units of the petitioner`s generating station as on date; and
- (c) Status of Connectivity which has been applied by the petitioner i.e. whether the petitioner wants connectivity for 2240 MW or not?

5. The Commission directed CTU to submit the following information on affidavit, by 28.11.2014:

- (a) Status of dedicated transmission line, namely Salaya (TPS)-Bachau 400 kV D/C transmission line which is being constructed by PGCIL, feasibility of evacuating power of generating units of the petitioner vis-à-vis connectivity granted;
- (b) Status of transmission lines mentioned in the system strengthening to facilitate power transfer as part of LTA;
- (c) Status of other proposed line from generating station and Pirana Pooling point i.e Salaya (TPS)-Bachau 400 kV D/C transmission line and whether without this full load testing of various proposed units would be possible?
- (d) Status of the action taken in similar cases and situation by Power Grid.

6. The Commission directed that due date of filing the information should be strictly complied with.

7. The Commission directed the list the petition for hearing on 15.1.2015.

By order of the Commission

**sd/
(T. Rout)
Chief (Law)**