

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 190/TT/2013

Coram:

**Shri M. Deena Dayalan, Member
Shri A.K.Singhal, Member**

Date of Hearing : 15.10.2013

Date of Order : 08.01.2014

In the matter of

Application under Section 63 of the Electricity Act, 2003 for the adoption of Tariff (Transmission Charges) in respect of the Transmission System being established by Kudgi Transmission Limited (A wholly owned subsidiary of L&T Infrastructure Development Projects Limited) under Tariff Based Competitive Bidding process.

**And
in the matter of**

Kudgi Transmission Limited
CORE-4, SCOPE Complex, 7, Lodhi Road,
New Delhi-110 003

..... **Petitioner**

Vs

1. Bangalore Electricity Supply Company Limited (BESCOM),
K.R.Circle, Bangalore-560 001
2. Gulbarga Electricity Supply Company Limited (GESCOM),
Station Main Road, Gulbarga
3. Hubli Electricity Supply Company Limited (HESCOM),
Navanagar, PB Road, Hubli
4. Mangalore Electricity Supply Company Limited (MESCOM),
Paradigm Plaza, AB Shetty Circle, Mangalore-575 001
5. Chamundeshwari Electricity Supply Company Limited (CESCOM),
927, LJ Avenue, Ground Floor, New Kantharaj Urs Road,
Saraswathipuram, Mysore-570 009
6. Northern Power Distribution Company of Andhra Pradesh Limited
(APNPDCL), H.No. 2-5-3 1/2, Vidyut Bhawan, APNPDCL, Corporate Office,
Nakkal Gutta, Hanamkonda, Warangal-506 001
7. Eastern Power Distribution Company of Andhra Pradesh Limited (APEPDCL),
3rd Floor, Corporation Office P & T Colony, Seethmmadhara,
Vishakhapatnam-530 013
8. Southern Power Distribution Company of Andhra Pradesh Limited
(APSPDCL), Srinivassa Kalyana Mandapam Backside, Tiruchanoor Road,



Kesavayan Gunta, Tirupati-517 501

9. Central Power Distribution Company of Andhra Pradesh Limited (APCPDCL),
6-1-50, Corporate Office, Mint Compound, Hyderabad- 500 063

10. Kerala State Electricity Board (KSEB)
Vaidyuti Bhavanam, Pattom,
Trivandrum-696 004

11. Tamil Nadu Generation and Distribution Company Limited (TANGEDCO),
NPKRR Malligai, 144, Anna Salai, Chennai 600 002 **Respondents**

The following were present:

1. Shri S.N Sunkari, KTL
2. Shri R. Suraj, KTL
3. Shri Yogesh Malik, M/s Parry & Company (RECTPCL Consultant)
4. Shri [Abhineet Sinha](#), Advocate, RECTPCL
5. Shri A.M.Pagvi, PGCIL
6. Shri S.Vallinayagam, Advocate, TGDCL

ORDER

The petitioner, Kudgi Transmission Limited has filed the present petition under Section 63 of the Electricity Act, 2003 (hereinafter referred to as the 'Act') for adoption of tariff (Transmission Charges) in respect of transmission system being established for evacuation of power from Kudgi TPS (3 x 800 MW in Phase - I) of NTPC Limited (hereinafter referred to as 'the Project') comprising of Kudgi TPS- Narendra (New) 400 kV 2xD/C quad lines, Narendra (New)– Madhugiri 765 kV D/C line and Madhugiri–Bidadi 400 kV D/C (quad) line.

2. The petitioner has submitted that the Central Government in exercise of the powers under Section 63 of the Act has notified the “Tariff Based Competitive Bidding Guidelines for Transmission Service” (hereinafter referred to as “the Guidelines”) vide Government of India Ministry of Power Resolution No.11/5/2005-PG(i) dated 17.4.2006. The petitioner has further submitted that Ministry of Power vide its Notification No.15/1/2011-Trans, dated 8.10.2012 notified REC Transmission Projects Company Limited (hereinafter referred to as RECTPCL) as the Bid Process Coordinator (BPC) for the purpose of selection of bidder as Transmission Service



Provider (TSP) to establish the transmission system for evacuation of power from Kudgi TPS (3 x 800 MW in Phase-I) of NTPC Limited on Build, Own, Operate and Maintain (BOOM) basis through competitive bidding in accordance with Guidelines.

3. On 27.11.2012, the BPC incorporated the Kudgi Transmission limited as its wholly owned subsidiary to take steps for execution of the transmission project and subsequently to act as the Transmission Service Provider after being acquired by the successful bidder.

4. The petitioner has submitted that RECTPCL as the BPC had initiated the process for selection of successful bidder in accordance with the “Guidelines for encouraging competition in development of Transmission Projects and competitive bidding for Transmission Service” and “Tariff based competitive bidding guidelines for Transmission Service” (‘Guidelines’) issued by Ministry of Power, Government of India.

5. The petitioner has submitted the key milestones in the bidding process as under:

S. No.	Events	Date
1.	Global Invitation for Tender	5.12.2012
2.	Submission of Request for Qualification	22.1.2013
3.	Notification of list of bidders qualified for submission of Request for Proposal	7.3.2013
4.	Issuance of Request for Proposal documents	12.3.2013
5.	Pre-bid meeting	10.4.2013
6.	Issuance of written clarifications/ amendments by BPC	30.4.2013
7.	Submission of Request for Proposal documents	2.7.2013
8.	Opening of Non-financial Bid	2.7.2013
9.	Opening of financial bid	24.7.2013
10.	Issuance of Letter of Intent to successful bidder	31.7.2013

6. The petitioner has submitted that the BPC started the process with the publication of Global Invitation for Qualification on 5.12.2012 for selection of a TSP for the project and to provide transmission service on long term basis to the Long Term Transmission Customers (LTTCs). Intimation regarding the initiation of the bidding process was given by the BPC to the Commission vide its letter dated 6.12.2012. A total of eleven bidders had submitted their Request for Qualification (RfQ) on 22.1.2013 amongst which nine bidders were qualified for participation in the next stage of bidding i.e Request for Proposal (RfP). On 2.7.2013, RfPs were submitted by the following four bidders, whose financial bids were opened on 24.7.2013:

- (i) L&T Infrastructure Development Projects Limited;
- (ii) Power Grid Corporation of India Limited;
- (iii) Gammon Infrastructure Projects Limited; and
- (iv) Sterlite Grid Limited.

7. The petitioner has submitted that on conclusion of the bidding process on 29.7.2013, M/s L&T Infrastructure Development Projects Limited (LTIDPL) was declared successful bidder having quoted the lowest levelized transmission charges. The Letter of Intent (LOI) dated 31.7.2013 was issued by the BPC to the successful bidder on 31.7.2013 which has been accepted unconditionally. In keeping with the conditions stipulated in the bid documents, the petitioner on 30.8.2013 acquired M/s Kudgi Transmission Limited as its wholly owned subsidiary after executing the Share Purchase Agreement and also furnished the Contract Performance Guarantee of ₹ 41,40,00,000/- in favour of LTTCs.

8. The petitioner has submitted that the BPC, vide its clarifications issued on 30.4.2013, has clarified that the transmission charges shall be shared and recovered as per the applicable CERC Regulation which is at present the PoC Mechanism

under Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010.

9. The petitioner has submitted that as per the executed Transmission Service Agreement (TSA) the transmission assets are to be developed by the TSP in line with the Scheduled Commercial Operation Date (COD) of each element of the project. Further, the quoted transmission charges shall be payable based on the percentage of the transmission charges that are recoverable on achieving scheduled COD of each element of the project as given below:

S. No	Name of the Transmission Element	Scheduled COD in months from effective date	Percentage of quoted transmission charges recoverable on scheduled COD of the element of the project	Element(s) which are pre-required for declaring the commercial operation (COD) of the respective Element
1	Kudgi TPS - Narendra (New) 400 kV 2xD/C quad line	18	3.22	-
2	Narendra (New) – Madhugiri 765 kV D/C line	28	80.65	Kudgi TPS- Narendra (New) 400 kV 2xD/C quad Lines of Sl. No. 1
3	Madhugiri –Bidadi 400 kV D/C (quad) line	28	16.13	Kudgi TPS- Narendra (New) 400 kV 2xD/C quad lines of Sl. No. 1

10. In accordance with the provision of the bid documents and LOI issued in its favour, the petitioner has prayed for adoption of the transmission charges for the project which has been discovered through the process of competitive bidding as under.

"(a) Approve the adoption of Tariff (Transmission Charges) for the Project awarded through competitive bidding process.

(b) Approve the above Tariff (Transmission Charges) which are recoverable on achieving the scheduled COD for the Element of the Project.

(c) Allow the "Transmission system required for evacuation of power from Kudgi TPS (3 x 800 MW in Phase – I) of NTPC Limited" to be part of Transmission Service Agreement approved by the Hon'ble Commission under PoC Charges Regulation (Sharing of Inter-State Transmission Charges and Losses Regulations, 2010).

(d) Pass such other order as may be deemed fit and proper in the facts and circumstances of the case."

11. On receipt of the present petition, the Commission vide its letter dated 9.9.2013 directed the BPC to submit the complete process of competitive bidding supported documents, through affidavit. The necessary details have been filed by the BPC under affidavit dated 26.9.2013.

12. Notices were issued to all the respondents who are the Long Term Transmission Customers of the project. Notice was also issued to RECTPCL in its capacity as Bid Process Coordinator. RECTPCL has filed the copies of all relevant documents pertaining to the bidding process.

13. During the hearing on 15.10.2013, the representative of the petitioner referred to the provisions of RfQ regarding partial DOCO i.e element wise DOCO in the project documents and submitted that the petitioner is eligible to recover 3.22% of the quoted transmission charges upon successful commissioning of Kudgi TPS - Narendra (New) 400 kV 2x D/C quad lines i.e 18 months from the effective date. He further submitted that the petitioner is also eligible to recover 80.65% and 16.13% of quoted transmission charges upon commissioning of Narendra (New)- Madhugiri 765 kV D/C line and Madhugiri-Bidadi 400 kV D/C (quad) line, respectively within 28 months of effective date. The representative of the petitioner requested the Commission to adopt transmission tariff as mentioned in the TSA.

14. Learned counsel for RECPTCL submitted that all the provisions of the competitive bidding guidelines have been complied with in this case and requested to adopt the transmission charges accordingly.

15. TANGEDCO in its reply dated 21.11.2013 has requested the Commission to direct the petitioner to execute and complete the transmission system within the time schedule and without any slippage. TANGEDCO has also submitted that the respondents should not be burdened with any further increase in tariff charges due to delay in commissioning of the transmission system.

16. The petitioner, in its rejoinder dated 2.12.2012 has submitted that the project execution plan shall be furnished in accordance with the provisions of RfP and the TSA. In the event of any force majeure, same shall be brought to the notice of the respondents in accordance with TSA. In the event of delay, which is not attributable to the petitioner, same shall be dealt in accordance with the provisions of RfP and the TSA. The petitioner has submitted that in the event of any increase in tariff due to delay in commissioning of transmission system shall be dealt in accordance with the provisions of RfP and the TSA.

17. We heard the representatives of the petitioner and learned counsels for the TANGEDCO and RECPTL and perused the documents on record. We now proceed to examine whether the transmission charges have been discovered in accordance with Section 63 of the Electricity Act, 2003.

18. Section 63 of the Act provides as under:

“Section 63 (Determination of tariff by bidding process):

Notwithstanding anything contained in section 62, the Appropriate Commission shall adopt the tariff if such tariff has been determined through

transparent process of bidding in accordance with the guidelines issued by the Central Government.”

19. Government of India, Ministry of Power has notified the Guideline issued by the Central Government under Section 63 of the Act vide Resolution No. 11/5/2005-PG(i) dated 17.4.2006. The salient features of the Guidelines are discussed in brief as under:

(a) The Guidelines are applicable for procurement of transmission services for transmission of electricity through tariff based competitive bidding and for selection of transmission service provider for new transmission lines and to build, own, operate and maintain the specified transmission system elements;

(b) For procurement of transmission services required for inter-State transmission, the Central Government shall notify any Central Government Organization or any Central Public Sector Undertakings the Bid Process Coordinator (BPC) who would be responsible for coordinating the bid process;

(c) The BPC shall prepare the bid documentation in accordance with the Guidelines and obtain approval of the Appropriate Commission or alternatively, the BPC can use the standard bid documents notified by the Ministry of Power. Approval of the Appropriate Commission would be necessary if any material deviation is proposed to be made in the Standard Bid Documents. Intimation about the initiation of the bid process shall be sent by the BPC to the Appropriate Commission;

(d) For procurement of transmission charges under the Guidelines, the BPC may adopt at its option either a two-stage process featuring separate

Request for Qualifications (RfQ) and Request for Proposal(RfP) or adopt a single stage two envelope tender process combining both RFQ and RFP processes;

(e) RfQ or combined RfQ and RfP notice shall be issued in at least two national newspapers, website of the BPC and the appropriate Government and preferably in the trade magazines also to provide wide publicity. For the purpose of issue of RfQ, minimum conditions to be met by the bidder shall be specified in RfQ notice. The bidding shall be by way of International Competitive Bidding;

(f) Standard documentation to be provided in the RfQ stage shall include definition of requirements including the details of location and technical qualifications for each component of the transmission lines, construction milestones, and financial requirements to be met by the bidders; proposed Transmission Service Agreement; period of validity of offer of bidder; conditions as specified by the Appropriate Commission for being eligible to obtain transmission licence and other technical and safety criteria to be met by the bidder/TSP including the provisions of Indian Electricity Grid Code (IEGC).

(g) Standard documentations to be provided by BPC in the RfP shall include specified target dates/months for commissioning and commercial operations and start of providing transmission services. TSA proposed to be entered with the selected bidder; bid evaluation methodology to be adopted by the BPC; Discount Factor to be used for evaluation of the bids; specification regarding the bid bond and project completion guarantee to be furnished by the bidders, proposed indemnification agreement between the TSP and the utilities, amount of contract performance guarantee as percentage of the

project cost; and the liquidated damages that would apply in the case of delay in start of providing the transmission services.

(h) To ensure competitiveness, the minimum number of qualified bidders shall be two. The BPC shall constitute a committee for evaluation of the bids with at least one member from Central Electricity Authority (CEA) and the concerned Regional Power Committees. The member from CEA shall have expertise in the cost engineering of transmission projects. The bids shall be opened in public and the representative of the bidders shall be allowed to remain present. The technical bids shall be scored to ensure that only the bids that meet the minimum technical criteria as set out in the RfQ shall be considered for further evaluation on the transmission charge bids. The transmission charge bid shall be rejected if it contains any deviation from the tender conditions for submission of the same. The bidder who has quoted the lowest transmission charge as per the evaluation procedure shall be considered for the award.

(i) The Guidelines provide for standard time tables for the bid process. The timeline suggested for a two stage bid process is 240 days and single stage two envelope bid process is 180 days. The BPC is empowered to give extended time-frame based on the prevailing circumstances and such alterations shall not be construed as the deviation from the Guidelines.

(j) The selected bidder shall make an Application for grant of transmission licence to the Appropriate Commission within one month of selection. The TSA shall be signed with the selected bidder in accordance with the terms and conditions as finalized in the bid document before the RFP stage.

(k) The BPC shall make evaluation of the bids public by indicating the terms of the winning bid and anonymous comparison of all other bids. All contracts signed with the successful bidder shall also be made public. The final TSA along with the certification of BPC shall be forwarded to the Appropriate Commission for adoption of tariff in terms of section 63 of the Act.

20. In the light of the above provisions of the Guidelines, we have examined in the succeeding paragraphs the transparent process of international competitive bidding adopted in the present case for arriving at the lowest levelized transmission charges and for selection of the successful bidder as the Transmission Service Provider.

21. RECTPCL was notified by Ministry of Power, Government of India vide its Notification No. 15/1/2011-Trans dated 8.10.2012 as the BPC for the purpose of selection of bidder as TSP to establish the project on Build, Own, Operate and Maintain (BOOM) basis through tariff based competitive bidding process.

22. M/s Kudgi Transmission Limited was incorporated on 27.11.2012 under the Companies Act, 1956 as a wholly owned subsidiary of RECTPCL with the objective to establish the transmission system for evacuation of power from Kudgi TPS (3 x 800 MW in Phase- I) of NTPC on BOOM basis and to act as the Transmission Service Provider after being acquired by the successful bidder. The main objective of the petitioner company in its Memorandum of Associations are as under:

“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

and wheeling of power in accordance with the policies, guidelines and objectives laid down by the Central Government from time to time”.

23. RECTPCL as the BPC prepared the bidding documents such as RfQ and RfP in accordance with the Standard Bid Documents issued by the Ministry of Power, Government of India. The BPC started the process of selection of TSP with the publication of Global Invitation for Qualification on 5.12.2012 for selection of developer on BOOM basis for the project. The notice for RfQ was published on 5.12.2012 in all the editions of The Economic Times, The Nav Bharat Times, The Times of India and The Financial Times with the last date of submission of response to RFQ as 22.1.2013. Intimation regarding the initiation of the bid process was given to the Central Commission in accordance with para 4.2 of the Guidelines vide its letter No. RECTPCL/P6/Kudgi/RFQ, dated 6.12.2012.

24. The scope of the Project as per the Request for Proposal (RfP) and the Transmission Service Agreement is as under:

S.No	Name of Transmission Element	Conductors per Phase	Completion Target
1.	Kudgi TPS-Narendra (New) 400kV 2xD/C quad Lines	Quad Moose ACSR or Quad AAAC (equivalent to Quad ACSR Conductor) and Transmission line design should be corresponding to 85°C conductor temperature operation.	18 Months
2.	Narendra (New)-Madhugiri 765kV D/C line	Hex Zebra ACSR or equivalent AAAC conductor and Transmission line design should be corresponding to 85°C conductor temperature operation.	28 Months
3.	Madhugiri-Bidadi 400kV D/C (quad) line	Quad Moose ACSR or equivalent AAAC Conductor and Transmission line design should be corresponding to 85°C conductor temperature operation.	28 Months

25. The identified Long Term Transmission Customers (LTTCs) of the project along with their allocated capacity in the project are as under:

S.No.	Name of Long Term Transmission Customer	Allocated Project Capacity (in MW)
1	Andhra Pradesh	
(i)	Northern Power Distribution Company of Andhra Pradesh Limited (APNPDCL)	66.35
(ii)	Eastern Power Distribution Company of Andhra Pradesh Limited (APEPDCL)	66.06
(iii)	Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL)	93.11
(iv)	Central Power Distribution Company of Andhra Pradesh Limited (APCPDCL)	192.58
2.	Karnataka	
(i)	Bangalore Electricity Supply Company Limited (BESCOM)	593.57
(ii)	Gulbarga Electricity Supply Company Limited (GESCOM)	158.62
(iii)	Hubli Electricity Supply Company Limited (HESCOM)	217.48
(iv)	Mangalore Electricity Supply Company Limited (MESCOM)	99.65
(v)	Chamundeshwari Electricity Supply Company Limited (CESCOM)	126.92
3.	Kerala State Electricity Board (KSEB)	119.18
4.	Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO)	300.10

26. Responses to RfQ were received from Eleven Bidder on 22.1.2013, as per the details given below:

S.No.	Name of Bidders
1.	L&T Infrastructure Development Projects Limited
2.	Sterlite Grid Limited
3.	Gammon Infrastructure Projects Limited
4.	Power Grid Corporation of India Limited
5.	InstalacionesInabensa
6.	Balfour Beatty Infrastructure Investments Ltd. and TATA Projects (Consortium)
7.	Reliance Power Transmission Limited
8.	Navyuga Engineering Company Limited

9.	Techno Electric and Engineering Company Limited and Kalpataru Power Transmission Limited (Consortium)
10.	SREI Infrastructure Finance Ltd and India Power Corporation Limited (Consortium)
11.	NCC Limited

27. As per the decision of the Empowered Committee on Transmission, the Bid Evaluation Committee comprising of the following was constituted:

- (a) Shri Vinod Pande, GM, SBI Capital Markets Ltd. **Chairman**
(b) Shri Sunil Kumar, Chairman, KTL (GM-REC) **Member**
(c) Shri Ravinder Gupta, Director (SP&PA)CEA **Member**
(d) Shri N.C.Jain, Chief Engineer (F&CA and Legal), CEA ... **Member**
(e) Shri K.Vikraman Nair, Member (Transmission and System Operation), KSEB **Member**
(f) Shri S.Pratap Kumar, Director (Transmission),KPTPCL... **Convenor**

28. The responses to RfQ was opened on 22.1.2013 in the presence of Bid Evaluation Committee and the representative of the bidders. Evaluation was undertaken by RECTPCL with the help Bid Process Consultant, namely, M/s PARY & Co, Chartered Accountants, Noida in consortium with M/s Link Legal, Advocates and presented to the Bid Evaluation Committee which recommended the following nine bidders as qualified at RfQ stage:

S.No.	Name of Bidders
1.	L&T Infrastructure Development Projects Limited
2.	Balfour Beatty Infrastructure Investments Ltd. and TATA Projects (Consortium)
3.	Gammon Infrastructure Projects Limited
4.	Navyuga Engineering Company Limited
5.	NCC Limited
6.	Power Grid Corporation of India Limited
7.	Reliance Power Transmission Limited
8.	Sterlite Grid Limited
9.	Techno Electric and Engineering Company Limited and Kalpataru Power Transmission Limited (Consortium)

29. Out of the qualified nine bidders, response was received from the following four bidders:

S.No.	Name of Bidders
1.	L&T Infrastructure Development Projects Limited
2.	Power Grid Corporation of India Limited
3.	Sterlite Grid Limited
4.	Gammon Infrastructure Projects Limited

30. RfP (Non-Financial) Bids were opened on 2.7.2013 in the presence of Bid Evaluation Committee and the representatives of the bidders. On 11.7.2013, Bid Evaluation Committee discussed the Consultant's report on the evaluation of the RfP (Non-Financial) Bids and decided that Non-Financial Bids submitted by M/s Power Grid Corporation of Indian Limited met all the requirements specified in the RfP documents. The Bid Evaluation Committee observed that out of four bidders, there were minor deficiencies in three bidders, namely, L&T Infrastructure Development Projects Limited, Gammon Infrastructure Projects Limited and Sterlite Grid Limited which were procedural in nature and same be rectified by seeking clarifications. The said three bidders submitted their clarifications on 22.7.2012. Thereafter, Bid Evaluation Committee had recommended all the following four bidders as responsive for opening of financial bids.

S.No.	Name of Bidders
1.	L&T Infrastructure Development Projects Limited
2.	Power Grid Corporation of India Limited
3.	Sterlite Grid Limited
4.	Gammon Infrastructure Projects Limited

31. The RfP (Financial) bids were opened on 24.7.2013 in the presence of Bid Process Consultant and the representatives of the bidders. The evaluation of the RfP (Financial) bids was carried out by RECTPCL and presented to the Bid Evaluation Committee on 29.7.2013. The levelized transmission charges for each bidder, as per the bid evaluation model and the methodology specified in the RfP, were found to be

in order. Based on the evaluation of the RfP, the levelized transmission charges were worked out as under:

S No.	Name of the Bidder	Levelised Transmission Tari In Indian Rupees (Millions/annum)
1	Gammon Infrastructure Projects Limited	3,244.4585
2	L&T Infrastructure Development Projects Limited	1,795.8652
3	Power Grid Corporation of India Limited	2,130.1528
4.	Sterlite Grid Limited	2,186.1223

32. Based on the evaluated levelised transmission charges, the Bid Evaluation Committee recommended M/s L&T Infrastructure Development Projects Limited as the successful bidder with the lowest evaluated annual levelised transmission charges of ₹ 1,795.8652 million/annum. Relevant portion of the minutes of the Bid Evaluation Committee dated 29.7.2013 is extracted as under:

"XIII. Levelised Transmission charges: The levelised Transmission Charges for each Bidder (in alphabetical order) as per the Bid Evaluation model and the methodology specified in RFP documents is as under:

S No.	Name of the Bidder	Levelised Transmission Tari In Indian Rupees (Millions/annum)
1	Gammon Infrastructure Projects Limited	3,244.4585
2	L&T Infrastructure Development Projects Limited	1,795.8652
3	Power Grid Corporation of India Limited	2,130.1528
4.	Sterlite Grid Limited	2,186.1223

XIV. The calculation sheet for the levelised Transmission Charge for each Bidder as per the Bid Evaluation model is annexed at Annexure-3.

XV. As per the above table, M/s. L&T Infrastructure Development Projects Limited emerges as the Successful Bidder with the lowest Levelised Transmission Charges of Rs. 1,795.8652 million per annum.

VI. After detailed discussions on the evaluation report and verification of the bids, wherever required, the Bid Evaluation Committee took the following decisions:

a) M/s L&T Infrastructure Development Projects Limited emerges as the Successful Bidder with the lowest Levelised Transmission Charges of Rs. 1,795.8652 million per annum.

b) The levelised tariff for this project based on CERC norms for the same period works out to Rs. 2,327.4652 million per annum, which has been computed based on the estimated cost notified in Minutes of Meeting of Empowered Committee held on 15.6.2012, escalated till June 2013 Plus IDC and methodology for calculation of tariff adopted by CERC.

c) Thus, in the light of the above, the rates quoted by the successful Bidder are reasonable.

d) 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 the Transmission Projects" issued by Ministry of Power, Govt. of India under Section 63 of the Electricity Act, 2003 and as amended from time to time.

(e) In view of the (a) to (d) above, Ms/ L&T Infrastructure Development Projects Limited may be issued Letter of Intent (LOI)"

33. Bid Evaluation Committee has also issued the following certificate dated 29.7.2013 regarding selection of the successful bidder as under:

" It is hereby certified that:

a. M/s L & T Infrastructure Development Limited has emerged as the successful bidder with the lowest levelised transmission charges of Rs. 1,795,8652 million per annum for the above project.

b. The rates quoted by the successful bidder are in line with the prevailing prices.

c. 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 the Transmission Projects" issued by Ministry of Power, Govt. of India under Section 63 of the Electricity Act, 2003 and as amended from time to time."

34. Letter of Intent was issued by the BPC on 31.7.2013 to the successful bidder i.e. M/s L&T Infrastructure Development Projects Limited. In accordance with para 12.3 of the Guidelines, the BPC has hosted on the website of RECTPCL the final results of the evaluation of the bids for selection of developer for the project.

35. In accordance with the terms of the RFP and LOI issued, LTIDPL as the successful bidder was required to accomplish the following tasks:

- (a) Provide Contract Performance Guarantee in favour of the LTTCs;
- (b) Execute the Share Purchase Agreement;
- (c) Acquire, for the acquisition price, one hundred percent equity shareholdings of Kudgi Transmission Limited from RECTPCL, along with all its related assets and liabilities;
- (d) Make an Application to the Central Electricity Regulatory Commission for adoption of charges under Section 63 of the Electricity Act, 2003;
- (e) Apply to Central Electricity Regulatory Commission for grant of transmission licence.

36. LTIDPL has furnished the Performance Guarantee to each of the Long Term Transmission Customers of the project for an amount of ₹ 41,40,00,000 (Rupees Forty one crore and forty lakh only) and has acquired hundred percent equity holding in the applicant company on 30.8.2013 after execution of the Share Purchase Agreement. The TSP on behalf of the successful bidder is required to file the application for grant of transmission licence and adoption of tariff within six months from the effective date. Accordingly, the petitioner has filed the application for grant of transmission licence and present petition for adoption of tariff on 2.9.2013. Therefore, the petitioner has complied with all procedural requirements specified in the bid documents.

37. In the light of the discussions in the preceding paragraphs, it emerges that selection of the successful bidder and the process of arriving at the levelised tariff of the project through competitive bidding has been carried out by the Bid Process Coordinator through a transparent process in accordance with the Guidelines and

Standard Bid Documents. The Bid Evaluation Committee has certified that the process is in conformity with the MOP Guidelines. The BPC in its certificate dated 29.7.2013 has certified that the rates quoted by the successful bidder are in line with the prevailing prices. We are satisfied that the bidding has been carried out by the BPC as per the Guidelines in a transparent process. Accordingly, we approve and adopt the levelised transmission charges for the project as per the **Appendix** to this order. The sharing of the transmission charges by the LTTCs shall be governed by the provisions of the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010 as amended from time to time (Sharing Regulations).

38. The petitioner has prayed for approval of the transmission charges which are recoverable on achieving the scheduled COD for the element of the project. During the course of hearing, the representative of the petitioner submitted that the petitioner is eligible to recover 3.22% of the quoted transmission charges upon successful commissioning of Kudgi TPS-Narendra (New) 400 kV 2 x D/C quad lines i.e 18 months from the effective date. He further submitted that the petitioner is also eligible to recover 80.65% and 16.13% of quoted transmission charges upon commissioning of Narendra (New)-Madhugiri 765 kV D/C line and Madhugiri-Badadi 400 kV D/C (quad) line, respectively within 28 months of effective date.

39. The petitioner has also submitted that transmission charges quoted in schedule 6 of the TSA shall undergo revision as per the percentage of transmission charges recoverable on achieving schedule COD of the assets of the project. The revised transmission charges payable by the LTTCs are as under:

Year (Term of Licence)	Commencement Date of Contract Year	End Date of Contract Year	Quoted Non Escalable Transmission Charges (₹ Million)	Quoted Escalable Transmission Charges (₹ Million)
1	2.3.2015	31.3.2015	5.02	NIL
2	1.4.2015	29.12.2015	46.41	NIL
3	30.12.2015	31.3.2016	1962.90	NIL

40. We have considered the submissions of the petitioner. It is noticed that one of the elements of the transmission system is to be scheduled within 18 months and two elements are to be scheduled within 28 months from the effective date. Scheduled COD of the overall project is 28 months from the effective date. Schedule 3 of the TSA provides that the payment of transmission charges for any element on or before its Scheduled COD shall only be considered after successful commissioning of the element(s), which are pre-required for declaring the commercial operation of the elements. Accordingly, in terms of Schedule 3 of the TSA, proportionate transmission charges i.e. 3.22% of quoted transmission charges shall be payable to the petitioner upon commissioning/COD of the first element prior to 2.1.2016. The transmission charges with effect from 2.1.2016 shall be paid in accordance with the Schedule 3 of the TSA which has been enclosed as Annexure to this order .

41. The petitioner has also prayed that the transmission system be allowed to be treated as part of the Transmission Service Agreement approved under the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses), Regulations 2010 (the 2010 regulations). Prior to acquisition of the Kudgi Transmission Limited by LTIDPL, TSA has been entered into on 14.5.2013 with the respondents. At the pre-bid conference, it was clarified by the BPC that TSA would merge with the TSA as notified by this Commission under the 2010 regulations. Thus, merger of the TSA signed by the parties with the TSA notified by this Commission is a condition of the bid and binding on all concerned. Further, the Commission in its order dated 13.12.2011 in Petition No. 154/2011 has already clarified that since the scheme under the High Capacity Transmission Corridor is part of the coordinated planning of the transmission system by CTU and CEA, they are part of the TSA approved by this Commission under the 2010 regulations.

42. The Petition No.190/TT/2013 is disposed of in terms of the above.

43. We direct that copies of this order shall be endorsed to all Long Term Transmission Customers of the transmission system.

Sd/-

(A.K.Singhal)
Member

sd/-

(M. Deena Dayalan)
Member

**Transmission Charges Recoverable on Achieving
Element Wise COD**

Year (Term of Licence)	Commencement Date of Contract Year	End Date of Contract Year	Quoted Non Escalable Transmission Charges (₹ Million)	Quoted Escalable Transmission Charges (₹ Million)
1	Scheduled COD 2.1.2016	31.3.2016	1962.90*	NIL
2	1 .4. 2016	31.3.2017	1962.90	NIL
3	1.4. 2017	31.3.2018	1962.90	NIL
4	1.4.2018	31.3.2019	1962.90	NIL
5	1 .4.2019	31.3.2020	1962.90	NIL
6	1.4. 2020	31.3.2021	1962.90	NIL
7	1.4 2021	31.3.2022	1962.90	NIL
8	1.4. 2022	31.3.2023	1962.90	NIL
9	1.4.2023	31.3.2024	1962.90	NIL
10	1.4.2024	31.3.2025	1962.90	NIL
11	1.4. 2025	31.3.2026	1962.90	NIL
12	1.4.2026	31.3.2027	1962.90	NIL
13	1.4. 2027	31.3.2028	1962.90	NIL
14	1.4.2028	31.3.2029	1962.90	NIL
15	1.4. 2029	31.3.2030	1962.90	NIL
16	1.4 .2030	31.3.2031	1962.90	NIL
17	1.4. 2031	31.3.2032	1962.90	NIL
18	1.4. 2032	31.3.2033	1962.90	NIL
19	1.4. 2033	31.3.2034	1962.90	NIL
20	1.4. 2034	31.3.2035	1962.90	NIL
21	1.4. 2035	31.3.2036	1962.90	NIL
22	1.4. 2036	31.3.2037	1962.90	NIL
23	1.4. 2037	31.3.2038	1962.90	NIL
24	1.4. 2038	31.3.2039	1962.90	NIL
25	1.4. 2039	31.3.2040	1962.90	NIL
26	1.4. 2040	31.3.2041	1962.90	NIL
27	1.4. 2041	31.3.2042	1962.90	NIL
28	1.4. 2042	31.3.2043	1962.90	NIL
29	1.4. 2043	31.3.2044	1962.90	NIL
30	1.4. 2044	31.3.2045	1962.90	NIL
31	1.4. 2045	31.3.2046	1962.90	NIL
32	1.4. 2046	31.3.2047	1962.90	NIL
33	1.4. 2047	31.3.2048	1962.90	NIL
34	1.4.2048	31.3.2049	1962.90	NIL
35	1.4. 2049	31.3.2050	1962.90	NIL
36	1.4. 2050	35th anniversary of COD	1962.90	NIL

- To be pro-rated for 3 moths