

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 111/TL/2016

**Coram:
Shri Gireesh B. Pradhan, Chairperson
Shri A.K.Singhal, Member
Shri A.S.Bakshi, Member
Dr. M.K.Iyer, Member**

**Date of Hearing: 27.9.2016
Date of Order: 29.9.2016**

In the matter of

Application under Section 14 read with Section 15(1) of the Electricity Act, 2003 for grant of Transmission Licence to Warora-Kurnool Transmission Limited (WKTL).

**And
In the matter of**

Warora-Kurnool Transmission Limited
5th Floor, 18, Ramnath House,
Community Centre, Yusuf Sarai,
New Delhi-110 049

..... **Petitioner**

Vs

1. Tamil Nadu Generation & Distribution Corporation Limited
NPKRR Malligai,
144 Anna Salai, Chennai – 600 002
2. Kerala State Electricity Board Limited
Vaidyuthi Bhawanam, Pattom,
Thiruvananthapuram – 695004
3. Southern Power Distribution Company of Andhra Pradesh Limited
D. No:19-13 – 65/A, Srinivasapuram,
Tiruchanoor Road, Tirupati – 517 503
4. Eastern Power Distribution Company of Andhra Pradesh Limited
P&T Colony, Seethammadhara,
Visakhapatnam-530 017

5. Southern Power Distribution Company of Telangana Limited
#6-1-50, Mint Compound,
Hyderabad – 500 063, Telangana

6. Northern Power Distribution Company of Telangana Limited
#2-5-31/2, Vidyut Bhawan, Nakkalgutta,
Hanamkonda, Warangal – 506 001

7. Bangalore Electricity Supply Company Limited
KR Circle, Bangalore – 560 001

8. Gulbarga Electricity Company Limited Station
Main Road, Gulbarga – 585 102

9. Hubli Electricity Supply Company Limited
Navanagar, PB Road, Hubli-580 025.

10. Mangalore Electricity Supply Company Limited
Paradigm Plaza, AB Shetty Circle,
Mangalore – 575 001 7

11. Chamundeshwari Electricity Supply Company Limited
#927, LJ Avenue, Ground Floor,
New KantharajUrs Road, Sarawathipuram Mysore – 570 009

12. Electricity Department, Govt. of Puducherry Electricity
137, NSC Bore Road, Electricity Department, Puducherry – 605 001

13. Electricity Department, Govt. of Goa,
Vidyut Bhawan, Panaji, Goa – 605 001

.....Respondents

The following were present:

Shri Neerja Kumar Verma WKTL
Shri Mohit Jain, WKTL

ORDER

The petitioner, Warora-Kurnool Transmission Limited (WKTL), has filed the present petition for grant of transmission licence under Section 14 read with Section 15 (1) of the Electricity Act, 2003 (hereinafter referred to as "the Act") to establish Transmission System for "Additional inter-Regional AC link for import into Southern Region i.e. Warora-Warangal and Chilakaluripeta-Hyderabad-

Kurnool 765 kV link” (hereinafter referred to as "Transmission System")
comprising the following elements:

S. No	Name of the transmission elements	Completion Target	Conductor per Phase
1.	<p>Establishment of 765/400 kV sub-stations at Warangal (New) with 2x1500 MVA transformers and 2x240 MVAR bus reactors</p> <p>Transformers: 765/400 kV, 7x500 MVA (Single-Phase units with one spare unit)</p> <p>765 kV bay requirements (in Warangal)</p> <p>Line bays: 6 nos Transformer bays: 2 nos Space for future line bays: 6 nos</p> <p>400 kV bay requirements (in Warangal)</p> <p>Line bays: 2 nos Transformer bays: 2 nos Space for future line bays: 8 nos</p>	40 months	
2.	<p>Warora Pool-Warangal (New) 765 kV D/C line with 240 MVAR switchable line reactor at both ends of each circuit</p> <p>(The line bays and reactors at both ends to be in the scope of TSP)</p>	40 months	<p>Hexagonal ACSR Zebra or hexagonal AAAC (equivalent to ACSR Zebra)</p> <p>The transmission lines shall have to be designed for a maximum operating conductor temperature of 85 deg C for both ACSR as well as AAAC</p>
3.	<p>Warangal (new)- Hyderabad 765 kV D/C line with 240 MVAR switchable line reactor at Warangal end of each circuit.</p> <p>(The line bays and reactor at Warangal end to be in the scope of TSP and the line bays at Hyderabad end in the scope of CTU)</p>	40 months	<p>Hexagonal ACSR Zebra or hexagonal AAAC (equivalent to ACSR Zebra)</p> <p>The transmission lines shall have to be designed for a maximum operating conductor temperature of 85 deg C for both ACSR as well as AAAC</p>

4.	Warangal (New)-Warangal (Existing) 400 kV D/C (quad) D/C line (The line bays and at Warangal (New) end to be in the scope of TSP and the line bays at Warangal(Existing) end in the scope of CTU)	40 months	Quad ACSR Moose or Quad AAAC (equivalent to ACSR Moose) The transmission lines shall have to be designed for a maximum operating conductor temperature of 85 deg C for both ACSR as well as AAAC
5.	Hyderabad- Kurnool 765 kV D/C line with 240 MVAR switchable line reactors at Kurnool end of each circuit. (The line bays and reactor in the scope of CTU)	40 months	Hexagonal ACSR Zebra or hexagonal AAAC (equivalent to ACSR Zebra) The transmission lines shall have to be designed for a maximum operating conductor temperature of 85 deg C for both ACSR as well as AAAC
6.	Warangal (New)- Chilakaluripeta 765 kV D/C line with 240 MVAR switchable line reactor at both ends (The line bays and reactor at both ends to be in the scope of TSP)	40 months	Hexagonal ACSR Zebra or hexagonal AAAC (equivalent to ACSR Zebra) The transmission lines shall have to be designed for a maximum operating conductor temperature of 85 deg C for both ACSR as well as AAAC
7.	240 MVAr Switchable line Reactors at Warora Pool end in each circuit of Warora Pool-Rajnandgaon 765 kV D/C line with NGR (700 Ohm)	November 2018 (This reactor is to be commissioned matching with Warora pool-Rajandgaon 765 kV D/C line which is already awarded with scheduled commissioned of November, 2018)	

2. Based on the competitive bidding carried out by PFC Consulting Limited (hereinafter referred to as PFCCL) in accordance with the Guidelines issued by

Ministry of Power, Govt. of India under Section 63 of the Act, M/s Essel Infraprojects Limited emerged as the selected bidder with the lowest levelized transmission charges of ₹ 3834.00 million/annum.

3. The Commission after considering the application of the petitioner in the light of the provisions of the Electricity Act, 2003 and Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Transmission Licence and other related matters) Regulations, 2009 (hereinafter referred to as “the Transmission Licence Regulations”) *prima facie* proposed to grant licence to the petitioner. Relevant para of our order dated 6.9.2016 is extracted as under:

“17. We have considered the submissions of the petitioner and perused documents on record. As per para 12.1 of the Guidelines as amended from time to time, finally selected bidder shall make an application for grant of transmission licence within ten days of selection. M/s Essel Infraprojects Limited has been selected on the basis of the tariff based competitive bidding as per the Guidelines issued by Government of India, Ministry of Power. Lol has been issued to M/s Essel Infraprojects Limited by the BPC on 29.2.2016. BPC vide letter dated 6.7.2016 extended the last date of completion of various activities up to 12.7.2016. Accordingly, M/s Essel Infraprojects Limited has acquired 100% stake in the Warora-Kurnool Transmission Limited which has been transferred to the petitioner on 6.7.2016 after execution of Share Purchase Agreement. Considering the material on record, we are *prima facie* of the view that the petitioner satisfies the conditions for grant of inter-State transmission licence under Section 15 of the Act read with Transmission Licence Regulations for 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 by 22.9.2016.”

4. A public notice under Section 15 (5) of the Act was published on 13.9.2016 in all editions of Hindustan Times and Dainik Jagran. No

suggestions/objections have been received from the members of the public in response to the public notice.

5. The petitioner, vide order dated 6.9.2016, was directed to file an affidavit to the effect that the execution of the transmission project shall not be delayed due to time taken in obtaining statutory clearances required under RfP and the TSA or adjudication of any claim of the petitioner arising under the TSA. In response, the petitioner vide its affidavit dated 13.9.2016 has submitted that project shall be executed as per the terms of the TSA and the terms of the TSA are binding on the parties (TSP and LTTCs). The petitioner has submitted that in terms of the TSA, it would implement the project as per the provisions of the Article 16.4 of the TSA which is extracted as under:

"16.4. Parties to Perform Obligation: Notwithstanding the existence of any Dispute and difference referred to the Appropriate Commission or the Arbitration Tribunal as provided in Article 16.3 and save as the Appropriate Commission or the Arbitration Tribunal may otherwise direct by a final or interim order, the Parties hereto shall continue to perform their respective obligations (which are not in dispute) under this Agreement."

6. The petitioner has further submitted that any claim for escalation in transmission charges and/or for extension of completion time to be dealt with in accordance with the terms of the TSA. We direct that the petitioner shall remain bound by the commitment given by it under affidavit dated 13.9.2016.

7. In our order dated 6.9.2016, the following provisions of the TSA with regard to quality control and workmanship were taken note of:

(a) As per Article 5.1.1 of the TSA, the TSP at its own cost and expense, shall be responsible for designing, constructing, erecting,

completing and commissioning each element of the project by Scheduled COD in accordance with the various regulations of the Central Electricity Authority regarding Technical Standards and Grid Standards, Prudent Utility Practices and other applicable laws.

(b) Article 5.4 of the TSA provides that the TSP shall ensure that the project is designed, built and completed in a good workmanlike manner using sound engineering and construction practices and using only materials and equipment that are new and of international utility grade quality such that the useful life of the project will be till the expiry date.

(c) The design, construction and testing of all equipment, facilities, components and systems of the project shall be in accordance with Indian Standards and Codes issued by Bureau of India Standards.

Accordingly, the petitioner was directed to submit the information with regard to quality control mechanism available or to be put in place by to ensure the compliance of the requirements stipulated in Article 5.1.1 and Article 5.4 of the TSA.

8. The petitioner, vide its affidavit dated 13.9.2016, has submitted as under:

“b. We further confirm that in compliance of the terms contained in Article 5.1.1 and 5.4 of the TSA, we have planned to deploy external Project Monitoring Agency and Engineering Agency to monitor the quality of construction as well as design and engineering as per the standard set out in TSA. Also, we have been entrusted with the obligation of providing monthly Project Progress Report to all the Long Term Transmission Customers (LTTCs) including Central Electricity Authority (CEA) to enable them to monitor and co-ordinate with the Project development. Further, as

per TSA, the Lead LTTC is also duty-bound to inspect the progress of the Project in addition to the Progress reviews by MoP. Also, CEA may carry out inspection during the Project execution, as and when deemed necessary by it.

c. We further confirm that in compliance of Article 5.4 of TSA, the design and construction of the Project will be in accordance with Indian Standards and Codes issued by Bureau of Indian Standards and in case they are not applicable, other equivalent internationally recognized Standards and Codes shall be followed. Further, we will also be responsible for constructing and commissioning the Project in accordance with the norms prescribed in various Regulations issued by the CEA Prudent Utility Practices and other applicable Laws. As such, the monitoring mechanism set out in TSA and as explained above will be sufficient to maintain the requisite checks and balances by which CEA and Lead LTTC would be able to monitor the overall quality of Project construction.”

9. We have considered the submission of the petitioner. In the TSA, there is provision for the lead procurer to designate at least three employees for inspection of the progress of the project. Further, the petitioner is required to give a monthly progress report to the lead procurer and the CEA about the project and its execution. The TSA also vests a responsibility in the CEA to carry out random inspection of the project as and when deemed necessary. We consider it necessary to request CEA to devise a mechanism for random inspection of the project every three months to ensure that the project is not only being executed as per the schedule, but the quality of equipment and workmanship of the project conforms to the Technical Standards and Grid Standards notified by CEA and IS Specifications. In case of slippage in execution of the project within the timeline specified in the TSA or any non-conformance to the Grid Standards/Technical Standards/IS Specifications. CEA is requested to promptly bring the same to the notice of the Commission so that appropriate direction can be issued to the licensee for compliance.

10. As regard the grant of transmission licence, Clauses (15) and (16) of Regulation 7 of Transmission Licence Regulations provide as under:

“(15) The Commission may after consideration of the further suggestions and objections, if any, received in response to the public notice aforesaid, grant licence as nearly as practicable in Form-III attached to these regulations or for reasons to be recorded in writing, reject the application if such application is not in accordance with the provisions of the Act, the rules or regulations made thereunder or any other law for the time being in force or for any other valid reasons.

(16) The Commission may, before granting licence or rejecting the application, provide an opportunity to the applicant, the Central Transmission Utility, the Long-term customers, or the person who has filed suggestions and objections, or any other person:

Provided further that the applicant shall always be given a reasonable opportunity of being heard before rejecting the application.”

11. In our order dated 6.9.2016, we had proposed to grant transmission licence to the petitioner company and directed for issue of public notice. In response to the public notice, no suggestions/objections have been received. We are satisfied that the petitioner company meets the requirements of the Act and the Transmission Licence Regulations for grant of transmission licence for the subject transmission system mentioned at para 1 of this order. Accordingly, we direct that transmission licence be granted to the petitioner, Warora-Kurnool Transmission Limited, to establish the transmission system for “Additional inter-Regional AC link for import into Southern Region i.e. Warora-Warangal and Chilakaluripeta-Hyderabad-Kurnool 765 kV link” on Build, Own, Operate and Maintain basis as per the details given in para 1 above.

12. The grant of transmission licence to the petitioner is subject to the fulfillment of the following conditions throughout the period of licence:

(a) The transmission licence shall, unless revoked earlier, remain in force for a period of 25 years;

(b) The transmission licensee shall comply with the provisions of the Transmission Licence Regulations or any subsequent enactment thereof during the period of subsistence of the licence.

(c) Since the expiry date as per the TSA is 35 years from the scheduled COD of the project, the petitioner may make an application, two years before the expiry of initial licence period, for grant of licence for another term in accordance with Regulation 13 (2) of the Transmission Licence Regulations which shall be considered by the Commission in accordance with law;

(d) The petitioner shall not enter into any contract for or otherwise engage in the business of trading in electricity during the period of subsistence of the transmission licence;

(e) The petitioner shall have the liability to pay the license fee in accordance with the provisions of the Central Electricity Regulatory Commission (Payment of Fees) Regulations, 2012, as amended from time to time or any subsequent enactment thereof. Delay in payment or non-payment of licence fee or a part thereof for a period exceeding sixty

days shall be construed as breach of the terms and conditions of the licence;

(f) The petitioner shall comply with the directions of the National Load Despatch Centre under Section 26 of the Act, or the Regional Load Despatch Centre under sub-section (3) of Section 28 or sub-section (1) of Section 29 of the Act, as may be issued from time to time for maintaining the availability of the transmission system;

(g) The petitioner shall remain bound by the Central Electricity Regulatory Commission (Standard of Performance of inter-State Transmission Licensees) Regulations, 2012 or subsequent enactment thereof.

(h) The petitioner shall provide non-discriminatory open access to its transmission system for use by any other licensee, including a distribution licensee or an electricity trader, or generating company or any other person in accordance with the Act, Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008 and Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) Regulations, 2009 as amended from time to time and Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010 as amended from time to time;

(i) The petitioner shall not undertake any other business for optimum utilization of the transmission system without prior intimation to the

Commission and shall comply with the provisions of the Central Electricity Regulatory Commission (Sharing of revenue derived from utilization of transmission assets for other business) Regulations, 2007, as amended from time to time;

(j) The petitioner shall remain bound by the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010 as amended from time to time;

(k) The petitioner shall remain bound by the provisions of the Act, the rules and regulations framed thereunder, in particular the Transmission Licence Regulations, the Grid Code, the Standards specified by the Central Electricity Authority, orders and directions of the Commission issued from time to time; and

(l) The petitioner shall ensure execution of the project within timeline specified in the Schedule 3 of the TSA and as per the Technical Standards and Grid Standards of CEA prescribed in Article 5.1.1 and Article 5.4 of the TSA.

(m) The petitioner shall as far as practicable coordinate with the licensee (including deemed licensee) executing the upstream or downstream transmission projects and the Central Electricity Authority for ensuring execution of the project in a matching timeline.

13. Central Electricity Authority shall monitor the execution of the project and bring to the notice of the Commission any lapse on the part of the licensee to

meet the schedule for further appropriate action in accordance with the provisions of the Act and Transmission Licence Regulations.

14. A copy of this order shall be sent to CEA for necessary action.

15. Petition No. 111/TL/2016 is disposed of in terms of the above.

Sd/-
(Dr. M. K. Iyer)
Member

sd/-
(A.S. Bakshi)
Member

sd/-
(A.K. Singhal)
Member

sd/-
(Gireesh B.Pradhan)
Chairperson