CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

Petition No. 83/TL/2017

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

Date of Order: 20th of June, 2017

In the matter of

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

And
In the matter of

Medinipur Jeerat Transmission Limited
B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi- 110 016 **..... Petitioner**

Vs

1. Chief Engineer (PTP),
West Bengal State Electricity Distribution Company Ltd.,
Vidyut Bhawan, A-Block, 3rd Floor, Bidhammagar,
Kolkata-700 091

2. Chief Engineer,
North Bihar Power Distribution Company Ltd.
3rd Floor, Vidyut Bhawan, Bailey Road,
Patna-800 001

3. Chief Engineer (Commercial),
South Bihar Power Distribution Company Ltd.
2nd Floor, Vidyut Bhawan, Bailey Road,
Patna-800 001.

4. Chief General Manager (PP)
GRIDCO Limited,
Grid Corporation of India Ltd., Janpath,

Bhubaneshwar-751 022

5. Chief Engineer (C&R),
Jharkhand Bijli Vitran Nigam Limited
Engineer`s Building, Dhurwa,
Ranchi-834 001

6. Chief Engineer (Commercial)
Damodar Valley Corporation
DVC Headquarters, DVC Towers, VIP Road,
Kolkata-700 054.

7. Chief Engineer
Energy and Power Department,
Govt. of Sikkim,
House No. 1, Power Secretariat,
Sonam Gyatso Marg, Gangtok,
Sikkim-737 101. **……Respondents**

The following were present:

Shri B. Vamsi, MJTL
Shri N.C.Gupta, PFCCL
Shri Kumar Ritu Raj, PFCCL

ORDER

The Petitioner, Medinipur-Jeerat Transmission Limited (MJTL), has filed the present petition for grant of transmission licence under Section 14 read with Section15 (1) of the Electricity Act, 2003 (hereinafter referred to as "the Act") to establish Transmission System for “765 kV Strengthening in Eastern Region (ERSS- XVIII)” (hereinafter referred to as "Transmission System") on Build, Own, Operate and Maintain (BOOM) basis comprising the following elements:

S. No.	Name of the Transmission Element	Scheduled COD from effective date	Conductor per phase
1	Establishment of 765/400kV, 2×1500MVA substation at **Medinipur** **765kV** •ICT: 7×500 MVA, 765/400kV (1 spare unit) • ICT bays: 2 no. • Line bays: 4 no. • Bus reactor: 7×110 MVAR single phase units including one (1) spare unit	40 months	

	• Bus reactor bay: 2 no. • Space for future line bays (along with space for switchable line reactor): 4 no. • Space for future ICT bays: 2 no. • Space for future 765/400 kV ICT: 6x500MVA single phase units **400kV** • ICT bays: 2 no. • Line bays: 4 no. • Bus reactor: 2×125 MVAR • Bus reactor bay: 2 no. • Space for future line bays (alongwith space for switchable line reactor): 6 no. • Space for future ICT bays: 2 no.		
2	Establishment of 765/400kV, 2x1500MVA substations at **Jeerat (New)** **765kV** •ICT :7×500MVA, 765/400kV (1 spare unit) • ICT bays: 2 no. • Line bays: 2 no. • Bus reactor: 7×110 MVAR single phase unit including one (1) spare unit • Bus reactor bay: 2 no. • Space for future line bays (along with space for switchable line reactor): 4 no. • Space for future ICT bays: 2 no. • Space for future 765/400 kV ICT: 6x500MVA single phase units **400kV** • ICT bays: 2 no. • Line bays: 4 no. • Bus reactor: 2×125 MVAR • Bus reactor bay: 2 no. • Space for future line bays (along with space for switchable line reactor): 4 no. • Space for future ICT bays: 2 no.	40 months	
3	Ranchi (New) – Medinipur 765kV D/c line with Hexa ACSR Zebra conductor along with 240MVAR, 765kV (765kV, 3x80 MVAR single phase units) switchable line reactor with 750 Ω NGR in each circuit at Medinipur end (Total: 765 kV, 7x80 MVAR single phase units, 1 unit as spare)	40 months	**Hexa Zebra ACSR** The transmission line has to be designed for a maximum operating conductor temperature of 85 deg C for ACSR.
4	Medinipur-Jeerat (New) 765kV D/C line with Hexa ACSR Zebra conductor along with 240MVAR, 765 kV (76 5kV, 3x80 MVAR single phase units) switchable line reactor with 600 Ω NGR in each circuit at Jeerat (New) end (total: 765kV, 7x80 MVAR single phase units, 1 unit as spare)	40 months	**Hexa Zebra ACSR** The transmission line has to be designed for a maximum operating conductor temperature of 85 deg C for ACSR.
5	LILO of both circuits of Chandithala-Kharagpur 400 kV D/C line at Medinipur	40 months	**Twin Moose ACSR** The transmission line has to be designed for a maximum operating conductor temperature of

			85 deg C for ACSR.
6	Jeerat (New) – Subhasgram 400kV D/c line with ACSR Quad Moose	40 months	**Quad Moose ACSR** The transmission line has to be designed for a maximum operating conductor temperature of 85 deg C for ACSR.
7	Jeerat (New) – Jeerat (WB) 400kV D/c line with ACSR Quad Moose	40 months	**Quad Moose ACSR** The transmission line has to be designed for a maximum operating conductor temperature of 85 deg C for ACSR.
8	LILO of Jeerat (WB) – Subhasgram (PG) 400kV S/c section at Rajarhat (PG)	34 months	**Twin Moose ACSR** The transmission line has to be designed for a maximum operating conductor temperature of 85 deg C for ACSR.
9	2 no. 400 kV GIS line bays at Jeerat (WBSETCL)	40 months	

2. The Petitioner, vide its affidavit dated 30.5.2017, has informed that the name of the company has been changed from Medinipur Jeerat Transmission Limited to Powergrid Medinipur Jeerat Transmission Limited with effect from 24.5.2017. The certificate of change of name from Medinipur Jeerat Transmission Limited to Powergrid Medinipur Jeerat Transmission Limited dated 24.5.2017 issued by Registrar of Companies, Delhi has been placed on record. Accordingly, the name of the petitioner has been changed to Powergrid Medinipur Jeerat Transmission Limited on the record of the Commission.

3. 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 Power Grid Corporation of India Limited emerged as the successful bidder with the lowest levelized transmission charges of ₹ 4986.52 million/annum.

4. The Commission after considering the application of the Petitioner in the light of the provisions of the Act and the 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 24.5.2017 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 Power Grid Corporation of India 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. LoI has been issued to M/s Power Grid Corporation of India Limited by the BPC on 21.2.2017. BPC vide letter dated 28.3.2017 extended the last date of completion of various activities up to 7.4.2017. Accordingly, the Petitioner filed petition for grant of licence on 31.3.2017. M/s Power Grid Corporation of India Limited has acquired 100% stake in the Medinipur-Jeerat Transmission Limited which has been transferred to the petitioner on 15.3.2017 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 9.6.2017."

5. A public notice under Section 15 (5) of the Act was published on 1.6.2017 in all editions of Hindustan Times and Hindustan (Hindi). No suggestions/objections have been received from the members of the public in response to the public notice.

6. The Petitioner, vide order dated 24.5.2017, 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 30.5.2017 has submitted that the transmission project is governed by the TSA and all the terms of the TSA including Article 16 of the TSA are integral part of the TSA and are binding on the signatories of the agreement. 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."

7. The Petitioner has submitted that the time over-run and cost over-run shall be claimed by the Petitioner in accordance with the applicable provisions of the TSA read with the provisions of the Electricity Act, 2003, bidding documents and the Regulations of the Commission.

8. In our order dated 24.5.2017, 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 to ensure the compliance of the requirements stipulated in Article 5.1.1 and Article 5.4 of the TSA.

9. The Petitioner, vide its affidavit dated 30.5.2017, has submitted that in terms of the TSA, the applicant would implement the project as per the provisions of the Article 5 dealing with construction of the project. The Petitioner has submitted that the provisions of the TSA including those related to quality control during construction of the project are binding on the parties. The Petitioner has submitted that it is a wholly owned subsidiary of Powergrid and follows the same quality standards and practices as are being followed by Powergrid.

10. 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.

11. 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."

12. In our order dated 24.5.2017, 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, Powergrid Medinipur Jeerat Transmission Limited, to establish the transmission system for 765 kV Strengthening in Eastern Region (ERSS- XVIII)" on Build, Own, Operate and Maintain basis as per the details given in para 1 above.

13. The grant of transmission licence to the Petitioner (hereinafter 'licensee') 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 licensee 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 licensee 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 licensee 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 licensee 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 licensee 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 licensee 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 licensee 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 licensee 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 licensee 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 licensee 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 licensee 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.

14. 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.

15. A copy of this order shall be sent to CEA for information and necessary action.

16. Petition No. 83/TL/2017 is disposed of in terms of the above.

Sd/-	sd/-	sd/-	sd/-
(Dr. M. K. Iyer)	**(A.S. Bakshi)**	**(A.K. Singhal)**	**(Gireesh B.Pradhan)**
Member	**Member**	**Member**	**Chairperson**