

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. **Shri Ashok Basu, Chairman**
2. **Shri K.N. Sinha, Member**

Petition No. 93/2003

In the mater of

Application for Grant of Transmission License to Bina-Dhegam Transmission Company Limited for 400 KV D/C Bina-Nagda-Dehgam in the States of Madhya Pradesh, Rajasthan and Gujarat.

And in the matter of

Consortium of Tenaga Nasional Berhad, Malaysia
Malaysia (TNB) & Kalpataru Power Transmission Ltd.,
India (KALPATARU) named TNB-KPTL Consortium for
400 KV D/C Bina-Nagda-Dehgam Line (Project) in the
States of Madhya Pradesh, Rajasthan and Gujarat. **Applicant**

The following were present:

1. Shi K.V. Mani, TNB Kalpataru Consortium
2. Mr. Dafo Amenuhin, TNB Kalpataru Consortium
3. Shri Sreesanthan, TNB Kalpataru Consortium
4. Mr. Colin Shilling, TNB Kalpataru Consortium
5. Mr. Mohd. Azren, TNB Kalpataru Consortium
6. Mr. Mohd. Ali, TNB Kalpataru Consortium
7. Mr. Mofatraj Munot, TNB Kalpataru Consortium
8. Shri Kuljit Singh, TNB Kalpataru Consortium
9. Shri Yogesh Aggarwal, TNB Kalpataru Consortium
10. Shri A. Jain, AGM, PGCIL
11. Shri B.A. Chandhan, PGCIL
12. Shri Prashant Sharma, PGCIL
13. Shri V.M. Kaul, PGCIL
14. Shri Pawan Singh, PGCIL
15. Shri Akhil Kumar, PGCIL
16. Shri M. Krishnakumar, PGCIL
17. Shri D.K. Sarkar, PGCIL
18. Shri V.K. Sharma, PGCIL
19. Shri Vijay Kumar, PGCIL
20. Shri S. Garg, DGM, PGCIL
21. Shri N.R. Garg, PGCIL

ORDER
(DATE OF HEARING:30.1.2004)

The applicant, Consortium of Tenaga Nasional Berhad, Malaysia (TNB) & Kalpataru Power Transmission Ltd., India, named as TNB-KPTL Consortium, in this application filed under Section 15 of the Electricity Act, 2003, (for short “the Act”) has prayed for grant of transmission licence in favour of Bina-Dehgam Transmission Company Limited, a shell company floated by Power Grid Corporation of India Ltd, for implementation of Bina-Nagda-Dehgam Transmission Lines, passing through the States of Madhya Pradesh, Rajasthan and Gujarat. As required under Section 15 (2) of the Act, the applicant is stated to have published notice of its application in national as well as local newspapers, but no objections are stated to have been received.

2. Power Grid Corporation of India Ltd in its capacity as the Central Transmission Utility has also submitted its recommendations in terms of sub-section (4) of Section 15 of the Act.

3. According to the applicant, in accordance with the terms and conditions of RfP document, the Bina-Dehgam Transmission Company Limited is to undertake some of the pre-developmental work in order to expedite implementation of the transmission lines. It is stated that the applicant will acquire 100% equity of the Shell Company and an Independent Power Transmission Company (IPTC) shall be formed, which shall implement the transmission lines after entering into

Implementation Agreement and Transmission Service Agreement with the Central Transmission Utility. According to the application, the estimated completion cost of the transmission lines is likely to be Rs.675 crores and the levelised tariff is worked out accordingly for a period of 30 years.

4. The Central Transmission Utility in its recommendations has stated that certain issues regarding the responsibility for obtaining forest clearance, right of way and environmental clearance, by the applicant are yet to be resolved and the transmission lines can be taken up for implementation only after the applicant agrees to obtain these clearances for which PGCIL will extend necessary support to the applicant. According to the Central Transmission Utility Bina-Dehgam Transmission Company Limited can be taken over by the applicant only after the Implementation Agreement and Transmission Service Agreement are finalised. Further, the Central Transmission Utility has submitted that the levelised tariff worked out by the applicant is higher by 12.34% to 24.33% (without furnishing any further details), for which the beneficiaries have not been consulted. At the hearing Shri Ashwani Jain stated that as per the estimates of the Central Transmission Utility, the completion cost of the transmission lines should be around 617 crores. We find that neither the applicant nor the Central Transmission Utility has indicated the basis for cost calculations. We direct that the applicant and the Central Transmission Utility shall furnish the detailed basis for calculation of estimated completion cost arrived at by them, which shall also include the following details:

- (a) Details regarding equity, loan, foreign currency loan, etc.,
- (b) Base exchange rate as on the date of commercial operation and assumptions regarding FERV for future years,
- (c) Calculations regarding O&M escalations,
- (d) Details of income-tax considered
- (e) Details of development surcharge considered
- (f) Discount rate considered. We find that neither the applicant nor the Central Transmission Utility has indicated the basis for cost calculations for bid evaluation
- (g) Exchange rate projections for 30 years for NFCRC and escalation factor for ILOMC and the transfer price considered. We find that neither the applicant nor the Central Transmission Utility has indicated the basis for cost calculations for comparison purpose.

5. We direct that the details shall be furnished by the applicant and the Central Transmission Utility separately in a sealed cover to the Secretary, which shall be treated as “confidential” and shall not be available for inspection or obtaining certified copies thereof by any person, except with the prior approval of the Commission. The Central Transmission Utility is further directed to file an affidavit to indicate the estimated completion cost of the transmission lines if their implementation is undertaken by Powergrid Corporation of India Ltd/Central Transmission Utility within its own resources.

6. As noted, the beneficiaries of the transmission lines have not been consulted on the question of tariff. We direct that all the state utilities in Western Region, namely, Madhya Pradesh State Electricity Board, Gujarat Electricity Board, Maharashtra State Electricity Board, Chhattisgarh State Electricity Board, the State Government of Goa, Administration of Daman & Diu and Administration of Dadra & Nagar Haveli shall be impleaded by the applicant and a copy of the petition shall be served on them by 10.2.2004 for their response. A copy of this order shall also be sent to them while serving copy of the application. The concerned state utilities may file their responses before the next date of hearing and may attend hearing to render necessary assistance to the Commission in taking a final view on the prayers made in the application.

7. The applicant shall file an affidavit of service by 20.2.2004.

8. List this application on 27.2.2004.

Sd/-
(K.N. SINHA)
MEMBER

Sd/-
(ASHOK BASU)
CHAIRMAN

New Delhi dated the 6th February 2004