

**MINUTES OF THE FIRST MEETING OF THE COORDINATION FORUM
HELD ON 12TH AUGUST 2008 (FROM 3.00 PM TO 5.00 PM) IN THE CONFERENCE
HALL OF CERC, NEW DELHI.**

The List of participants is attached as Annexure-I.

1.0 Dr. Pramod Deo, Chairman, CERC was in chair.

2.0 After a brief self introduction of participants, Shri Alok Kumar, Secretary, CERC welcomed the participants to the first meeting of the Coordination Forum. The Forum was constituted by the Central Govt. under section 166 (1) of the Electricity Act 2003, for smooth and coordinated development of the power system in the country. Referring to the resolution of MOP dated 19th February 2008, it was explained that besides Chairperson, CEA and all the Members of the CERC, Member (Power System), CEA, representatives from CPSUs, one in thermal generation segment and one in Hydro generation segment and CEO of the CTU are the members. Additional Secretary/ Joint Secretary, Ministry of Power is the member convenor. In addition, one representative from a private thermal generating company (capacity more than 500 MW) and one representative from a private hydro generating company (capacity more than 250 MW) shall be the member of the Coordination Forum on nomination basis. M/s Adani Enterprises Ltd. and M/s Jaiprakash Hydro Power Ltd. have been nominated by Ministry of Power for one year. The representatives were to be either the head of the Organization or a Director of the Board of the Company. CEA is to provide the Secretariat to the Coordination Forum. Active participation of the Ministry of Power has been envisaged as the Ministry has the policy making role.

3.0 The following agenda items were taken for discussion during the meeting:-

- i) To facilitate attracting adequate investments for development of power system in the country.
- ii) To facilitate smooth and reliable operation of the electricity grid at inter-State level.
- iii) To facilitate connectivity to the grid for the generating companies and the open access to the transmission system.

The following two additional agenda items as proposed by POWERGRID (CTU) were also included in the agenda:

- iv) Development of high capacity transmission corridor in difficult right-of-way.
- v) Development of dedicated transmission system of IPPs through JV/SPV.

4.0 **Agenda Item No. 3(i)**

4.1 Member (PS), CEA explained the process of transmission planning and the difficulties in securing right-of-way (ROW). He also emphasized the need for revising IEGC in light of Regulation on Grid Standards notified by CEA.

4.2 The Note on "Attracting adequate investments for development of inter- State transmission system in the country", as furnished by CEA is attached at Annexure-II. Member (PS) emphasized that the total fund requirement for inter-state transmission

system development and related schemes has been estimated to be Rs 75000 crores during the XI Plan.

- 4.3 Regarding private sector participation for development of inter-State transmission projects, he referred to the Empowered Committee, constituted by the Govt. of India. The Empowered Committee had identified the following 4 transmission schemes for implementation by Private Sector through two SPVs (PFC & REC) :

1. Evacuation System for Maithon RB , Koderma, Mejia and Bokaro Ext.
2. Scheme for enabling import of NER/ER surplus by NR
3. Evacuation System for North Karanpura STPS
4. Talcher Augmentation System

It was brought to the notice of the Coordination Forum, that Transmission System associated with scheme 1 i.e evacuation of Maithon RB, Koderma, Mejia and Bokaro Extn., has been withdrawn by the Ministry from Private Sector scope and entrusted to POWERGRID, so that the implementation could be matched with the commissioning of generation project. For similar reasons, part of the scope originally covered under scheme 3 was also entrusted to POWERGRID. The remaining schemes are in process through private sector participation with an estimated cost of Rs.4630 Crores. The standard RFQ has been notified. Draft RFP and TSA have also since been developed and are under final stage of finalization. It was felt that these documents should be finalized at the earliest.

- 4.4 Two schemes viz (i) Western Region System Strengthening-II-B at an estimated cost of Rs 964 crores and (ii) Western Region System Strengthening II-C at an estimated cost of Rs 546 crores are under implementation through 100 % private participation. The process of selection of the private sector company was coordinated by POWERGRID under directions of CERC..The schemes are being implemented by two shell companies of RETCL. The total investment for XI Plan through this route is estimated to be Rs 1510 crores.

The Western Region System Strengthening schemes bid by private participants has been changed from BOOT to BOO basis and TSA for the same is still to be signed. Additional Secretary, MOP emphasized that this need to be expedited. It transpired that the scheme as approved by CERC was now acceptable to Gujarat and MP including the Payment Security Mechanism recommended by Khurana Committee. Regarding the transfer of the project at the end of the life of the project, it was felt that the Commission would suitably take care of the transfer issues in accordance with the applicable legal provisions.

5.0 **Agenda Item No. 3(iii)**

- 5.1 The Note on Connectivity to the grid for the generating companies and the open access to the transmission system by POWERGRID is enclosed as Annexure-III.
- 5.2 Member (PS), CEA explained the present method being adopted for transmission planning. In case of merchant power plants, he emphasized that instead of being very

- specific to identify target beneficiaries, merchant generators may indicate the target Regions and the transmission system could be planned accordingly.
- 5.3 Shri R. K. Madan, Director, AEL suggested enhancing private sector participation in transmission. Additional Secretary, MOP explained that the facilitative structure has been put in place and there is no difficulty now on private sector participation in development of transmission system.
- 5.4 Mr. Madan said that a large MPP may not be able to predict the Regions for sale of the whole power. It was explained by secretary, CERC that such a power project developer had flexibility of seeking medium term open access (proposed in Staff Paper of CERC).
- 5.5 Secretary, CERC emphasized that generators should also have a stake in transmission arrangement particularly in SBD Case-1 as this would indicate his commitment to honour the PPA. Member (PS), CEA recalled that the discussions in the Working Group of Power has also emphasized that the generator should be tied and made responsible.
- 5.6 Additional Secretary, MOP expressed that an application for grid connectivity should be for full capacity of the generation plant because inter connection for part capacity may pose a problem at a later.
- 5.7 Member, CERC, Shri Bhanu Bhushan opined that the term "Open Access" should be restricted only on already built system and the term "Long term Open Access" should be with drawn. Member (PS), CEA stated that the transmission system proposed for evacuation and transmission of power from IPPs was not 'stand alone' and would function/operate in conjunction with the existing/under construction lines and it would be utilizing the margins available in the network and, therefore, the terms 'Long term Open Access' was quite appropriate.
- 5.8 There were different views on applicability of open access on a dedicated transmission line. It was pointed out that open access obligation has been cast upon only on the CTU, STU and transmission licensee. No licence is required for a dedicated transmission line. Referring to the various provisions of the Act, Member (PS), CEA said that suitable conditions could be specified at the time of giving clearance under section 68 to address the difficulties of ROW for generating companies who may come later.
- 5.9 Member, CEA said that the scope of the transmission projects often require change due to change in schedule of upcoming generation projects. This needed to be addressed in competitive bidding framework. Member, CERC Shri R.Krishnamoorthy felt that in a competitive bidding, change of scope may frustrate the whole process. It was agreed that changes, if any, should be made before RfP is frozen for submission of price bids.
- 5.10 Member (PS), CEA stated that to encourage private sector participation in transmission sector, transmission system for future UMPP projects such as Tilaiya etc should be bifurcated, if required, in two to three parts and offered through competitive bidding route to private sector. After discussion, it was felt that the entire bidding

process & template is yet to stabilize. Once the process has stabilized, transmission system development could be taken up through private sector participation.

- 5.11 The subject of collection of charges for the private transmission line operators was also discussed and it was felt that the same may be collected by CTU and paid to the IPTCs.

6.0 Agenda Item No. 3(iv)

The Agenda Note on “Development of high capacity transmission corridor in difficult right of way” is enclosed as Annexure-IV.

North Eastern Region, Sikkim and Bhutan are endowed with large hydro potential. It is estimated that about 65,000 MW power would need to be transmitted to the load centres of NR, WR and SR over long distances. The power transfer has to be carried out through difficult right-of-way i.e, narrow corridor of chicken-neck area, having about 18km length and 22km width, in Northern part of West Bengal between the international borders of Bangladesh and Nepal. The chicken neck area is fast getting inhibited and encroached and the Corridor has to be optimally utilized as early as possible for evacuation of generation as NER hydro potential gets exploited.

POWERGRID informed that in line with the direction of Ministry of Power, in the DPR for “North East –Northern/Western Region Interconnector-I” including the - +800kV, 6000MW bipole line from Bishwanath Chariali(Assam) to Agra (U.P), considering the constraint of Right of Way and also growth in number of inhabitants in Chicken Neck Area, provision of 4 nos. transmission corridors in this area for reservation of Right of Way has been kept taking care of 24000 MW of power transfer to meet the long-term power transfer requirement i.e., next 10-15 years from NER.

Additional Secretary, MOP emphasized that it would be difficult at a later stage to build transmission through chicken-neck area. Considering energy security, the same should be taken up as early as possible. Director (Projects), POWERGRID explained that it would also give some assurance to the developers of the Hydro potentials of North-East. On a query, Director (Projects), POWERGRID gave an estimate of Rs. 150-200 crores, investment, which would mainly have to be shared by Northern and Western Regions constituents. This will tantamount to additional tariff burden of approximately Rs.1 Crore per month. POWERGRID was willing to fund this component only through debt so that there was no burden on account of ROE. He also clarified that this estimate was for only 4 corridors.

Member, CERC Shri Bhanu Bhushan said that the corridor should be planned for next 25 years only and not beyond. Member, CEA also supported the proposal.

Chairman, CERC summing up the agenda mentioned that this issue will have to be decided by the Commission keeping in view the endorsement of the Coordination Forum.

7.0 Agenda Item No. 3(v)

During the discussion on the agenda item of development of dedicated transmission system of IPPs through JV/SPV [Note by POWERGRID on this is enclosed as Annexure-V], the members desired that for the purpose of optimization of transmission system and right-of-way, more than one generating companies located in close vicinity may opt for integration of the transmission system. Suitable treatment needs to be given for early comers and provision has to be kept for the late entrants. POWERGRID was requested to come out with proposals on possible options in the next meeting.

8.0 Agenda Item No. 3(ii)

ED (SO), POWERGRID said that to facilitate smooth and reliable operation of Electricity Grid at Inter-State level, while adequacy issues both for generation and transmission are being discussed and taken care of, the security aspect is equally important. The need for tightening the operating frequency band and the other Ancillary Services were felt necessary. For ensuring Security, besides Availability the Dependability has also to be factored in.

Regarding the Transfer Capability, Member CEA said that the present system of assessing transfer capability resulted in denial of open access but higher actual flows in UI. It transpired that the planning criteria and the criteria used by the grid operators in assessing the Transfer Capability are different as there is a distinct difference between the Transmission Capacity and the Transfer Capability. ED(SO), POWERGRID explained that an exhaustive document on assessing transfer capability in Indian context has been prepared and widely circulated and many workshops have been held in different Regions and at National level. It was also explained that by and large, there is no congestion. The Forum desired that a presentation could be made on the Transfer Capability Assessment by POWERGRID in the next meeting.

9.0 The representative of NTPC said that the present regulations regarding scheduling are creating constraints in scheduling of un-requisitioned capacity and he suggested that few changes in schedules needed to be permitted during day of operation.

10.0 The next meeting would be held in the second week of October 2008.

11.0 The meeting ended with vote of thanks to the Chair.

List of Participants

1. Shri Pramod Deo, Chairman, CERC
2. Shri Bhanu Bhushan, Member, CERC
3. Shri R. Krishnamoorthy, Member, CERC
4. Shri G. B. Pradhan, Addl. Secretary, MOP
5. Shri V. Ramakrishna, Member(Power System), CEA
6. Shri Alok Kumar, Secretary, CERC
7. Shri S. Majumdar, Director(Projects), POWERGRID
8. Shri R. C. Srivastava, Director, NTPC
9. Shri A.B.L. Srivastava, Director, NHPC
10. Shri R. K. Madan, Director, Adani Enterprises Ltd.
11. Shri R.N. Misra, ED(Commercial), NHPC
11. Shri Suren Jain, MD, Jaiprakash Power Ventures Limited
12. Shri S. K. Soonee, Exec. Dir.(SO), POWERGRID
13. Shri I.J. Kapoor, Exec. Dir, NTPC