

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 123/TL/2012

Coram:

Dr. Pramod Deo, Chairperson

Shri V.S. Verma, Member

Shri M. Deena Dayalan, Member

Date of Hearing: 16.5.2013

Date of Order : 08.6.2013

In the matter of:

Application under Section 14 (a) of the Electricity Act, 2003 for Grant of Transmission Licence to Torrent Energy Limited ("TEL")

And

In the matter of:

Torrent Energy Limited, Ahmadabad

Applicant

Vs

1. Power Grid Corporation of India Limited, Gurgaon
- 2 . Energy and Power Department, Government of Gujarat, Ahmadabad
3. Central Electricity Authority, New Delhi
4. Gujarat Urja Vikas Nigam Ltd, Vadodhara
5. Torrent Power Ltd, Ahmadabad
6. Western Regional Power Committee, Mumbai
7. M.P. Power Trading Company Limited, Jabalpur
8. Maharashtra State Electricity Distribution Co. Ltd., Mumbai
9. Chhattisgarh State Power Transmission Co. Ltd, Raipur
10. Goa Electricity Department, Govt. of Goa, Panjim
11. Secretary, UT of Dadra Nagar Haveli,
12. Secretary, UT of Daman and Diu,

Respondents

Parties Present

Shri Sitesh Mukherjee, Advocate, TEL

Shri Sakya Singha Chaudhuri, Advocate, TEL

Ms. Mandakini Ghosh, Advocate

Shri M.G. Ramachandran, Advocate, GUVNL

Shri P.J. Jani, GUVNL

Shri Y.K. Sehgal, PGCIL

Shri T.P. Vijayasathy, TEL

Ms. Manju Gupta, PGCIL

ORDER

The applicant, Torrent Energy Limited has made this application under Section 14(a) of the Electricity Act, 2003 (hereinafter to be referred to as ‘the Act’) read with clause (c) of Regulation 6 of the Central Electricity regulatory Commission (Terms and Conditions for Grant of Transmission Licence) Regulations, 2009 (the transmission licence regulations) for grant of transmission licence for establishing, commissioning, operating and maintaining the DGEN - Navsari Transmission System.

2. The facts leading to the filing of the petition is that the applicant is executing 1196.85 MW (3x398.95 MW) gas based generating plant in the Dahej Special Economic Zone (DSEZ) area (hereinafter referred to as “DGEN”). The petitioner applied for grant of connectivity on 13.8.2010 and long term access on 14.12.2010 in accordance with the Central Electricity Regulatory Commission (Grant of Connectivity, Long Term Access and Medium Term Open Access in inter-State transmission and related matters) Regulations, 2009 (hereinafter “Connectivity Regulations”). For long term access, the applicant had identified the beneficiaries as (i) 400 MW or Torrent Power Limited, Ahmadabad and others; (b) 400 MW for Western Region and (iii) 400 MW for Northern Region. The applications of the applicant were considered in the 13th Meeting of the Western Region Constituents Committee held on 27.12.2010. Based on the system studies carried out by CTU, the following transmission system was evolved for transfer of power from the generating station of the applicant:

(a) TEL(DGEN) TPS- Navsari 400 kV D/C (Triple/Quad)

(b) TEL(DGEN) TPS-Vadodara 400 kV D/C

(c) Augmentation of transmission capacity of 400/220 kV S/s at Navsari with 1x500 MVA ICT.

(d) 220 kV Navsari(PG)- Valthan/ suitable location near Valthan D/c

Out of the above, TEL (DGEN) TPS- Navsari 400 kV D/C (Triple/Quad) was identified as the connectivity line and the balance system was agreed as the system strengthening for effecting the LTA. In terms of Regulation 8(8) of the Connectivity Regulations, thermal generating station of 500 MW and above other than a captive generating plant shall not be required to construct a dedicated transmission line to the point of connection and such line shall be taken into account for coordinated transmission planning by Central Transmission Utility and Central Electricity Authority. PGCIL informed that in case it undertook the construction of the line, the time required for commissioning would be as per the Commission's timeline plus 9 months towards pre-investment activities from the date of signing of the Transmission Service Agreement and furnishing of Bank Guarantee. As the date of connectivity sought was October 2012 which was less than the required time for construction, PGCIL expressed its inability to take up implementation of the project. The applicant offered to take up the implementation of the transmission system for connectivity and requested that the transmission system be considered as part of the coordinated planning of CEA and CTU. After deliberation, connectivity was granted subject to the development of the transmission system consisting of the following:

(a) TEL(DGEN)-Navsari 400 kV D/C (Triple/Quad)

(b) 1x125 MVAR 420 kV bus reactor at DGN switchyard

(c) 400 kV line bays- 2 Nos. at DGEN switchyard and 2 nos. at Navsari sub-station.

PGCIL vide letter dated 7.2.2011 has also granted connectivity to the generating station. For connectivity, the following transmission system, hereinafter known as “DGEN-Navsari Transmission System” has been approved:

(a) 400 kV DGEN – Navasari D/C transmission line with Triple Snow Bird conductor, and

(b) 420 kV, 125 MVAR Bus Reactor (One) at DGEN Switchyard, and

(c) 400 kV Line Bays (Two) at DGEN Switchyard and Extension of 400 kV GIS Bays (Two) at Navsari (PGCIL) sub-station.

In the 14th meeting of the WR constituents regarding Connectivity and Open Access Application held on 13.5.2011, the applicant was granted long term access for transfer of 1200 MW power (WR-400 MW, NR-400 MW and TPL Ahmedabad & others-400 MW) from its generating station, for which the applicant was required to sign the Bulk Power Transfer Agreement (BPTA) with PGCIL for sharing of WR regional transmission charges corresponding to 1200 MW, NR transmission charges corresponding to 400 MW and other applicable charges. Accordingly, PGCIL has granted to the applicant the long-term access to the inter-State transmission system for a total capacity of 1200 MW by letter dated 5.8.2011.

3. PGCIL filed petition No.116/2011 before this Commission seeking approval of the Commission for deviation from Regulation 8(8) of the Connectivity Regulations as PGCIL was not in a position to construct the dedicated transmission lines

(including the connectivity line of DGEN) due to paucity of time. The applicant in its reply had submitted that in case the connectivity line of DGEN is constructed by the applicant, it should be considered as a part of the coordinated transmission planning and its costs should be made part of the Western Regional pool charges. The Commission in its order dated 19.12.2011 clarified that Regulation 8(8) of Connectivity Regulations did not prevent the generating stations to construct their dedicated transmission lines if so required by the CTU. As regards the request of the applicant, it was clarified that “the dedicated transmission lines which form part of the coordinated transmission planning but are developed by the generators themselves shall qualify for inclusion under the basic network only after a transmission licence is obtained in accordance with the Transmission Licence Regulations.”

4. In the above background, the applicant has filed the application for transmission licence for the transmission system being executed by it as per the scope of work for connectivity mentioned in para 2 above under Regulation 6(c) of the Transmission Licence Regulations. The applicant has submitted that power transmitted through the proposed transmission system would be meant for the inter-State beneficiaries for which this Commission is the appropriate Commission to grant the transmission licence. The applicant has submitted that it has carried out route survey, placed the work orders and has already taken steps to develop and establish of the DGEN - Navasari transmission line as a dedicated transmission line whose completion is to coincide with the commissioning of DGEN. The applicant has submitted that it has been granted approval under Sections 68 and 164 of the Act by Ministry of Power for construction of the DGEN – Navasari transmission line.

5. The applicant has made the application in the prescribed format in accordance with the Transmission Licence Regulations. The applicant has served the copy of its application on the respondents and submitted proof of service. The applicant has filed a copy of the application with the CTU in compliance with the requirements of section 15(3) of the Act and Regulation 7(6) of the Transmission Licence Regulations. The applicant has posted the copy of the application on its website as required under Regulation 7(5) of the Transmission Licence Regulations. The applicant has published public notices under sub-section (2) of Section 15 of the Act in the newspapers (all dated 9.4.2012) (a) Sandesh in Gujarati (Ahmedabad and Vadodra Editions), (b) Damanganga Times in Gujarati (Vapi Edition), (c) Indian Express in English (Ahmedabad and Vadodra Editions), (d) Hari Bhoomi in Hindi (Jabalpur Edition) and (e) Times of India in English (MP Edition). The petitioner has submitted that it has the experience of executing the transmission line as a JV partner in Torrent Powergrid, a licensee of his Commission. The applicant is stated to have already commenced the work for the DGN – Navsari System on the date of the application. The applicant has submitted that it possesses and can arrange for the requisite experience and strength to implement the projet as per time schedule efficiently, effectively and in a cost effective manner.

6. No objection or suggestion has been received from any person in response to the public notices under section 15(3) of the Act. CTU, vide its letter dated 10.7.2012 has confirmed that the scope of work given by the applicant in its petition is in order and has recommended for issuance of transmission licence to the applicant for the said scope of work. The Commission in the hearing dated 27.9.2012 had directed the CTU to clarify whether the transmission system for which licence has been

sought was planned as ISTS system from the very beginning or it was a subsequent development. CTU in its affidavit dated 19.10.2012 has clarified that since the installed capacity of TEL (DGEN) TPS was 400 MW which was more than 500 MW, the transmission system was part of the coordinated planning by the CTU and CEA. Since the time required to construct the line was less than the time specified by the Commission for constructing the line by CTU, it was decided in the 13th meeting of the WR Constituents regarding connectivity/ open access held on 27.10.2012 that the identified line for connectivity i.e. DGEN- Navsari- 400 kV D/C would be constructed by the generation developer. None of the respondents except Respondent No.4, Gujarat Urja Vikas Nigam Ltd (GUVNL) has filed reply to the petition.

7. GUVNL in its reply has raised the following objections to the application of the applicant for grant of transmission licence:

- (a) Construction of the DGEN - Navasari transmission line has not been undertaken through the competitive bidding process and therefore the cost of the DGEN - Navasari transmission line cannot be included in cost of basic network for recovery of the transmission charges under the PoC regulations of the Commission.
- (b) CTU while allowing long-term access to the applicant had identified DGEN – Vadodra 400 kV D/C transmission line and Navsari – Bhaltan 220 kV S/C transmission line as part of the system strengthening scheme of Western Region which is being implemented through the competitive bidding route and if CTU were to construct the DGEN -

Navasari transmission line, it too would have been taken up through competitive bidding route.

- (c) The applicant does not intend to use the DGEN - Navasari transmission line as the main transmission line as laid down under clause (c) of Regulation 6 of the transmission licence regulations but only intends to recover the transmission charges under PoC regulations.
- (d) Long-term access was granted to the applicant subject to the condition that PPAs for at least 50% of the capacity of DGEN would be finalised before grant of connectivity whereas the applicant has tied up supply of 387 MW to Torrent Power Ltd and is said to be discussing sale of another 100 MW to PTC. Thus, the application for grant of transmission licence is premature and the applicant cannot be granted licence till at least 50% of the total capacity of DGEN is tied up for sale under the PPAs outside the State of Gujarat.
- (e) Grant of transmission licence to the applicant and recovery of the transmission charges as part of the inter-State transmission system would amount to cross-subsidizing the applicant or the beneficiaries of DGEN since otherwise the tariff for the transmission system, a dedicated transmission line, would be recovered from the beneficiaries of DGEN as part of the generation tariff.
- (f) In case the applicant is granted transmission licence, the transmission charges should be borne by the beneficiaries of DGEN and other

constituents of Western Region who are not the beneficiaries of DGEN should not be made to share the transmission charges.

8. The applicant has filed its rejoinder to the reply filed by GUVNL. The contentions raised by the applicant are summarised as under:

- (a) The competitive bidding guidelines are not applicable for implementation of the dedicated transmission lines but apply to construction of the main transmission lines.
- (b) The background against which DGEN along with the dedicated transmission line is being executed further reinforces the view that the competitive bidding guidelines are not applicable.
- (c) The transmission licence regulations do not lay down any condition that the dedicated transmission lines would qualify for grant of transmission licence only if they are implemented through the competitive bidding route.
- (d) The DGEN - Navasari transmission line has been developed as a part of coordinated system planning of CTU.
- (e) Once the transmission lines planned under the system strengthening scheme of Western Region are implemented, the DGEN - Navasari transmission line would no longer remain the dedicated transmission line as power would flow from Vadodra to DGEN and then to Navasari and *vice versa*. Therefore, the DGEN - Navasari transmission line would become part of the inter-State transmission system and the applicant

would be entitled to recover the transmission charges in accordance with PoC charges regulations.

- (f) Grant of transmission licence is not subject to the terms and conditions imposed by CTU while granting long-term access and non-finalisation of PPAs has no bearing on grant of transmission licence.

9. The Commission, upon perusal of the material available on record and the submissions of the parties during hearing sought following clarifications on 16th January 2013 from CTU and CEA:

- (i) Whether the DGEN - Navasari transmission line being developed by Torrent Energy Limited was planned as part of the coordinated transmission planning?
- (ii) Whether at this point of time the DGEN - Navasari transmission line can be operated in the dedicated mode?
- (iii) Whether the DGEN - Navasari transmission line will lose its dedicated character on account of its connectivity with the inter-State transmission system of CTU, which is also connected to other generators in the region?

10. CEA in its letter dated 28.2.2013 has clarified as under:

- (i) The inter-connection of the DGEN - Navasari transmission line was planned as part of the coordinated transmission planning as per the

decision arrived at 31st meeting of the Standing Committee of Power System Planning of Western Region held on 27.12.2010.

- (ii) The transmission system is being built under Section 10 of the Act and can be operated in dedicated mode without having any additional connectivity on the bus-bar of the generating station or licensed transmission business on the line.
- (iii) The transmission system will continue to function as dedicated transmission line till it starts functioning as an alternative path for flow of electricity of other generating stations or starts providing a parallel path to the grid. Considering that connectivity to Navsari sub-station of CTU was proposed as dedicated transmission line, it shall continue to operate under *status quo*. However, after the connection of PGCIL/ISTS line from Vadodara to DGEN, it may provide a parallel path to the grid.

11. CTU in its affidavit dated 15.2.2013 has submitted as under:

- (i) The DGEN – Navasari transmission line being developed by the applicant is dedicated in nature because it connects a generating station (DGEN) to ISTS.
- (ii) Since the applicant had applied for connectivity under clause (8) of Regulation 8 of the Central Electricity Regulatory Commission (Grant of Connectivity, Long term Open Access and Medium term Open Access in Inter-State Transmission and related matters)

Regulations, 2009 (the connectivity regulations), the DGEN - Navasari transmission line comes under the coordinated transmission planning.

- (iii) Under normal conditions, the DGEN - Navasari transmission line is meant for evacuation of power from DGEN to Navsari sub-station of CTU and can be operated in dedicated mode.
- (iv) The DGEN - Navasari transmission line shall not lose its dedicated character on account of its connectivity to Navsari sub-station. The dedicated transmission line can get connected to the grid at any interconnection point or points for evacuation of power and because of such inter-connection, the lines may become integrated to the grid in many respects but the purpose of such lines remains dedicated i.e. evacuation of power generated at such generating station.

12. During the hearing, the representative of the PGCIL submitted that dedicated transmission lines are part of coordinated transmission planning even though they are developed by the generating companies for evacuation of power to the grid. Learned counsel for the petitioner submitted that CEA in its reply has confirmed that after connection of PGCIL/ISTS line from Vadodara to DGEN, the transmission line may provide a parallel path to the grid which means that the transmission line can be used as ISTS and may be considered for grant of transmission licence. Learned counsel for GUVNL opposed grant of transmission licence to the applicant as it has not been executed through competitive bidding route and inter-State transactions

have not been identified through firming up of PPA for sale of power outside the State.

13. We have heard learned counsel for the parties and have considered their submissions. The application has been filed on the strength of clause (c) of Regulation 6 of the transmission licence regulations, which provides as under:

“6. Eligibility for Grant of licence

No person shall be eligible for grant of licence unless it is-

- (a) selected through the process under the guidelines for competitive bidding, or
- (b) a state owned or controlled company identified as a project developer on or before 5.1.2011, or
- (c) a generating company which has established the dedicated transmission line, and intends to use such dedicated transmission line as the main transmission line and part of the inter-State transmission system.”

14. In accordance with clause (c) of Regulation 6 of the transmission licence regulations, when a dedicated transmission line constructed by a generating company is intended to be used as the main transmission line and part of the inter-State transmission system, the generating company becomes entitled to grant of the transmission licence for operation and maintenance of such dedicated transmission line. Once transmission licence is granted, the dedicated transmission licence loses its dedicated character and is to be considered at par with the transmission lines under sub-section (72) of Section 2 of the Act. The provision in clause (c) has been made to ensure optimum use of the transmission assets and is thus intended to promote economy and efficiency in the transmission segment of power sector. The only condition for grant of the transmission licence in such cases which needs to be satisfied is that the dedicated transmission line should be used as the main

transmission line and part of the inter-State transmission system. The present application therefore will be considered on the touchstone of the provision made in clause (c) of Regulation 6 *ibid*.

15. As provided under proviso to clause (8) of Regulation 8 of the connectivity Regulations, a thermal generating station with a total capacity of 500 MW and above, other than a captive generating plant, is not required to construct a dedicated transmission line up to the point of inter-connection with the inter-State transmission system since such a transmission line is to be taken into account for coordinated transmission planning by CTU and CEA. When such a line is constructed by CTU, it *ipso facto* forms part of the inter-State transmission system as defined under sub-section (36) of Section 2 of the Act.

16. DGEN being set up by the applicant has approximate total capacity of 1200 MW. Therefore, the DGEN - Navasari transmission line (to provide connectivity of DGEN to inter-State transmission system) was to be constructed by CTU. Accordingly, the applicant approached CTU for providing connectivity. The matter was deliberated in the meeting of the Western Region constituents held on 27.10.2010 whereat CTU expressed its inability to complete construction of the DGEN - Navasari transmission line within the available timeframe. For evacuation of power evacuation, the DGEN - Navasari transmission line needed to be established/implemented matching with commissioning schedule of DGEN. Therefore, the applicant offered to take up the implementation of the DGEN - Navasari transmission line needed for providing connectivity with a request that the DGEN - Navasari transmission line may be considered as part of the coordinated

transmission planning of CTU and CEA. At the meeting it was decided to grant connectivity to the applicant subject to the applicant undertaking construction of the transmission system. The applicant therefore has started construction of the DGEN - Navasari transmission line as the dedicated transmission line.

17. The applicant has stated that when it was granted long-term access by CTU, system strengthening scheme for Western Region was finalised. This scheme envisaged construction of DGEN -Vadodara 400 kV D/C transmission line and Navsari – Bhestan 220 kV S/C transmission line. The applicant has submitted that once the scheme is implemented, the DGEN - Navasari transmission line will lose its character as a dedicated transmission line because in that case power would flow from Vadodara to DGEN and then to Navsari and *vice versa* irrespective of the fact whether or not DGEN is operating and hence the DGEN - Navasari transmission line would be part of the inter-State transmission system. GUVNL has not disputed correctness of this averment of the applicant. Rather, GUVNL has corroborated the applicant as it has pointed out that the system strengthening scheme in Western region is being implemented through the competitive bidding route. CEA in its response to the queries raised by the Commission has clarified as under:

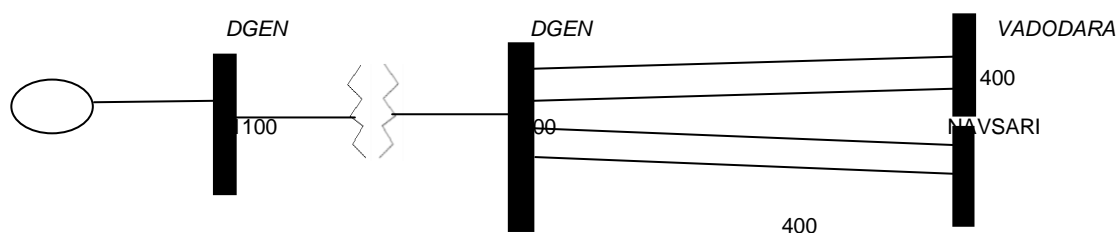
“The inter-connection of TEL (DEGEN) TPS-Navasari 400 kV D/C transmission line was planned as part of the coordinated transmission planning. The relevant extract from the 31st meeting of the Standing Committee of Power System Planning of WR held on 27th December,.2010 is given below :

The DGEN-Navsari 400 kV D/c line is being built under the provision of Section 10 of the Electricity Act, 2003. Therefore, DGEN-Navsari 400 kV D/c line can be operated in dedicated mode under the circumstances of its commissioning without having any additional connectivity on the bus-bar of the generating station or licensed transmission business on the line.

As already explained at (ii) above, the line will continue to function as dedicated transmission line till it starts functioning as an alternative path for flow of electricity of other generating stations or starts providing a parallel path to the grid. Considering that connectivity to the sub-station of PGCIL at Navsari was proposed as dedicated

line, the line shall continue to operate under status-quo, however, after the connection of PGCIL/ISTS line from Vadodara to DGEN, it may provide a parallel path to the grid.”

18. CEA has given the following schematic diagram after implementation of the system strengthening scheme:



19. From the above discussion it is clear that the DGEN - Navasari transmission line was planned under coordinated transmission planning. The representative of the CTU submitted during the hearing on 16.5.2013 that even the dedicated transmission lines of generating plants are discussed as part of system planning. What is of relevance is whether the dedicated transmission line after its operation retains its dedicated character or gets changed to ISTS. In case of the subject transmission line, it is seen that from DGEN bus bar, two transmission lines are emanating, namely DGEN – Navsari transmission line being built by the applicant and DGEN – Vadodara transmission line being built by PGCIL under competitive bidding. Both Navsari and Vadodara ends are ISTS sub-stations connected to meshed grid of PGCIL. It is seen that once the DGEN – Vadodara transmission line is implemented, the DGEN – Navsari transmission line will not remain a dedicated line as power transfer is possible both ways. Consequently, DGEN – Navsari transmission line will become a main transmission line and part of the ISTS. As the quantum and direction of incidental flows depend on load-generation balance, the applicant shall not have any control over flow of electricity. In our view, in such a

situation, the transmission line cannot be operated as a dedicated transmission line and on account of incidental flow of electricity, the transmission line will be used as an ISTS.

20. After considering the views of CEA and CTU that the subject transmission line was conceived as part of coordinated transmission planning and after connection of PGCIL line from Vadodara to DGEN, the transmission line would provide a parallel path to the grid and our conclusion in the preceding paragraph that the line cannot be operated as a dedicated transmission line due to incidental power flow, we are of the view that the transmission line can be used as ISTS. Since the applicant as the generator is willing to use the transmission line as the main transmission line and part of ISTS, we conclude that the applicant fulfils the conditions of Regulation 6(c) of Transmission Licence Regulation. Since the character of DGEN-Navsari transmission line is changing from dedicated transmission lines to ISTS only after commissioning of DGEN-Vadodara transmission line as indicated by CEA in its response, we are of the view that the transmission licence proposed to be granted to the petitioner shall come into operation only from the date of commissioning of the DGEN-Vadodara transmission line.

21. Now we consider the specific objections raised on behalf of GUVNL. One of the objections of GUVNL is that that the DGEN - Navasari transmission line has not been executed in accordance with the competitive bidding guidelines notified by Ministry of Power under Section 63 of the Act. The applicant has clarified that there is no such condition under clause (c) of Regulation 6 of the transmission licence regulations that the dedicated transmission line qualifies for grant of transmission

licence only when implemented under the competitive bidding guidelines. We have considered the submission of the parties. The objection of GUVNL needs to be appreciated in the light of the circumstances under which the applicant was required to implement the dedicated transmission line. The transmission line was required to be implemented by PGCIL as it was conceived as part of coordinated transmission planning. Since PGCIL declined to execute the transmission line due to paucity of time, the transmission line was executed by the applicant as a dedicated transmission line. This line would have continued as a dedicated transmission line, had not it been for the incidental flow of electricity through the lines of the petitioner which has rendered it as an ISTS. This apart, the dedicated transmission line is being implemented as part of the generating station and generation being a de-licensed activity, the applicant was not required to take a licence. Taking into account the nature of use of the transmission lines, the applicant has approached for a licence to use it as ISTS. Keeping in view the peculiarity of the circumstances case, we do not feel that the applicant should be denied the transmission licence because it has not been executed through competitive bidding. Moreover, the purpose of competitive bidding is to ensure best price for the consumers. In this case the purpose can be achieved by benchmarking the capital cost of the project to the level of the capital cost of a contemporary competitively bid project or other suitable benchmark cost.

22. GUVNL has further pointed out that the applicant does not intend to use the DGEN - Navasari transmission line as main transmission line but only intends to recover the transmission charges under the PoC regulations. There is no merit in the contention. We have already held that the DGEN - Navasari transmission line shall

become part of the inter-State transmission system and shall be used as the main transmission line after implementation of the system strengthening scheme of Western Region.

23. GUVNL has next submitted that the application for grant of transmission licence is premature as the applicant has not yet tied up at least 50% of the total capacity of DGEN for sale under the PPAs outside the State of Gujarat as connectivity/ long-term access was granted by CTU subject to fulfilment of this condition. The applicant has clarified that the condition imposed by CTU while granting long-term access cannot come in the way of grant of the transmission licence. In our view, since the applicant has been granted LTA by CTU for 1200 Mw capacity, it will be liable to pay the transmission charges for this capacity till the time the applicant identifies long term beneficiaries for atleast 50% of the capacity of the generating station.

24. GUVNL's next objection is that grant of transmission licence to the applicant and recovery of the transmission charges as part of the inter-State transmission system would amount to cross-subsidization. GUVNL has further submitted that in case the applicant is granted transmission licence, the transmission charges should be borne by the beneficiaries of DGEN and other constituents of Western Region who are not the beneficiaries of DGEN should not be made to share the transmission charges. The applicant has submitted that the DGEN-Navsari system will form part of the ISTS on the strengthening of the transmission system in WR, and therefore, will necessarily be involved in the inter-State transmission for beneficiaries/DICs other than DGEN plant. The applicant has submitted that all DICs including DGEN

plant will be liable to pay the PoC charges for the DGEN-Navsari system in accordance with the Sharing Regulations of the Commission. We have considered the submission of the parties. In our view, once the decision to grant the transmission line is taken after hearing the objections from the public and determination of the transmission charges as per the applicable law at that time, the sharing of transmission charges and losses will be in accordance with the Sharing Regulations, 2011 as amended from time to time. It is however made clear that as per clarification received from CEA in its letter dated 28.2.2013 that DGEN-Navasari Transmission Line will continue to function as dedicated transmission line till it starts functioning as alternative path for flow of electricity of other generating stations or starts providing a parallel path to the grid. After the connection of PGCIL/ISTS line from Vadodara to DGEN 400 kV D/C line, it may provide a parallel path to the grid. Thereafter, the POC Charges will be applicable provided the applicant takes effort in tying up with the beneficiaries outside the region and address the concerns of GUVNL, that is, the transmission charges should be borne by the beneficiaries of DGEN and other constituents of Western Region who are not the beneficiaries of DGEN should not be made to share the transmission charges.

25. From the above discussion we conclude that the applicant has complied with the provisions of the Act and transmission licence regulations for grant of licence. Though we are of the view that the petitioner could come to us once the conditions of usage of the line by the beneficiaries happen, we are *prima facie* satisfied that the applicant fulfils the other conditions for grant of transmission licence. Accordingly, we propose to grant the transmission licence to the applicant for the operation and maintenance of the DGEN - Navasari transmission line. However, we would like to

make it clear that the DGEN - Navasari transmission line shall be included in the basic ISTS network for the purpose of pooling the transmission and loss charges under PoC regimen only after (a) the system strengthening scheme for Western Region has been implemented by completion of DGEN Vadodara transmission line by PGCIL and provides a parallel path to the grid, and (b) the applicant has executed PPAs for 50% of the total saleable capacity of DGEN. Till such time these conditions are fulfilled, the DGEN – Navasari transmission line shall be deemed to be operating as the dedicated transmission line, despite grant of the transmission licence. The petitioner shall submit application for determination of transmission charges with full details at the appropriate time after completion of the above conditions.

26. Accordingly, we direct that a notice of our proposal to grant transmission licence to the applicant company be published in two daily newspapers inviting suggestion/objections from the public in terms of Section 15 (5) of the Act.

27. The petition shall be listed for further hearing on 11.7. 2013.

sd/-
(M. Deena Dayalan)
Member

sd/-
(V.S. Verma)
Member

sd/-
(Dr. Pramod Deo)
Chairperson