

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 303/TL/2019

**Coram:
Shri P.K. Pujari, Chairperson
Dr. M.K. Iyer, Member
Shri I. S. Jha, Member**

Date of Order: 26th November, 2019

In the matter of:

Application under Section 14 of the Electricity Act, 2003 read with Central Electricity Regulatory Commission (Procedure, Terms and Conditions for Grant of Transmission Licence and other related matters) Regulations, 2009 with respect to Transmission License to Khetri Transco Limited.

**And
In the matter of**

Khetri Transco Limited
B-9, Qutab Institutional Area
Katwarai Sarai
New Delhi-110016

.... **Petitioner**

Vs

1) ACME Solar Holdings Limited
Plot 152, Sector-44, Gurgaon
Haryana-122002

2) Mahoba Solar (UP) Private Limited
Adani House, 4th Floor, South Wing
Shantigram, S.G. Highway
Ahmedabad-382421

3) Hero Solar Energy Private Limited
202, 2nd Floor, Okhla Industrial Estate
Phase-3
New Delhi-110020

4) Mahindra Susten Private Limited
6th Floor, AFL House, Lok Bharti Complex
Marol Maroshi Road
Andheri (E), Mumbai
Maharashtra-400059



5) Azure Power India Private Limited
3rd Floor, 301-304 & 307, Worldmark-3
Aerocity, New Delhi-110037

6) ReNew Solar Power Private Limited
Commercial Block-1, Zone-6 Golf Course Road
DLF City, Phase-5, Gurugram-122009

.....Respondents

Parties present:

1. Shri B. Vamsi, KTL
2. Shri D. Hari Kishore, KTL
3. Shri Mani Kumar, KTL
4. Shri Ankit Kumar, RECTPCL
5. Shri Amit Chatterjee, RECTPCL
6. Ms. Prerna, Advocate, S & P LLP

ORDER

The Petitioner, Khetri Transco Limited, has filed the present Petition under Section 14 of the Electricity Act, 2003 (hereinafter referred to as "the Act") read with Central Electricity Regulatory Commission (Procedure, Terms and Conditions for Grant of Transmission Licence and other related matters) Regulations, 2009 (hereinafter referred to as 'Transmission Licence Regulations') to establish Transmission System for "Transmission system associated with LTA application from Rajasthan SEZ (Part-C)" (hereinafter referred to as "Transmission System" or "Project") on Build, Own, Operate and Maintain (BOOM) basis comprising the following elements:

Sr. No.	Name of the Transmission Element	Completion Target
1.	Establishment of 765/400kV, 2x1500 MVA S/s at suitable location near Khetri with 765 kV (2x240MVAR) and 400 kV (1x125 MVAR) bus reactor <ul style="list-style-type: none">• 765/400kV- 2x1500MVA• 765kV ICT bay-2• 400kV ICT bay-2• 400kV line bay-2• 765kV line bay-2• 240 MVAr (765kV) Bus Reactor -2	17 months (December, 2020)



Sr. No.	Name of the Transmission Element	Completion Target
	<ul style="list-style-type: none"> • 125 MVA (400 kV) Bus Reactor -1 • 765 kV Reactor bay – 2 • 400 kV Reactor bay -1 • 1X500 MVA, 765/ 400 kV, 1-ph ICT (spare unit) • 1X80 MVAR, 765 kV, 1-ph Reactor (spare unit) (for both 1X240 MVAR bus reactor and 2X240 MVAR line reactor on Bikaner – Khetri 765kV D/c line at Khetri end) <p>Future provisions: Space for: 765/ 400 kV ICTs along with bays: 2 nos. 400/220 kV ICTs along with bays: 4 nos. 765 kV line bays: 4nos 400 kV line bays: 4nos. 220 kV line bays: 7nos</p>	
2.	Khetri – Sikar (PG) 400 kV D/c line (AL59)	
3.	400 kV line bays at Sikar (PG) for Khetri – Sikar (PG) 400kV D/c line (Twin AL59)	
4.	Khetri– Jhatikara 765kV D/c line	
5.	765kV bays at Jhatikara for Khetri– Jhatikara 765kV D/c line	
6.	<p>1x240 MVAR Switchable Line reactors for each circuit at Jhatikara end of Khetri – Jhatikara 765kV D/c line along with reactor bays</p> <ul style="list-style-type: none"> • 1X80 MVAR, 765 kV, 1-ph Reactor (spare unit) (for 240 MVAR line reactor on each ckt of Khetri – Jhatikara 765 kV D/c line at Jhatikara end) 	

2. The Petitioner has made the following prayers:

“(a) Grant Transmission Licence to the Applicant; and

(b) Allow the Transmission System for “Transmission system associated with LTA application from Rajasthan SEZ (Part-C)” to be part of Transmission Service Agreement approved by the Commission under the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010.”

3. The Petitioner has submitted that in accordance with the "Guidelines for Encouraging Competition in Development of Transmission Projects" and "Tariff Based



Competitive Bidding Guidelines for Transmission Service" (hereinafter referred to as "the Guidelines") issued by Government of India, Ministry of Power under Section 63 of the Act, REC Transmission Projects Company Limited (hereinafter referred to as RECTPCL) was notified by Government of India, Ministry of Power vide Notification No. S.O. 638 (E) dated 1.2.2019 as the Bid Process Coordinator (hereinafter referred to as "BPC") for the purpose of selection of bidder as Transmission Service Provider (hereinafter referred to as "TSP") to establish the transmission system for "Transmission system associated with LTA application from Rajasthan SEZ (Part-C)" through tariff based competitive bidding process on BOOM basis.

4. RECTPCL in its capacity as the BPC initiated the bid process on 12.1.2019 and completed the process on 29.8.2019 in accordance with the Guidelines. Power Grid Corporation of India Limited (PGCIL) was selected as the successful bidder having quoted the lowest levelized transmission charges of ₹1220.42 million per annum in order to establish the transmission system for "Transmission system associated with LTA application from Rajasthan SEZ (Part-C)" and provide transmission service to the following identified Long-Term Transmission Customers (LTTCs) of the Project:

Sl. No.	Name of the Long Term Transmission Customer
1.	Mahoba Solar (UP) Private Limited
2.	ACME Solar Holding Limited
3.	Hero Solar Energy Private Limited
4.	Mahindra Susten Private Limited
5.	Azure Power India Private Limited
6.	ReNew Solar Power Private Limited

5. At the RfP stage, three bidders submitted their offers. The RfP (Non-Financial) Bids of the three bidders were opened in the presence of representatives of the bidders

on 20.6.2019. Based on the recommendation of the Bid Evaluation Committee (BEC), the Initial Offer of all the three bidders were opened on 10.7.2019 in the presence of BEC and lowest levelised transmission charges from the Initial Offer submitted by bidders was ₹ 1,313.42 million per annum. Based on the recommendation of the BEC, all three bidders were qualified to participate in the e-Reverse auction stage on 11.7.2019 and submitted their final offer. As per the Bid Evaluation Report dated 23.7.2019, Power Grid Corporation of India Limited emerged as the successful bidder with the lowest levelized transmission charges of ₹1220.42 million per annum.

6. Consequent to its selection as the lowest bidder, Letter of Intent (Lol) was issued to Power Grid Corporation of India Limited by the BPC on 31.7.2019 which was accepted by it. Under the terms of Request for Proposal (RfP) and the Letter of Intent, the successful bidder is obligated to accomplish the following tasks:

- (a) Provide Contract Performance Guarantee in favour of Long Term Transmission Customers (LTTCs);
- (b) Execute Share Purchase Agreement and all other RfP documents;
- (c) Acquire, for the Acquisition Price, 100% share equity share holding of Khetri Transco Limited from RECTPCL along with all its related assets and liabilities;
- (d) to make an application to the Central Commission for adoption of transmission charges, as required under Section 63 of the Electricity Act, 2003; and
- (e) To apply to the Central Commission for grant of transmission licence;

7. The Petitioner has submitted that Power Grid Corporation of India Limited has



acquired one hundred percent equity holding in Khetri Transco Limited on 29.8.2019 and furnished the Contract Performance Guarantee (CPG) for an aggregate value of Rs.66.15 crore on 30.8.2019. Accordingly, the Transmission Service Agreement (TSA) executed between the TSP and the LTTCs who are the beneficiaries of the transmission Project has become effective from 30.8.2019.

8. Section 14 of the Act provides that the Appropriate Commission may, on an application made under Section 15 of the Act, grant a licence to any person to transmit electricity as a transmission licensee in any area as may be specified in the licence. The word “person” has been defined in Section 2(49) of the Act to include any company or body corporate or association or body of individuals whether incorporated or not or artificial juridical person. The Petitioner has been incorporated under the Companies Act, 1956. The main object of the Petitioner Company is as under:

“To plan, promote and develop an integrated and efficient power transmission system network in all its aspects including planning, investigations, research, design and engineering, preparation of preliminary, feasibility and definite project reports, construction, operation and maintenance of transmission lines, substation, load dispatch stations and communication facilities and appurtenant works, coordination of integration operation of regional and national grid system, execution of turn-key jobs for other utilities/organizations, wheeling of power in accordance with the policies, guidelines and objectives laid down by the Central Government from time to time”.

9. Section 15 (1) of the Act provides that every application under Section 14 shall be made in such manner and in such form as may be specified by the Appropriate Commission and shall be accompanied by such fees as may be prescribed. The Central Commission has specified the Transmission Licence Regulations. Regulation 3 of the Transmission Licence Regulations provides that the Empowered Committee shall identify the projects included in the transmission plan to be developed under the guidelines for competitive bidding. Regulation 4 of Transmission Licence Regulations

provides that in case of projects identified by the Empowered Committee for development under the guidelines for competitive bidding, selection of the project developer shall be made in accordance with the procedure laid down in the guidelines. The transmission project under consideration has been identified by the Empowered Committee. Central Electricity Authority, vide its letter No. CEA-PS-11-21(25)/1/2018-PSPA-I Division dated 29.4.2019 had issued prior approval to the Project under Section 68 of the Act. The selection of the project developer, Khetri Transco Limited, has been made in accordance with the guidelines for competitive bidding.

10. Regulation 7 of the Transmission Licence Regulations provides for the procedure for grant of transmission licence as under:

“(1) The application for grant of transmission licence shall be made to the Commission in Form-I appended to these regulations and shall be accompanied by such fees as may be prescribed by the Central Government from time to time.

(2) In case of the person selected for implementation of the project in accordance with the guidelines for competitive bidding, the application shall also contain such additional information, as may be required under these guidelines.

(3) The application shall be supported by affidavit of the person acquainted with the facts stated therein.

(4) Before making an application, the applicant shall serve a copy of the application on each of the long-term customers of the project and shall submit evidence to that effect along with the application and shall also post the complete application along with annexures and enclosures on its website, the particulars of which shall be given in the application.

(5) The application shall be kept on the website till such time the licence is issued or the application is rejected by the Commission.

(6) Immediately on making the application, the applicant shall forward a copy of the application to the Central Transmission Utility.

(7) The applicant shall, within 7 days after making the application, publish a notice of its application in Form-II attached to these regulations, in at least two daily newspapers, one in English language and one in vernacular language, having circulation in each State or Union Territory where an element of the project or a long-term customer is situated, in the same language as of the daily newspaper in which the notice of the



application is published.

(8) As far as possible, within 7 days of receipt of the application the Secretariat of the Commission shall convey defects, if any, if noticed on preliminary scrutiny of the application for rectification and the defects conveyed shall be rectified by the applicant in such time as may be indicated in the letter conveying the defects.

(9) In the notice published in the newspapers under clause (7) it shall be indicated that the suggestions and objections, if any, on the application, may be filed before the Secretary, Central Electricity Regulatory Commission, Third Floor, Chanderlok Building, Janpath, New Delhi-110001 (or the address where the office of the Commission is situated), with a copy to the applicant, by any person, including the long-term customers, within 30 days of publication of the notice.

(10) The applicant shall within 15 days from the date of publication of the notice as aforesaid submit to the Commission on affidavit the details of the notice published, indicating the newspapers in which the notice has been published and the date and place of their publication and shall also file before the Commission the relevant copies of the newspapers, in original, in which the notice has been published.

(11) The Central Transmission Utility shall send its recommendations, if any, to the Commission on the proposal made in the application within a period of thirty days from the date of receipt of application by it:

Provided that copy of the recommendations, if any, made by the Central Transmission Utility shall always be forwarded to the applicant:

Provided further that these recommendations of the Central Transmission Utility shall not be binding on the Commission.

(12) The applicant may file its comments, duly supported by an affidavit, on the recommendations made by the Central Transmission Utility and the suggestions and objections, if any, received in response to the public notice published by him, within 45 days of serving copy of the application on the Central Transmission Utility or the person who has filed the suggestions and objections on the proposal made in the application, as the case may be.

(13) The Commission after considering the suggestions and objections received in response to the public notice published by the applicant and the recommendations, if any, of the Central Transmission Utility may, propose to grant transmission licence or for reasons to be recorded in writing, reject the application.”

11. The Petitioner has approached the Commission by a separate Application for adoption of transmission charges in respect of the transmission system which is presently under consideration of the Commission and order in that petition will be issued separately. The Petitioner has filed the present Application for grant of transmission



licence in accordance with the Transmission Licence Regulations. The Petitioner has submitted proof of service of the copies of the application on the LTTCs and Central Transmission Utility and proof of web posting of the complete Application. The Petitioner has further undertaken to pay the applicable licence fee upon the grant of Transmission Licence in terms of Central Electricity Regulatory Commission (Payment of Fees) Regulations, 2012. The Petitioner has prayed for grant of transmission licence to Khetri Transco Limited with respect to the Transmission System as per details given in para 1 above.

12. The Petitioner has made the Application as per Form-1 and paid the fee of ₹ one lakh as prescribed by the Central Government. On perusal of the application, it is noted that the Petitioner has served copy of the Application on the LTTCs for the Project. The levelised tariff charges quoted by the Petitioner which have been recommended by the Bid Evaluation Committee for acceptance, is ₹1220.42 million per annum. The Petitioner has also enclosed copies of the recommendations of the Bid Evaluation Committee.

13. The Petitioner vide its affidavit dated 23.9.2019 has placed on record the relevant copies of the newspapers published on 11.9.2019 in 'Pratahkal' (Hindi edition) in Rajasthan, 'Dainik Savera Times' (Hindi edition) in Haryana, 'Indian Express' (English edition) in Haryana, 'Dainik Bhaskar' (Hindi edition) in Delhi, 'Mail Today' (English edition) in Delhi and 'Times of India' (English edition) in Rajasthan. No objection has been received from the general public in response to the public notices

14. The Petition was heard on 19.11.2019 after notice to the Respondents. None was present on behalf of the Respondents, except BPC, despite notice. The



Representative of the Petitioner during the hearing submitted that the Petitioner has complied with all the requirements for grant of transmission licence and requested for grant of transmission licence to the Petitioner.

15. The Petitioner has served a copy of the Application on the Central Transmission Utility (CTU) on 5.9.2019 as required under Section 15(3) of the Act and Regulation 7(6) of the Transmission Licence Regulations. CTU in its letter dated 7.10.2019 has recommended for grant of transmission licence to the Petitioner. Relevant portion of the said letter dated 7.10.2019 is extracted is as under:

“This has reference to application dated 4.9.2019 filed by M/s Khetri Transco Limited with CERC for grant of Transmission License. The Applicant has filed application/petition with CERC for grant of license to establish “Transmission System associated with LTA applications from Rajasthan Part-C” with the scope as given in **Annexure-I**. In this regard, following is submitted:

1. Govt. of India has set a target for establishing 175 GW renewable capacity by 2022 including generation from Solar & wind resources. For integration and evacuation of power from envisaged solar potential in Fatehgarh (3.5 GW)/ Bhadla (3.55 GW)/ Bikaner (1.85 GW) areas, “Transmission System for Solar Energy Zones (SEZs) in Rajasthan (8.9 GW)” involving a high capacity 765 kV and 400 kV transmission system interconnecting Bhadla, Fatehgarh, Bikaner, Sikar & Khetri along with establishment of 765/400 kV substations at Bhadla-II, Fatehgarh-II & Khetri had been planned. The subject scheme is also a part of the above referred scheme involving following major elements:

- Establishment of 765/400 kV, 2X1500 MVA substation near Khetri
- Khetri-Jhatikara 765 kV D/C line along with bays
- Khetri-Sikar (PG) 400 kV D/C line along with bays

The subject scheme shall also facilitate in transfer of power from RE sources in above complexes for onward dispersal of power to various beneficiaries. As Sikar (PG) & Jhatikara (PG) are existing substations, thus issue of upstream & downstream assets is not envisaged.

2. Proposed Transmission System for Solar Energy Zones (SEZs) in Rajasthan (8.9 GW) was discussed and technically agreed in the 2nd meeting of Northern Region Standing Committee on Transmission (NRSCT) held on 13.11.2018 which includes above referred scheme. Extracts of minutes of meeting are attached at **Annexure-II**. The same was agreed in the 3rd ECT meeting held on 21.12.2018 for implementation through TBCB route with completion schedule as Dec'20.

3. The details of the scheme, its justification, estimated cost and its tariff impact, results of the system studies, study assumptions, stakeholder consultation/ approval details etc. were published on CTU's website on 23.4.2019 for comments by 7.6.2019. Results of system studies



and assumptions are attached at **Annexure-III**. Stakeholders viz. PSTCL, POSOCO and Torrent Power sent their observations and same were suitably addressed with following details:

- a. PSTCL vide letters dated 25.4.2019, 26.4.2019 & 30.4.2019 forwarded certain queries regarding PoC charges, downsizing of generators, if any, in Punjab area and augmentation of downlink system and it was also requested to provide the PSS/E (.sav) data file of the base case. The query regarding details of PoC charges related with Punjab area vide letter dated 25.4.2019 was marked to POSOCO, as for calculation of applicable PoC charges, POSOCO/NLDC is the nodal agency. Replies to queries along with relevant PSS/E data (.sav) file were forwarded to PSTCL vide email dated 14.5.2019 (copy of the email is attached at **Annexure-IV**).
 - b. Torrent Power vide email dated 3.6.2019 forwarded their comments mainly related to SCOD of proposed transmission system, extension of bid submission date and inter-dependence of transmission schemes. The comments were forwarded to CEA/ BPC (RECTPCL & PFCCL) for necessary action vide email dated 6.6.2019 (copy of email is attached at **Annexure-V**). Inter-dependence matter has been resolved.
 - c. POSOCO vide letter dated 7.6.2019 forwarded comments on behalf of RLDCs/ NLDC. To deliberate the same joint study meeting was held among CEA, POSOCO, CTU and STUs on 17-19 June, 2019. Comments were suitably addressed. Copy of CTU letter dated 2.7.2019 in this regard is attached at **Annexure-VI**.
4. The space for future provisions (765/400 kV ICTs) has also been agreed in 3rd NR SCT meeting held on 24.5.2019. Further, Transmission System for Solar Energy Zones (SEZs) in Rajasthan (8.9 GW) has also been agreed in 45th NRPC meeting held on 8.6.2019. Extracts of minutes are attached at **Annexure-VII**. Hon'ble Commission has also granted Regulatory Approval for the same vide order dated 9.8.2019.
5. Ministry of Power, Govt. of India has identified the above transmission scheme for implementation through Tariff Based Competitive Bidding and notified M/s REC Transmission Projects Company Limited as Bid Processing Coordinator (BPC) for the purpose of selection of bidder as Transmission Service Provider (TS) to establish the above referred project on BOOM basis. Bid Evaluation Committee appointed by the BPC has certified Power Grid Corporation of India Limited as successful bidder. M/s Power Grid Corporation of India Limited has acquired M/s Khetri Transco Limited after execution of the Share Purchase Agreement (SPA) on 30.8.2019.
6. In line with Section 15 (4) of the Electricity Act, 2003 and details furnished by M/s Khetri Transco Limited, POWERGRID as CTU recommends grant of transmission license to M/s Khetri Transco Limited for scope give in **Annexure-I**.

Thanking you,

Yours faithfully,

(Mukesh Khanna)
CGM (CTU-Plg.)"

16. We have considered the submissions of the Petitioner. The proviso to Clause 2.4 of the RfP provides that "if for any reason attributable to the BPC, the said activities are not completed by the Selected Bidder within the above period of ten (10) days as



mentioned in this clause, such period of 10 days shall be extended, on a day to day basis till the end of the Bid validity period". Though Lol was issued on 31.7.2019, BPC, vide its letters dated 6.8.2019, 20.8.2019 and 29.8.2019, in terms of Clauses 2.4, 2.5 and 2.6 of RfP extended the date upto 6.9.2019 for completion of all activities by the successful bidder. The selected bidder furnished the Contract Performance Guarantee to the Long Term Transmission Customers of the Project for an amount of Rs. 66.15 crore and has acquired hundred percent equity-holding in the applicant company on 29.8.2019 after execution of the Share Purchase Agreement. The TSP on behalf of the selected bidder filed the application for grant of transmission licence and adoption of tariff on 6.9.2019. 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 11.12.2019.

17. In order to ensure that the Project is implemented within the time schedule as provided in the TSA, the licensee should not approach the Commission for extension of time for execution of the Project or for increase in the transmission charges over and above what is permissible under the provisions of the TSA. Accordingly, the Petitioner is directed to file an affidavit by 3.12.2019 to the effect that the execution of the transmission Project shall not be delayed due to time taken in obtaining statutory



clearances required under the RfP and or adjudication of any claim of the petitioner arising under the TSA.

18. It is observed that 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. Further Article 5.4 of the TSA provides that the TSP shall ensure that the Project is designed, built and completed in a good workman like 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. Further, 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 is directed to submit the information by 3.12.2019 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.

19. The Petitioner is directed to implead CTU as Respondent to the Petition and file revised memo of parties by 28.11.2019. CTU is directed to confirm on affidavit with details by 3.12.2019 that CTU has complied with the provisions of Regulation 9 of the Central Electricity Regulatory Commission (Planning, Coordination and Development of Economic and Efficient Inter-State Transmission System by Central Transmission Utility and



other related matters) Regulations, 2018.

20. The Petitioner, vide its affidavit dated 16.10.2019, has informed that the name of the company has been changed from Khetri Transco Limited to Powergrid Khetri Transmission System Limited with effect from 4.10.2019. The certificate of change of name from Khetri Transco Limited to Powergrid Khetri Transmission System Limited dated 4.10.2019 issued by Registrar of Companies, Delhi has been placed on record. Accordingly, the name of the Petitioner has been changed to Powergrid Khetri Transmission System Limited on the record of the Commission.

21. The Petition shall be listed for hearing on 17.12.2019.

(I.S.Jha)
Member

(Dr. M. K. Iyer)
Member

(P. K. Pujari)
Chairperson

