

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 257/TL/2021

Coram:

**Shri I.S. Jha, Member
Shri Arun Goyal, Member
Shri P. K. Singh, Member**

Date of Order: 7th February, 2022

In the matter of

Application under Section 14 of the Electricity Act, 2003 read with the Central Electricity Regulatory Commission (Terms and Conditions for Grant of Transmission Licence and other related matters) Regulations, 2009 for grant of separate Transmission Licence for implementation of 125 MVAR, 420 KV Bus Reactor at Kala Amb on the RTM route to NRSS XXXI (A) Transmission Limited (now known as Powergrid Kala Amb Transmission Limited).

And

In the matter of

NRSS XXXI (A) Transmission Limited,
(Now known as Powergrid Kala Amb Transmission Limited),
B-9, Qutab Institutional Area,
Katwaria Sarai,
New Delhi – 110 016.

..... **Applicant**

Vs

1. U.P. Power Corporation Limited,
Import Export Payment Circle, 14th Floor,
Shakti Bhawan Extension Building, 14 - Ashok Marg,
Lucknow

2. AD Hydro Power Limited,
Bhilwara Towers, A-12, Sector-I,
Noida - 201 301

3. Haryana Power Purchase Centre,
Shakti Bhawan, Energy Exchange Room No. 446,
Top Floor, Sector - 6,
Panchkula - 134 109

4. Punjab State Power Corporation Limited,
Shed No. T-1 A, Thermal Design, Near 22 No. Phatak,

Patiala

5. Himachal Sorang Power Pvt. Limited,
901 B, 9th Floor, Time Tower, M. G. Road,
Gurgaon – 122 009

6. Adani Power Limited, Mundra,
3rd Floor, Achalraj, Opp. Mayors Bungalow, Law Garden,
Ahmedabad – 380 006

7. Jaipur Vidyut Vitran Nigam Limited,
Vidyut Bhawan, Janpath,
Jaipur - 302 005

8. Ajmer Vidyut Vitran Nigam Limited,
Vidyut Bhawan, Panchsheel Nagar, Makarwali Road,
Ajmer- 305 004

9. Jodhpur Vidyut Vitran Nigam Limited,
New Power House, Industrial Area,
Jodhpur - 342 003

10. Lanco Anpara Power Limited,
Plot no. 397, Udyog Vihar, Phase 3,
Gurgaon – 122 016

11. Power Development Department,
Government of Jammu & Kashmir,
SLDC Building, 1st Floor, Gladani Power House, Narwal,
Jammu

12. Chief Electrical Distribution Engineer,
North Central Railway, Subedar Ganj,
Allahabad

13. Jaiprakash Power Ventures Limited,
A Block, Sector -128,
Noida - 201 304

14. BSES Yamuna Power Limited,
2nd Floor, B Block, Shakti Kiran Building, Karkardoorna,
New Delhi – 110 092

15. BSES Rajdhani Power Limited,
BSES Bhawan, 2nd Floor, B Block, Nehru Place,
New Delhi - 110 019

16. TATA Power Delhi Distribution Limited,
NDPL House, Hudson Lines, Kingsway Camp,
Delhi - 110 009

17. New Delhi Municipal Corporation,

NDMC, Palika Kendra, Sansad Marg,
New Delhi - 110 001

18. Superintending Engineer,
Electricity Wing of Engineering Department,
Union Territory of Chandigarh, Electricity OP Circle,
UT-Chandigarh

19. Power Grid Corporation of India Limited
"Saudamini", Plot No. 2, Sector 29, Near IFFCO Chowk,
Gurgaon - 122 001

20. PTC India Limited,
2nd Floor, NBCC Tower,
15, Bhikaji Cama Place,
New Delhi

21. Uttarakhand Power Corporation Limited,
Urja Bhawan,
Dehradun.

22. Lanco Budhil Hydro Power Private Limited,
Plot No. 397, Udyog Vihar, Phase 3,
Gurgaon-122 016.

23. Himachal Pradesh State Electricity Board Limited,
Vidyut Bhawan, Kumar House Complex Building II,
Shimla - 171 004.

24. REC Transmission Projects Company Limited,
Core-4, SCOPE Complex, 7, Lodi Road,
New Delhi - 110 003.

25. COO, Central Transmission Utility of India Limited,
Saudamini, Plot No.2, Sector 29,
Gurgaon – 122 001.

26. Chief Engineer, Power System Planning & Appraisal-I,
Division Central Electricity Authority, Sewa Bhawan,
R. K. Puram, Sector-I,
New Delhi - 110 066.

.....Respondents

The following were present:

Shri Aryaman Saxena, Advocate, Powergrid Kala Amb
Shri V. C. Sekhar, Powergrid Kala Amb
Shri Amit Bhargava, Powergrid Kala Amb
Shri Anil Sharma, Powergrid Kala Amb
Shri Arjun Malhotra, Powergrid Kala Amb
Shri Kashish Bhambhani, CTUIL
Shri Yatin Sharma, CTUIL
Shri Swapnil Verma, CTUIL

ORDER

The Applicant, Powergrid Kala Amb Transmission Limited (formerly, NRSS XXXI (A) Transmission Limited), has filed the present Petition under Section 14 of the Electricity Act, 2003 (hereinafter referred to as 'the Act') read with provisions of the Central Electricity Regulatory Commission (Terms and Conditions for grant of Transmission Licence and other related matters) Regulations, 2009 (hereinafter referred to as 'the Transmission Licence Regulations') for grant of separate transmission licence for implementation of 125 MVAR, 420 kV Bus Reactor at Kala Amb on the Regulated Tariff Mechanism (RTM) route in pursuance of liberty granted by the Commission in its order dated 21.10.2021 in Petition No. 604/MP/2020. The scope of the project for which transmission license is sought is as under:

| S.No | Scope of the Transmission Scheme | Capacity /km |
|-------------|--|---|
| 1 | 1x125 MVAR, 420 kV Bus Reactor at Kala Amb | 1x125 MVAR, 420 kV Bus Reactor 420 kV reactor bay - 1 Future bay -1 |

2. The Applicant has made the following prayers:

“(a) Grant separate Transmission License to the Applicant for implementation of “125MVAr Bus Reactor at Kala Amb Substation” on RTM basis with detailed scope as per para 14 above.

(b) Allow the Applicant liberty to approach the Hon'ble Commission for determination of transmission charges for the aforementioned additional scope in Transmission license in accordance with Section 61, 62 of the Electricity Act, 2003 and as per 8 (2) of the Transmission License Regulations.

(c) Condone any inadvertent omissions/ shortcomings/ errors and permit the Applicant to add/ modify/ alter this application and make further submissions as may be required at a future date

(d) Pass such other order / orders, as may be deemed fit and proper in the facts & circumstances of the case.”

Backdrop of the case

3. The Applicant company was incorporated as a special purpose vehicle (SPV) by Bid Process Coordinator (in short, 'BPC'), namely, REC Transmission Projects Company Limited (in short 'RECTPCL'). Power Grid Corporation of India Limited (PGCIL) participated in the competitive bidding process conducted by RECTPCL and emerged as a successful bidder. Letter of Intent (LoI) was issued by RECTPCL to PGCIL on 23.5.2014. In accordance with the bidding documents, PGCIL acquired 100% of the shareholding in the Applicant Company by executing a Share Purchase Agreement with RECTPCL on 23.5.2014. The Commission in its order dated 15.6.2015 in Petition No. 94/TL/2015 granted transmission licence to the Applicant for inter-State transmission of electricity to establish 'the Transmission System for Northern Region Strengthening Scheme' on Build, Own, Operate and Maintain ('BOOM') basis consisting of the following elements:

| Sr. No. | Scheme/ Transmission Works | Conductors per Phase | Completion Target |
|--|--|-------------------------------|--|
| Transmission System for Northern Region System Strengthening Scheme, NRSS-XXXI (Part-A) | | | |
| 1 | Establishment of a 7 x 105 MVA (1-Phase), 400/220 kV GIS substation at Kala Amb 400 kV - Line Bays: 4 Numbers - 400/220 kV ICT: 7 x 105 (1-ph) - ICT bays: 2 numbers - Bus Reactor (80 MVAR): 2 numbers - Bus Reactor Bay: 2 numbers - Space for line/ICT bays: 4 numbers - Space for ICT: 1 numbers 220 kV - Line Bays: 6 numbers - ICT bays: 2 numbers - Space for line/ICT bays: 4 numbers | | 38 months (Commissioned on 12.7.2017) |
| 2 | LILO of both circuits of Karcham Wangtoo-Abdullapur 400 kV D/C (Quad Moose) line at Kala Amb (on multi Ckt towers) | Quad Moose or equivalent AAAC | |

| Sr. No. | Scheme/ Transmission Works | Conductors per Phase | Completion Target |
|---------|--|----------------------|-------------------|
| 3 | 40% Series Compensation on 400 kV Karcham Wangtoo- Kala Amb quad D/C line at Kala Amb ends | | |

4. The Petitioner has successfully completed the work under the scope of the transmission licence (granted by the Commission vide order dated 15.6.2015 in Petition No. 94/TL/2015) and achieved Commercial Operation Date (COD) on 12.7.2017.

5. The Applicant had thereafter approached the Commission seeking amendment to the Transmission Licence No. 30/Transmission/2014/CERC dated 4.9.2014 so as to include therein an additional element of *1x125 MVAR, 420 kV Bus Reactor at Kala Amb* in the scope of the Project covered under the aforesaid transmission licence. The Commission after considering the submissions of the Applicant vide order dated 21.10.2021 in Petition No. 604/MP/2020 observed that inclusion of both TBCB (tariff based competitive bidding under Section 63 of the Act) based elements/ assets and RTM (regulated tariff mechanism under Section 62 of the Act) based elements/ assets in the same transmission licence may lead to procedural, legal and commercial issues. Accordingly, the Applicant was granted liberty to approach the Commission for obtaining a separate transmission licence for implementation of 125 MVAR, 420 kV Bus Reactor at Kala Amb under RTM route by way of a separate Petition. Relevant portions of the said order dated 21.10.2021 are extracted as under:

“5. In our view, inclusion of both the TBCB based elements/ assets and the RTM based elements/ assets in the same transmission licence may lead to numerous procedural, legal, commercial issues. A few such issues are highlighted as under:

(a) Transmission licence has been granted to the Applicant pursuant to its selection as TSP on the basis of Tariff Based Competitive Bidding for set of pre-identified TBCB assets/ elements. This transmission licence containing the TBCB assets/ elements is not only subject to the Transmission Licence Regulations along with all other relevant Regulations framed by the Commission

but also subject to the terms and conditions stipulated in the Transmission Service Agreement entered into by the Petitioner/ licensee. The provisions of the TSA are such that in the event of default on the part of the Petitioner/ licensee in complying with its obligations as specified therein, they enable the LTTCs to seek the revocation of the transmission licence granted to the Petitioner/ Licensee. However, RTM based assets/ elements would undeniably not be governed by the provisions of TSA and in such circumstances, inclusion of RTM based assets/ elements in the same set of transmission licence, which contains TBCB based assets/ elements, may lead to unnecessary complications.

(b) The provisions of TSA also permit TSP/ transmission licensee to create encumbrances over the Project assets in favour of lenders as security for amounts payable under the Financing Agreements for the Project. In such cases security interest is created for all the rights, title, interest, benefits, claims and demands whatsoever of the borrower/ licensee on the transmission licence, albeit subject to the approval of the Commission. Moreover, in case of default in debt repayment by TSP/ licensee, lenders have also been provided with substitution rights under TSA and are entitled to seek for assignment of licence to their nominee subject to the Transmission Licence Regulations. In such circumstances, combining TBCB based assets/ elements, which are subject to the provisions of TSA and RTM based assets/ elements, which are not subject to the provisions of TSA, in a single Transmission Licence may lead to complications.

(c) Considering the difference in the balance life span/ useful life of the TBCB based assets/ elements and RTM based assets/ elements, it may also not be proper to include them in a single licence. The Applicant's TBCB based assets/ elements have already been put into commercial operation with effect from 12.7.2017 and the transmission licence has been granted for a period of 25 years with effect from 4.9.2014. Though, the provisions of TSA envisages the life of TBCB based assets for 35 years and provides for TSP to seek extension of transmission licence beyond the initial period of 25 years up to expiry of TSA, it may still not match with the useful life of RTM based assets/ elements to be implemented by such licensee/ Petitioner, whose useful life or extension thereto is to be governed as per the applicable Tariff Regulations of the Commission.

(d) Though the Applicant has implemented the Project on Build, Own, Operate and Maintain (BOOM) basis, the recent Guidelines notified by the Ministry of Power regarding 'implementation of Transmission Projects on TBCB basis provide for implementation of such Projects on Build, Own, Operate and Transfer (BOOT) basis. As per BOOT model, the transmission licensee is required to transfer the entire Project consisting of TBCB based assets/ elements to the CTUIL or any other nominated agency by the Government, after 35 years from COD. However, BOOT model would not be applicable to RTM based assets/ elements.

6. *The above list of issues is only indicative and not exhaustive. Though the Commission accepts that such issues may not always arise in all the cases, the Commission is, however, of the view that it is always prudent to avoid possible future complexities if an alternative solution is available and possible.*

7. *As we have already observed, the provisions of the Act do not put any restriction for issuing a second licence to a person, in case it fulfils all necessary requirements specified in the Act and Transmission Licence Regulations. During the course of hearing, the representative of the Applicant has fairly admitted that the Applicant as such has no objection if the Commission considers to issue a separate licence for RTM based assets/ elements instead of amending the existing licence*

issued to the Petitioner to include such RTM based assets/ elements. The learned counsel appearing on behalf of CTUIL also submitted during the hearing that the Commission may take a considered view in the subject matter as more such situations are likely to come up in the near future.

9. In view of the foregoing discussions, we are of the view that the Applicant may approach the Commission for grant of a separate transmission licence for the RTM based assets/ elements. Accordingly, the Applicant is granted liberty to approach the Commission for obtaining a separate transmission licence for implementation of 125 MVAR, 420 kV Bus Reactor at Kala Amb on the RTM route by way of a separate Petition in accordance with law..."

Submissions of the Applicant

6. The Applicant has submitted the following chronological events for consideration of its prayers:

(a) Empowered Committee on Transmission (ECT) in its 3rd meeting held on 21.12.2018 has recommended the implementation of 125 MVAR Bus Reactor at Kala Amb sub-station through RTM by PGCIL as a part of the NRSS-XL scheme. ECT was of opinion that the scheme is basically a technical up-gradation at existing ISTS (implemented through TBCB route by PGCIL).

(b) Ministry of Power, Government of India vide Notification No.15/3/2018-Trans Pt (1) dated 5.3.2019 has notified the implementation of 125 MVAR Bus Reactor at Kala Amb sub-station under the Regulated Tariff Mechanism ('RTM') to the Applicant, Powergrid Kala Amb Transmission Limited.

(c) For the scope of Kala Amb Bus Reactor, complete diameter (Main Tie Main bay) is being considered due to special requirement of GIS in line with the decision taken in the 2nd Meeting of Northern Region Standing Committee on Transmission held on 13.11.2018.

(d) The Applicant vide letter dated 5.6.2020 informed the Central Electricity Authority ('CEA') about scope of bays and the estimated cost of the Project. In response, CEA vide its letter dated 7.7.2020, *inter alia*, informed the Applicant that approximate cost estimates for 1 number of 125 MVAR/420 kV reactor along with 2 numbers of 420 kV GIS bays (1 number 420 kV reactor bay and 1 number future bay) works out to be around Rs.31 crore (excluding the contingency, IEDC and IDC charges). In view of the above and the order of the Commission dated 21.10.2021, the Applicant is seeking separate transmission

licence for implementation of 1x125 MVAR, 420 kV Bus Reactor at Kala Amb GIS sub-station under the RTM route.

(e) Upon grant of transmission licence, the Applicant shall proceed to implement 125 MVAR Bus Reactor at Kala Amb sub-station. The estimated completion cost of the Project as per the Detailed Project Report is Rs.35.34 crore (including IDC, IEDC and contingency, etc.) considering a time schedule of 15 months from the date of investment approval by the Board of Directors of the Applicant company.

(f) Upon implementation of the work, the Applicant will approach the Commission with actual cost incurred for determination of transmission charges in accordance with Section 61 and Section 62 of the Act and as per Regulation 8(2) of the Transmission Licence Regulations.

(g) The Applicant has complied with all provisions of Transmission Licence Regulations.

Hearing dated 21.1.2022

7. The case was called out for hearing on 21.1.2022 through video conferencing. During the course of hearing, the learned counsel for the Applicant reiterated the submissions made in the Petition and addressed the contentions made by the Respondent, Uttar Pradesh Power Corporation Limited (UPPCL) in its reply. Based on the request of the learned counsel, the Applicant was permitted to file its rejoinder to the reply filed by UPPCL and its written submissions.

Reply of Respondent, UPPCL

8. UPPCL in its reply dated 20.1.2022 mainly has submitted as under:

(a) UPPCL has no objection to implementation of the project which is needed for regulation of high voltage in the Northern Region and also has the approval of the Ministry of Power, Empowered Committee of Transmission and CEA.

(b) The Applicant has enlarged the scope of the project by adding “Future Bay-1 No.” in addition to that approved by Ministry of Power and caused consequential increase in cost of the project based on decision of its holding company. There is no approval of the Board of Directors of the Applicant. CEA has no authority to change the scope after approval of Ministry of Power.

(c) The present application for grant of separate transmission licence for the modified Project may be rejected and the Applicant may be directed to seek licence for the scope of work of the Project as approved by ECT/ Ministry of Power and considered by the Commission in Petition No. 604/MP/2020 i.e., for 1x125 MVAR, 420 kV Bus Reactor, 420kV Reactor Bay-1.

(d) ECT had estimated the approved RTM projected at Rs. 16 crore. The Applicant has estimated the cost of the modified/ enlarged RTM project at Rs. 35.34 crore which is higher by 121%. CEA has not accepted the said cost estimate of the modified project and instead estimated it at Rs. 31 crore.

(e) The cost estimate of the Applicant cannot be accepted and the Applicant be directed to submit its tariff proposal based on the cost estimate prepared on the cost discovered through competitive bids and not based on DPR.

(f) In catena of orders passed in the tariff Petitions of the parent company (i.e., PGCIL) of the Applicant, the Commission has observed that their cost estimates are inflated and advised PGCIL to adopt a prudent practice for that purpose. The Applicant is a subsidiary of PGCIL and, as such, high estimates are expected as a matter of policy of its parent company.

(g) The Applicant may be directed to prepare the tariff proposal of 1x125 MVAR, 420 kV bus reactor & its bays on the basis of cost estimate/ final cost estimate prepared based of price quoted by the successful bidder executing the work subject.

Rejoinder of the Applicant to the reply of UPPCL

9. The Applicant vide its rejoinder-cum-written submissions dated 2.2.2022 has mainly submitted as under:

(a) The Applicant has prepared the cost estimates of the project on the basis of rates devised by averaging the unit rates of latest three bids/ LoAs/ raw material prices received by the Applicant. The cost estimates are reviewed by the Board of Directors of the Applicant company and based on approved project cost, investment approval is granted. Pursuant to grant of investment approval, the Applicant follows transparent and competitive process of tendering, bid evaluation and award of work to identify the lowest technical and commercially responsive bidder. The above process is robust and time-tested.

(b) Since the project is proposed to be implemented under RTM route, the Applicant will approach the Commission for approval of transmission tariff under Section 61 and Section 62 of the Act read with applicable provisions of the Tariff Regulations along with all details sought by UPPCL after completion of the transmission project and not in the present proceedings for grant of transmission licence.

(c) With regard to regulating high voltage, the submissions made by UPPCL are required to be noted since UPPCL has granted its consent for implementation of the project required to manage high voltage issues in Northern grid.

(d) As regards inclusion of one ICT future GIS bay in the scope of work, the reasons for inclusion of one ICT future bay are recorded in the 2nd meeting of NRSCT held on 13.11.2018 wherein, the members had agreed that in view of the complexities involved in interfacing of GIS modules of different manufacturers, the complete diameter (with 3CB bays) shall be installed in the beginning itself though the third CB would be used for an upcoming feeder in future. Moreover, CTUIL vide its recommendation dated 19.1.2022 has also recommended implementation of entire transmission asset i.e. 125 MVAR, 420 kV bus reactor along with its two associated bays. CEA while providing cost estimates vide letter dated 9.7.2020 has considered the same scope of work on account of deliberations recorded in the 2nd NRSCT. Installation of complete module is a pre-condition approved under 2nd NRSCT on account of technical consideration which is being followed in the present instance. The Applicant has prepared a Detailed Project Report wherein, same scope of work is proposed for approval of the Board of Directors and its approval would be

obtained after grant of transmission licence by the Commission. Therefore, the proposed scope of work is not an extension of the scheme by the Applicant but it is planned due to technical considerations associated with a GIS sub-station.

(e) With regard to over-estimated cost, UPPCL has lost sight of the fact that the recordings of ECT are of December 2018 and the cost projections were as per the rates prevalent then. Moreover, the cost estimates of ECT did not include one additional bay planned as a future bay. Also, since the cost estimates prepared by CEA do not factor contingency cost, IDC and IEDC expenses, there is difference of Rs. 4 crore in the cost estimates submitted by the Applicant and the cost estimates prepared by CEA.

(f) The Respondent, UPPCL has devised its own mechanism for approval of transmission tariff during the stage of grant of transmission licence, which is neither provided under Section 62 and Section 63 nor in the relevant Tariff Regulations and/or guidelines issued thereunder.

Analysis and Decision

10. Pursuant to liberty granted by the Commission in its order dated 21.10.2021 in Petition No. 604/MP/2020, the Applicant has filed the present Application for grant of separate transmission licence for implementing 1x125 MVAR, 420 kV Bus Reactor at Kala Amb sub-station on RTM route.

11. The Respondent, UPPCL has submitted that the Applicant has included one no. ICT future GIS bay in the scope of work which has not been approved by ECT/ Ministry of Power and considered by the Commission in Petition No. 604/MP/2020. *Per contra*, the Applicant has submitted that inclusion of one no. ICT future bay in the scope of work is recorded in the 2nd meeting of NRSCT held on 13.11.2018 wherein, the members had agreed that in view of the complexities involved in interfacing of GIS modules of different manufacturers, the complete diameter (with 3CB bays) shall be installed in the beginning itself event though the third CB would be used for an upcoming feeder in future. CTUIL vide its recommendation dated

19.1.2022 has also recommended for implementation of entire transmission asset i.e. 125 MVAR, 420 kV bus reactor along with its two associated bays. CEA while providing cost estimates vide letter dated 9.7.2020 has also considered the same scope of work on account of deliberations recorded in the 2nd NRSCT. Installation of complete module is a pre-condition approved under 2nd NRSCT on account of technical consideration which is being followed in the present instance.

12. We have considered the submissions of the Applicant. In the 2nd meeting of Northern Region Standing Committee on Transmission (NRSCT) held on 13.11.2018, it was agreed that in view of the complexities involved in the interfacing of GIS modules of different manufactures, complete diameter (with CB bays) shall be installed. Relevant portion of minutes of meeting dated 30.11.2018 is extracted as under:

“16.5. After deliberations, in view of the complexities involved in the interfacing of GIS modules of different manufactures, complete diameter (with CB bays) shall be installed in the beginning itself even though the third CB would be used for an upcoming feeder in future.”

13. In the meeting of 3rd Empowered Committee on Transmission (‘ECT’), held on 21.12.2018, NCT recommended the 125 MVAR Bus Reactor at Kala Amb sub-station for implementation through RTM route. Relevant portion of minutes of meeting dated 21.12.2018 is extracted as under:

“8.1 To control high voltage in the Northern grid, the provision of reactive compensation, was discussed and approved in the 39th meeting of Standing Committee on Power System Planning of Northern Region held on 29-30, May, 2017 which involved installation of bus reactors at various 220Kv & 400 Kv buses. Further, in the 2nd ECT installation of bus reactors at various substations of POWERGRID in Northern Region was recommended for implementation through RTM by POWERGRID as a part of the scheme NRSS-XL. The scheme which was agreed in the 39th meeting of SCPSPNR also involved installation of 125 MVAR bus reactor at Kala Amb substation.

The scope of works is as follows:

| S. No | Scope of Transmission Scheme | Capacity/km | Est. Cost (Rs. Cr) |
|-------|--|--|--------------------|
| 1 | 1x125 MVAR, 420 kV Bus Reactor at Kala Amb | 1x125 MVAR, 420 KV Bus Reactor, 420 kV reactor bay-1 | 16 |

8.2 NCT was of opinion that the scheme is basically technical up-gradation at existing ISTS (implemented through TBCB route by M/s POWERGRID). NCT recommended the above scheme for implementation through RTM.

8.3. ECT concurred the recommendations of NCT for awarding the elements under RTM .”

14. Ministry of Power vide its Office Memorandum dated 30.1.2019 approved the implementation of 125 MVAR, 420 kV Bus Reactor at Kala Amb through RTM route.

Relevant portion of Office Memorandum dated 30.1.2019 is extracted as under:

Subject : New Transmission schemes to be taken up under compressed time schedule through regulated tariff mechanism route.

The undersigned is directed to inform that the Empowered Committee on Transmission (ECT), in its 3rd meeting, held on 21.12.2018 has approved the implementation of the following transmission schemes along with the broad scope by Power Grid Corporation of India Limited (POWERGRID), under compressed time schedule through regulated tariff mechanism (RTM):

| | | |
|--------|--|--|
| Sl No. | Name of the Scheme | |
| 8 | 125 MVAR bus reactor at Kala Amb substation: | |
| | Scope: | |
| | Scope of the Transmission Scheme | Capacity/km |
| | 1x125 MVAR, 420 kV Bus Reactor at Kala Amb | 1x125 MVAR, 420 KV Bus Reactor, 420 kV reactor bay-1 |

15. Subsequently, Ministry of Power vide its letter dated 5.3.2019 modifying the OM dated 30.1.2019, allocated the work of implementation of 125 MVAR, 420 kV Bus Reactor at Kala Amb on the RTM route to the Applicant instead of PGCIL.

Relevant portion of letter of Ministry of Power dated 5.3.2019 is extracted as under:

“I am directed to refer to this Ministry’s OM of even no. dated 30.1.2019 on the above subject and to state that there are some modifications in the OM, which are indicated below:

| | | |
|---|---|----------------|
| 8. 125 MVAR bus reactor at Kala Amb substation | | |
| 125 MVAR bus reactor at Kala Amb substation | <u>The implementation of this Scheme under RTM is allocated to POWERGRID Kala Amb Transmission Ltd. instead of POWERGRID</u> | Page No. 13&20 |

16. CEA, while providing cost estimates, vide its letter dated 9.7.2020 considered the same scope of the work. Relevant portion of the letter dated 9.7.2020 is

extracted as under:

“Kala Amb S/s is a 400 kV GIS sub-station, which requires 400 kV reactor bays to be implemented as GIS. Further, PGCIL vide its letter under reference has submitted that, in view of the complexities involved in the interfacing of GIS modules of different manufacturer’s at later stage at by level, the complete diameter (with 3 circuit breakers) is required to facilitate ease of integration and to enhance system reliability. Therefore, for the scope of Bus Reactor at Kala Amb, complete diameter (Main-Tie Main bay) is being considered. This is in line with the decision taken in the 2nd meeting of NRSCT held on 13.11.2018..”

In view of above, approximate cost estimates for the 1 nos of 125 MVAR/420 kV reactor along with 2nos of 420 GIS bays (1 no 420 kV Reactor bay and 1 no. future bay) works out to be around Rs. 31 crore (excluding the contingency, IEDC and IDC charges.”

17. It is observed that keeping in view the technical requirements of implementation of full diameter in case of GIS substation as noted in 2nd NRSCT held on 13.11.2018 and same being considered by CEA while providing cost estimates, the objection of UPPCL to the effect that the Applicant has extended the scope of work, is not sustainable. At the same time, it is not out of place to point out that the Applicant had not clearly indicated that it is required to take up the work of additional bay while it had filed Petition No. 604/MP/2020. Though, the Applicant had provided details that the work was to be taken up in line with deliberations in the 2nd NRSCT and that CEA was considering cost of Rs. 31 crore, it would have been in fitness of things if the Applicant had properly mentioned the same earlier. Nonetheless, the objection of UPPCL cannot be sustained in view of the discussions in earlier part of this order.

18. The Respondent, UPPCL has raised the issue of cost over-estimation of the project. The project is being implemented under RTM route and in this present case, the Applicant has approached the Commission for grant of transmission licence under Section 14 of the Act. Therefore, the issues raised by the Respondent are not sustainable in the application for grant of transmission licence. The Respondent may raise these issues while determination of tariff under Section 62 of the Act which

shall be dealt with in accordance with law. Accordingly, we proceed to deal with the Application for grant of transmission in succeeding paragraphs.

19. 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 Applicant has been incorporated under the Companies Act, 2013 and is already a transmission licensee. The main objective of the Applicant Company is as under:

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

20. 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 situate, 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.”

21. The Applicant has filed the present Petition for grant of transmission licence in accordance with the Transmission Licence Regulations. The Applicant has submitted proof of web posting of the complete application. On perusal of the Application, it is

also noted that the Applicant has served copy of the Application on the LTTCs for the Project. The Applicant has served a copy of the Application on the Central Transmission Utility (CTU) as required under Section 15(3) of the Act and Regulation 7(6) of the Transmission Licence Regulations.

22. The Applicant has made the Application as per Form-I prescribed in the Transmission Licence Regulations.

23. The Applicant vide its affidavit dated 18.12.2021 has placed on record the relevant copies of the newspapers wherein notices were published in terms of the Regulation 7(10) of the Transmission Licence Regulations. The Applicant has published the notices on 19.11.2012 in Millennium Post & Virat Viabhav (Delhi editions), Indian Express, Punjabi Tribune and Amar Ujala (Chandigarh editions), Himachal Dastak (Shimla edition), Indian Express & Prathakal (Jaipur editions), Pioneer & Swatantra Chetna (Lucknow editions), Times of India & Dainik Jagran (Dehradun editions), State Times (Jammu edition) and Srinagar news (Srinagar edition). No objection has been received from the general public in response to the public notices.

24. CTU vide its letter dated 19.1.2022 has recommended for grant of transmission licence to the Applicant. Relevant portion of the said letter dated 19.1.2022 is extracted as under:

“This is with reference to Petition No. 257/TL/2021 filed by POWERGRID Kala Amb Transmission Ltd. (PKATL) (formerly known as NRSS XXXI(A) Transmission Ltd.) before the Commission for grant of Transmission Licence to facilitate implementation of 125 MVA, 420 k V Bus Reactor at its Kala Amb Sub-station in Himachal Pradesh. In this regard, it is to mention that CTU vide its letter dated 8.9.2020 had recommended installation of above bus reactor with the associated bays for consideration of the Commission with reference to earlier Petition No. 604/MP/2020 filed by M/s PKTAL for amendment of Transmission Licence. Copy of letter dated 8.9.2020 is attached at Annexure-I. The Same is again submitted with regard to present Petition:

- *In order to control the over voltage at 400/220 kV Kala Amb Sub-station*

developed by M/s PKTAL through TBCB route, installation of 125 MVAR, 420 kV Kala Amb Sub-station was agreed in 39th Meeting of Standing Committee on Power System Planning of Northern Region held on 29-30 May, 2017. Installation of above reactor was also agreed in 40th NRPC meeting held on 28.10.2017. Extracts of minutes of both the meetings are attached at Annexure - II.

- The scheme was further discussed in 2nd Meeting of National Committee on Transmission (NCT) held on 4.12.2018. It was deliberated that the scheme is basically technical up-gradation at existing ISTS (implemented through TBCB route by M/s PKATL). Accordingly, installation of 125 MVAR, 420 kV Bus Reactor at Kala Amb was recommended to be implemented through Regulated Tariff Mechanism (RTM) route.
- Subsequently, in the 3rd meeting of Empowered Committee on Transmission (ECT) held on 21.12.2018, installation of 125 MVAR, 420 k V Bus Reactor at Kala Amb was decided to be implemented through Regulated Tariff Mechanism (RTM) route. Extracts of minutes of meeting are attached at Annexure-III.
- Ministry of Power vide letter no. 15/3/2018-Trans-Pt (1) dated 5.3.2019 allotted implementation of above bus reactor under RTM route to M/s PKATL. Copy of MoP letter is attached at Annexure-IV.

Keeping above in view, in line with Section 15 (4) of the Electricity Act, 2003 and details furnished by M/s PKATL, CTU recommends grant of Transmission License to M/s PKATL for implementation of 125 MVAR, 420 kV Bus Reactor at Kala Amb Sub-station along with associated bays through RTM route.”

25. We have considered the submissions of the Applicant and CTUIL. The Applicant has filed the present Application for issuance of separate transmission licence for implementation of 125 MVAR, 420 kV Bus Reactor at Kala Amb sub-station under the RTM route in terms of the liberty granted by the Commission vide order dated 21.10.2021 in Petition No. 604/MP/2020. Considering the material on record, we are *prima-facie* of the view that the Applicant satisfies the conditions for grant of inter-State transmission licence under Section 15 of the Act read with the Transmission Licence Regulations for construction, operation and maintenance of the Transmission System as described in paragraph 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 25.2.2022.

Sd/-
(P. K. Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(I.S. Jha)
Member