

**Email****Mukesh Kumar**

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**Fwd: APP comments on CERC Draft (Procedure, Terms and Conditions for grant of Transmission License and other related matters) Regulations, 2023.**

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**From :** Shilpa Agarwal <shilpa@cercind.gov.in>

Mon, Dec 18, 2023 07:13 PM

**Subject :** Fwd: APP comments on CERC Draft (Procedure, Terms and Conditions for grant of Transmission License and other related matters) Regulations, 2023. 1 attachment **To :** Awdhesh Kumar Yadav <awdhesh@nic.in>, Mukesh Kumar <mukeshkr.cea@gov.in>, ramakant ece <ramakant.ece@gmail.com>

----- Forwarded Message -----

From: akhurana369@appindia.org.in

To: Harpreet Singh Pruthi &lt;secy@cercind.gov.in&gt;

Cc: Shilpa Agarwal &lt;shilpa@cercind.gov.in&gt;

Sent: Mon, 18 Dec 2023 18:16:21 +0530 (IST)

Subject: APP comments on CERC Draft (Procedure, Terms and Conditions for grant of Transmission License and other related matters) Regulations, 2023.

Dear Sir,

Please find enclosed APP's comments on CERC Draft (Procedure, Terms and Conditions for grant of Transmission License and other related matters) Regulations, 2023.

With regards,

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With best regards\*,\*

\*ASHOK KHURANA\*

\*Director General\*

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**APP comments on CERC Draft (Procedure, Terms and Conditions for grant of Transmission License and other related matters) Regulations, 2023.**

<b>Sr. No.</b>	<b>Reg No. (As per 2009 Regulations)</b>	<b>CERC Transmission License Regulations, 2009</b>	<b>Draft Transmission License Regulations,2023</b>	<b>Comments</b>
1.	6. Eligibility for grant of license	6 (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:	<b>Deleted</b>	<ul style="list-style-type: none"> <li>• Unlike the 2009 Regulations, the Draft Regulation does not provide for grant of transmission license to a dedicated transmission line established by a Generating company which becomes part of Inter-State Transmission system. It is requested to retain this provision of 2009 Regulations, so that when Dedicated Transmission Line is used as part of Inter-State transmission system, all provisions of the ISTS licensee should equally apply to such dedicated line as well which will help in efficient grid management and security.</li> </ul>

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				<ul style="list-style-type: none"> <li>• It is submitted that in terms of the said provision of the 2009 Regulations, the Hon'ble Commission has granted transmission license to dedicated transmission lines of generation plants when they became part of ISTS viz.               <ul style="list-style-type: none"> <li>✓ 400 kV D/C Jhajjar-Mundka transmission line, a dedicated transmission line of IGSTPP of Aravali Power Company Private Limited (Order dated 08.06.2013 in Petition 239/2010) and;</li> <li>✓ +/-500 kV bipole Mundra – Mohindergarh HVDC Transmission Line of Adani Power Limited.</li> <li>✓ Similarly, dedicated transmission assets of Essar and Jindal Power also have been granted transmission license.</li> </ul> </li> <li>• There is a possibility for dedicated lines to become part of main transmission lines in future as well. In view of the above, the said</li> </ul>

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				provision of 2009 Regulations may be retained.
2.	6. Eligibility for grant of license	No provision	(c) a bulk consumer, with a load of 50 MW and above, who intends to draw electricity for the purpose of self-consumption by constructing a connecting transmission line from the ISTS sub-station to its premises.	<ul style="list-style-type: none"> <li>• Since the bulk consumer would be drawing power for own use, there appears to be no need for grant of transmission license as long as the line is connected to ISTS. Therefore, a connecting transmission line constructed by a bulk consumer from the ISTS sub-station to its premises may be treated as a non-licensed activity and the bulk consumer may be exempted from taking license on the same lines as a dedicated transmission line is exempted under removal of difficulty order of 2005.</li> <li>• With regard to transmission license to a bulk consumer who intends to “draw” electricity for the purpose of self-consumption, it is submitted that while the Electricity Act, 2003 mandates “transmit electricity” as a licensed activity, “drawal” of electricity is not</li> </ul>

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				<p>included u/s 12. In our view, there is a distinct difference between “to draw” and “to transmit”. Moreover, it is also necessary to examine the aspect related to relevant experience while granting license to a bulk consumer.</p> <ul style="list-style-type: none"> <li>• However, if it is considered necessary to treat a connecting transmission line from ISTS sub-station to a bulk consumer’s premises as a licensed activity, then it is suggested that a very simplified procedure should be laid out for grant of license so that the bulk consumers do not face any difficulty or delays in drawing power by constructing a dedicated line.</li> </ul>
3.	7: Procedure for Grant of Licence	(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	(4) The applicant shall also upload the complete application along with annexures on its website, in English and in the Indian language of the State or Union Territory where an	The 2009 Regulations provide for uploading of the complete Application only in English language.

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		<p>the application and shall also post the complete application along with annexures and enclosures on its web site, the particulars of which shall be given in the application.</p>	<p>element of the project or concerned transmission line is situated or proposed to be situated. The application shall be kept on the web site of the applicant till such time the licence is issued, or the application is rejected by the Commission.</p>	<p>However, the Draft Regulations propose to upload the complete application in the local language apart from English.</p> <p>In this regard, it is requested that CERC may consider allowing uploading only the Executive Summary in the local language instead of the entire application, in line with the procedure followed by many the State Commissions for tariff determination petitions.</p>
4.	13: Term of Licence	<p>(4) Where the Request for Proposal (RFPs) for the projects have been issued or the projects have been awarded on the basis of competitive bidding under Section 63 of the Act on the date of notification of these regulations, the tariff of such transmission assets beyond the initial period of licence shall be</p>	<p>10(4) projects being developed under competitive bidding guidelines:</p> <p>(a) where the tariff has been quoted up to 25th year from the date of commercial operation and the licence is extended further for a period, the tariff for the extended period shall be payable as decided by the Commission on</p>	<p>It is suggested that while deciding tariff for the period beyond the 35<sup>th</sup> year, the Commission may consider the quoted tariff, if any available for such period.</p> <p>The reason for the above suggestion is that the tariff quoted is for 35 years from COD whereas the 35 years of license period starts immediately after the bidding process.</p>

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		<p>determined in accordance with the following guidelines:</p> <p>(i) For computation of Return on Equity, equity base shall be 30% of the Gross Block or the actual equity invested in the project as per balance sheet as at the end of 25th year whichever is lower, subject to prudence check by the Commission; (ii) Other financial and technical norms i.e. Return on Equity, Interest on Loan, O&amp;M Expenses, Interest on working capital, target availability, incentive etc. shall be considered on the basis of norms of tariff prevalent during the period in which the initial period of licence is due to expire;</p>	<p>an application made by the licensee in this regard.</p> <p>(b)where the tariff has been quoted up to 35th year:</p> <p>(i) the tariff for the extended period from the 26th year to the 35th year shall be payable on the basis of the rate quoted at the bidding and adopted by the Commission for the respective years of operation.</p> <p>(ii) the tariff for the period beyond the 35th year shall be payable as decided by the Commission on an application made by the licensee in this regard.</p> <p>.....</p>	

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5.	19: Amendment of Licence	(1) The Commission may of its own motion or on an application made by the licensee or otherwise make such alterations and amendments in the terms and conditions of licence...	<p>16(1) <b>The Commission may on its own motion or on an application made by the licensee (other than deemed licensee) or otherwise make such alterations and amendments in the terms and conditions of licence.</b></p> <p><b>(b) Where an existing licensee who has been granted a transmission licence pursuant to selection under the competitive bidding guidelines, and is subsequently selected through the process under the competitive bidding guidelines to implement additional transmission element(s) under project mode, it shall be eligible to add such transmission element(s) to its existing licence, after making an</b></p>	<p>Regulation 16(1)(b) of draft regulation provides for amendment of transmission license provided under Section 63 of the Act. Further, it provides that Section 63 transmission licensee can add new license project granted only under the Section 63 of the Act.</p> <p>In this regard, it is suggested that the draft regulation should also provide that any transmission licensee can add new transmission project granted under either Section 62 or 63, through the amendment of license.</p> <p>Further, it is also submitted that the Regulations should contain a provision to enable an existing licensee to add other transmission licenses in the existing license through an amendment of license.</p>



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			<p>application before the Commission in terms of this Regulation. (c) Where an existing licensee who has been granted a transmission licence pursuant to being nominated by the Central Government authorized agency to implement transmission element(s) under regulated tariff mechanism, is nominated to implement additional transmission element(s) under regulated tariff mechanism, it shall be eligible to add such transmission element(s) to its existing licence, by making an application before the Commission in terms of this Regulation.</p>	

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6.	Additional	<p>In case of project mode being adopted:</p> <ol style="list-style-type: none"> <li>1. The responsibility of issuance of Sec 68 of the Act needs to be defined.</li> <li>2. In case of the successful bidder need to take approvals under Sec 68 Act then the timelines need to be relaxed as the current timelines are stringent.</li> <li>3. In case of asset monetization, the following need to be addressed: <ul style="list-style-type: none"> <li>• Gross value received from asset monetization considering taxation issues.</li> <li>• Ease of transaction with respect to regulatory clearances and ring fencing of assets</li> </ul> </li> <li>4. While handing over of assets to CTUIL after completion of concession period - Treatment of following issues under project model require clarification: <ul style="list-style-type: none"> <li>• License</li> <li>• Right of Way, land, forest clearance</li> <li>• Taxation</li> <li>• Maintenance of assets during transition phase from handing over of one developer to another developer through CTU</li> <li>• Ease of handing over contractual paper and documents</li> </ul> </li> </ol>		
7.	General	<ul style="list-style-type: none"> <li>• Section 14 of the Electricity Act, 2003 mandates that no Transmission activity shall be carried out without a license.</li> <li>• In compliance to the provision of the Act, this Hon'ble Commission is requested to mandate every entity / existing licensee establishing a new / additional transmission system to seek / amend transmission license granted by Hon'ble</li> </ul>		

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		Commission, as the case may be, irrespective of such transmission project being implemented under Section 62 or Section 63 of the Electricity Act, 2003.		