

Darbhanga-Motihari Transmission Company Limited

December 26, 2023

No.: DMTCL.REG.EXM.058.00.26122023

To,
The Secretary,
Central Electricity Regulatory Commission,
3 rd & 4 th Floor, Chanderlok Building,
36, Janpath, New Delhi- 110001

Kind Attention: Mr. Harpreet Singh Pruthi

Subject: Suggestions on draft amendment on Draft Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Transmission Licence and other related matters) Regulations, 2023

Ref: CERC issued Public Notice No. L-1/270/2023/CERC dated 28th November 2023

Dear Sir,

This is in reference to the public notice issued by CERC dtd. 28th November 2023 (Ref) for seeking Draft Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Transmission Licence and other related matters) Regulations, 2023.

Darbhanga-Motihari Transmission Company Limited (DMTCL) is a ISTS Transmission Licensee owning and operating Eastern Region System Strengthening Scheme VI -ERSSVI, awarded on TBCB basis.

At the outset, we would like to welcome the proposed Regulations on Procedure, Terms and Conditions for grant of Transmission Licence and other related matters. The proposed Regulations is envisaged to bring more clarity on some of the areas which needs to be aligned w.r.t. various notifications subsequent the Initial Regulations in the matter, which was issued in 2009.

Vide this letter, we would like to submit our suggestion herewith (Annexure-1) to the proposed amendment, for your kind perusal and consideration.

Yours' faithfully,

Darbhanga-Motihari Transmission Company Limited

Authorized Signatory



Encl.: Annexure

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Annexure – A Suggestions on the Draft Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Transmission Licence and other related matters) Regulations, 2023

Sr. No.	Draft Regulations	Our Suggestion	Rationale
<u>1</u>	<p>Reg. 3 Eligibility for Grant of license</p> <p>(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. Explanation: - a bulk consumer shall also be eligible to get its connecting transmission line constructed, maintained, and operated by a transmission licensee instead of seeking the transmission licence itself by amendment of the transmission licence of such licensee.</p>	<p>Reg. 3 Eligibility for Grant of license</p> <p>(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. Explanation: - a bulk consumer shall also be eligible to get its connecting transmission line constructed, maintained, and operated by a transmission licensee instead of seeking the transmission licence itself by amendment of the transmission licence of such licensee.</p> <p>Provided that a detailed procedure shall be issued after stakeholders' consultation within a period of 3 months of notification of these</p>	<p>As per the proposed amendment it is understood that a bulk consumer can develop the 'connecting transmission line' either by itself by obtaining transmission licence or can ask an existing transmission licensee to develop the connecting line.</p> <p>However, in case the connecting transmission line is to be developed through an existing Transmission Licensee, it is felt that various clarification (as per below) are needed to ensure smooth implementation of these options in toto.</p> <ol style="list-style-type: none"> 1) Requirement criterion, Process of choosing/selecting the Transmission Licensee. Whether any bidding process to be followed in selecting the Transmission Licensee or can the same be on Bilateral arrangement basis. 2) Mechanism to recover the construction cost, operation & maintenance cost for the licensed period from the Bulk consumer.

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		<p>regulations to enable bulk consumers exercise the above options.</p>	<p>3) What is the commercial arrangement that need to be entered between Bulk Consumer and Transmission Licensee for recovery of cost for setting up, operating & maintaining the transmission line for licensed period. Further, it may be clarified as to what shall be the tenure for such commercial arrangement/agreement between the parties, provisions post the term of the agreement, etc.</p> <p>4) As the cost of constructing, operating & maintaining the connecting line shall be borne by the bulk consumer; however, the assets are envisaged to be part of the Licence of the Transmission Licensee who is constructing the line. In this context, for the effective operation & maintenance of the asset, the asset essentially be remain in the books of transmission Licensee, who has constructed, operated and maintaining it.</p> <p>5) Whether the bulk consumer can avail the services of central level or State level BPCs to run the process of selection of the Transmission Licensee for setting up the connecting line.</p> <p>6) What is the validity of the amended license. Will it be specific to the amended portion of assets or will the validity expire along with</p>



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			<p>the expiry of validity of original licence issued to the Transmission Licensee for its earlier set of assets.</p> <p>In case the connecting transmission line is to be developed by the Bulk Consumer itself by applying for a Transmission Licence, it may be clarified whether the procedure to be followed for application of Transmission Licence will be same as that of the application process for any other Transmission Licence. Any relaxation is available in the due process/timelines to be followed by Bulk Consumer.</p> <p>In view of the above, it is humbly suggested that a detailed procedure may be issued by the Hon'ble Commission under this Regulation providing various clarifications as above.</p>
<u>2</u>	<p>Reg 5. Procedure of Grant of License</p> <p>(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 element of the project or concerned transmission line is situated or</p>	<p>Reg 5. Procedure of Grant of License</p> <p>(4) The applicant shall also upload the complete application along with annexures on its website and publish Form – II in English and in the Indian language of the State or Union Territory where an element of the project or concerned</p>	<p>The conversion of entire application and annexures to Indian language is very tedious and time taking process, hence suggested to publish notice as per Form II only on applicant website in English and Indian language.</p>

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	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.	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.	Further, the timelines mentioned under sub-clause (1) to (9) are also requested to review holistically as some of them seems a bit narrow side to meet since there are certain practical challenges like logistical issues to remote locations, normal time taken by publishing houses to publish newspaper notices etc.
<u>3</u>	<p>Reg 5. Procedure of Grant of License</p> <p>(5) The applicant shall, within 3 days after filing the application, publish a notice of its application in Form-II, attached to these regulations, on its website and in at least two leading daily digital newspapers, one in English language and another in Indian language of the State or Union Territory where an element of the project or concerned transmission line is situated, inviting comments from the general public.</p>	<p>Reg 5. Procedure of Grant of License</p> <p>(5) The applicant shall, within 3 days after filing the application, publish a notice of its application in Form-II, attached to these regulations, on its website, one in English language and another in Indian language of the State or Union Territory where an element of the project or concerned transmission line is situated, inviting comments from the general public.</p>	<p>As the complete license application has already been placed by applicant licensee at its website, same is also being served electronically to all DICs/ LTTCs including CTUIL for seeking comments/ suggestions.</p> <p>Hence, in terms of above, it is requested to review the requirement of publishing in two leading newspapers should be reviewed.</p>
<u>4</u>	<p>Reg 5. Procedure of Grant of License</p>	<p>Reg 5. Procedure of Grant of License</p>	

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	<p>(10) 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 it, within 3 days of receipt of such suggestions and objections, with an advance copy to 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.</p>	<p>(10) 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 it, within 07 days of receipt of such suggestions and objections, with an advance copy to 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.</p>	<p>It is suggested that the applicant should be allowed a necessary and sufficient timeline of 07 days to respond the suggestion and objections made by any person(s) on the license application. Accordingly, the Regulation 5(10) may be amended prescribing the proposed timelines</p>
<p><u>5</u></p>	<p>Reg 5. Procedure of Grant of License ... (12) Before granting a license, the Commission shall publish a notice of its proposal on the Commission’s website and in two daily digital newspapers, having wide circulation, as the Commission may consider appropriate, stating the name and address of the person to whom it proposes to grant the licence, details</p>	<p>Reg 5. Procedure of Grant of License ... (12) Before granting a license, the Commission shall publish a notice of its proposal on the Commission’s website and in two daily digital newspapers, having wide circulation, as the Commission may consider appropriate, stating the name and address of the person to whom it proposes to grant the</p>	<p>It is suggested that timelines may be specified for timebound receipt of responses, if any. Accordingly, the Regulation 5(12) may be amended prescribing suitable timelines</p>

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	of the project for which it proposes to grant licence, location or route of the elements of the project, and any other details that the Commission may consider appropriate, to invite further suggestions and objections on its proposal.	licence, details of the project for which it proposes to grant licence, location or route of the elements of the project, and any other details that the Commission may consider appropriate, to invite further suggestions and objections on its proposal, to be submitted within 15 days from issuance of such notice.	
<u>6</u>	<p>Reg 10. Terms of Licence</p> <p>(1) The transmission licence shall, unless revoked earlier, continue to be in force for a period of 25 years from the date of issue.</p> <p>(2) If the useful life of the transmission asset (other than for connecting transmission line to bulk</p>	<p>Reg 10. Terms of Licence</p> <p>(1) The transmission licence shall, unless revoked earlier, continue to be in force for a period of 25 years from the date of issue. For licence issued to projects awarded through TBCB, the term of the licence shall be 35 years co-terminus with the term of the TSA.</p> <p>(2) If the useful life of the transmission asset (other than for connecting transmission line to bulk consumer) for which the transmission licence has been issued extends beyond the period of 25 years, or 35 years for projects awarded under TBCB, as the case</p>	<p>As per the Standard Bidding guidelines for TBCB issued in 2021, the contract period for the transmission projects is specified to be 35 years.</p> <p>The Transmission Service Agreements (TSA) entered into by the Licensee entered into after selection through TBCB process is for a term of 35 years. Hence it is suggested that the term of Transmission licence issued in TBCB route may be kept co-terminus with the term of the TSA.</p>

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	<p>consumer) for which the transmission licence has been issued extends beyond the period of 25 years, the Commission may consider the merit of each case to grant a licence for another term for which the licensee may make an application in accordance with Regulation 7 of these regulations two years before the expiry of the initial period of licence:</p>	<p>may be, the Commission may consider the merit of each case to grant a licence for another term for which the licensee may make an application in accordance with Regulation 7 of these regulations two years before the expiry of the initial period of licence:</p> <p><u>Alternative Suggestion</u> Reg 10. Terms of Licence (1) The transmission licence shall, unless revoked earlier, continue to be in force for a period of 25 years initially from the date of issue with additional period of another 10 years thereafter, with due preference to the incumbent Transmission Licensee, subject to the Licensee committing to carry out the necessary strengthening activities of the Licensed assets against which cost incurred to be recovered under tariff revisions, if any. (2) If the useful life of the transmission asset (other than for</p>	<p><u>Alternative Suggestion</u> As an alternative to the above suggestion, in case the initial licence term cannot be specified for a period more than 25 years, it is suggested that the incumbent Transmission licensee in such cases should be given a provision akin to the first right of refusal to continue for another 10 years of licence period such that the entire license period is co-terminus with the TSA term.</p> <p>However, the Hon'ble Commission while choosing to do so could specify provision for review of performance and need for necessary repair and modernization work to be carried out by the Incumbent Licensee duly compensating the upcoming licensee though a well laid out mechanism.</p>

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		connecting transmission line to bulk consumer) for which the transmission licence has been issued extends beyond the period of 25 years , the Commission may consider the merit of each case to grant a licence for another term for which the licensee may make an application in accordance with Regulation 7 of these regulations two years before the expiry of the initial period of licence:	A longer term of licensee coupled with mechanism for recovery of additional expenses for life-extension incurred by the incumbent Transmission Licensee will ensure continuity under already existing TSA for its term and ensure upkeep & timely renovations of the assets which form part of the National Grid.
<u>7</u>	<p>Reg 10. Terms of Licence</p> <p>(5) In case transmission elements of a licensee (original licensee) are required to be modified or re-configured due to the transmission plan of CTU, any additional financial implication towards modification or reconfiguration in the transmission elements of the original licensee, shall be borne by the licensee to whom the modification or reconfiguration work is assigned,</p>	<p>Reg 10. Terms of Licence</p> <p>(5) In case transmission elements of a licensee (original licensee) are required to be modified or re-configured due to the transmission plan of CTU, any additional financial implication towards modification or reconfiguration in the transmission elements of the original licensee, shall be assigned to the licensee who is the owner of the original transmission element, and the additional financial implication</p>	<p>The rationale behind this suggestion is to protect the interest of the original licensee whose transmission element is proposed for the modification and hence the necessary financial impact on account of this element modification or reconfiguration should be allowed as pass through in terms of monthly transmission tariff following the necessary regulatory process.</p> <p>For the sake of convenience and ease of process, it is also suggested that necessary tariff recovery on account of additional financial impact for such</p>

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	without affecting the transmission charges of the original licensee.	towards modification or reconfiguration in the transmission element would be considered as pass through in form of monthly transmission charges arrived under similar mode of recovery (RTM or TBCB as the case may be) in which the original transmission element was awarded, without affecting the transmission charges of the original license work scope.	<p>element modification should be considered and allowed on similar tariff mode basis; Regulated Tariff mode basis or TBCB basis, on which the original transmission element was awarded.</p> <p>For e.g. managing the small, part of transmission element modified under RTM basis, while the original transmission asset was awarded under TBCB mode, would be a bit cumbersome process and would also over-burden the regulatory process.</p> <p>Looking at the pace of infrastructure work progress, such part of asset modifications are expected in large in numbers, hence in the future this may cause over-burden the regulatory process.</p>
<u>8</u>	<p>Reg.16 Amendment of Licence</p> <p>(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</p>	<p>Reg.16 Amendment of Licence</p> <p>(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</p>	<p>At present in case of TBCB Projects, Bid process Coordinator (BPC) transfers the SPV to the successful Bidder as part of SPV acquisition. Hence, it is suggested that the suitable revision is also required in these Regulations considering the case when existing licensee acquires a new SPV and further approaches to Hon'ble Commission for license amendment.</p>

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	<p>additional transmission element(s) under project mode, it shall be eligible to add such transmission element(s) to its existing licence, after making an application before the Commission in terms of this Regulation.</p>	<p>element(s) under Project or Special Purpose Vehicle (SPV) mode, it shall be eligible to add such transmission element(s) to its existing licence, after making an application before the Commission in terms of this Regulation.</p> <p>Provided that the renewal of License upon expiry of term shall be done basis period counted from the date of issuance of the initial License. Same shall be irrespective of the vintage of assets added to the original license through subsequent amendments.</p>	<p>When multiple assets are added in the existing License by way of serial wise number of amendments, it would lead to the situation that same license is having multiple operating assets with different useful/remaining life.</p> <p>It may be clarified that despite the vintage of added subsequent assets, the term of the License would be counted from original asset for a pre-specified period and prior to expiry of this period, License renewal application shall be submitted for CERC to grant extension of term of License.</p>
<p>Additional comments/suggestions on the Explanatory Memorandum</p>			
<p><u>9</u></p>	<p>Ref: Explanatory Memo Proposal: (c) It is also proposed to allow a bulk consumer to construct its connecting transmission line through any</p>		<p>The Explanatory note mentions that the process of obtaining a license for connecting the transmission line of a bulk consumer has been shortened. However, in the draft Regulations any specific provision to this extent giving specific</p>

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	existing transmission licensee or it can obtain a license to execute the said line by itself. Further, the process of obtaining a license for connecting the transmission line of a bulk consumer has been shortened, keeping in view that such a line is at the cost of a bulk consumer.		relaxation to bulk consumer for obtaining Licence is not appearing. It is suggested the process may be relaxed in for such cases.
Clarification required:			
10	<p>Explanatory note:</p> <p>These are explanatory notes for submitting above information and not to be included in the public notice.</p> <ol style="list-style-type: none"> <i>The estimated cost in INR along with the base month and year of the estimated cost.</i> <i>In the remark's column, in addition to any other details that may be considered necessary, it should be clearly mentioned whether any of the assets will traverse or will be located, wholly are partly, in any cantonment,</i> 	<p>The statement placed under point no. 2 seems incomplete, as the measurement unit of required distance 2 seems left out inadvertently.</p> <p>Hence, request to clarify the entire requirement under point no. 2 including the measurement requirement of quoted distance of "2".</p>	

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	<i>aerodrome, fortress, arsenal, dockyard or camp or any of the buildings or place in occupation of the government for Defense purposes or up to a distance of 2</i>		



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