

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 359/MP/2024 along with IA No.88/2024

Subject : Petition under Sections 79(1)(c) of Electricity Act, 2003 and Regulation 65 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 seeking appropriate directions to the Central Transmission Utility of India Limited to accept the Reserve Bank of India's Letter of Mandate for the purpose of granting connectivity.

Petitioner : Indian Railways (IR)

Respondent : Central Transmission Utility of India Limited (CTUIL)

Date of Hearing : **10.10.2024**

Coram : Shri Jishnu Barua, Chairperson
Shri Ramesh Babu V., Member
Shri Harish Dudani, Member

Parties Present : Shri Deep Rao Palepu, Advocate, IR
Shri Arjun Agarwal, Advocate, IR
Ms. Tarang Sarawgi, Advocate, IR
Ms. Kanupriya Sharma, REMCL
Ms. Suparna Srivastava, Advocate, CTUIL
Ms. Divya Sharma, Advocate, CTUIL
Shri Swapnil Verma, CTUIL
Shri Ranjeet Rajput, CTUIL

Record of Proceedings

Learned counsel for the Petitioner submitted that the present Petition had been filed seeking appropriate directions to the Respondent, CTUIL, to recognize the Reserve Bank of India's Letter of Mandate(s) issued on behalf of the Indian Railways as a valid Payment Security Mechanism under the GNA Regulations, 2022. Learned counsel further submitted as under:

(a) It has been the routine practice of the Indian Railways to furnish the RBI's Letter of Mandate in place of the Bank Guarantees for all purposes in the power sector, and this ensures that cost to the public exchequer is optimised and avoidable large expenses are avoided for a large organisation such as Indian Railways.

(b) Letter of Mandate issued by RBI is equivalent to a Bank Guarantee and serves the same underlying purpose of securing the payment and demonstrating the commitments – thereby ensuring compliance under the GNA Regulations.

(c) However, CTUIL has refused to accept the Letter of Mandate issued by the RBI in compliance with the requirement of the payment security mechanism under Regulations 8.1 and 8.2 of the GNA Regulations. Consequently, out of the Petitioner's three applications for a total of 165 MW GNA, CTUIL has already closed two of such applications.

(d) Accordingly, the Petitioner has also moved IA No.88/2024, praying for restraining the CTUIL from taking any coercive steps against the Petitioner, including by way of cancellation or closure of any pending connectivity applications on the ground that a Letter of Mandate does not satisfy the requirements of furnishing a Conn BG 1 and Conn BG 3 under Regulations 8.1 and 8.2 of the GNA Regulations, or from forfeiting the application fees and direct the Respondent to maintain status quo during the pendency of the Petition.

2. Learned counsel for the Respondent, CTUIL, submitted that as per the GNA Regulations, the bank guarantee is the only prescribed mode to be submitted towards the application for grant of connectivity/GNA thereunder. Learned counsel further submitted that the Letter of Mandate issued by RBI has been considered as a payment security mechanism for ISTS charges as the Sharing Regulations provide considering other instruments of payment security mechanism. Learned counsel also added that if at all the Commission considers the present case to be a fit case for granting any relief(s), such relief(s) may be given only considering the peculiar facts & circumstances involved in the present case.

3. Considering the submissions made by the learned senior counsel for the Petitioner and the learned counsel for CTUIL, the Commission ordered as under:

(a) Admit subject to just exceptions;

(b) The Respondent to file its reply to Petition, if any, within a week with a copy to the Petitioner, who may file its rejoinder within a week thereafter.

(c) Letter of Mandate issued by RBI dated 2.4.2024 provides that '2. The authority of Mandate to debit the Railways account being maintained with the Reserve Bank of India shall be valid and in force for a period of 30 calendar days with effect from the date of close of business on April 30, 2027, and the said mandate is unconditional and irrevocable under any circumstances.' The Petitioner to clarify on an affidavit within a week from which date is the said Letter of Mandate is valid and till which date it is valid. Explain the reference of 30 days and 30.4.2027.

(d) CTUIL to maintain the *status-quo* in respect of the pending applications of the Petitioner for GNA till the issuance of the order.

4. Subject to the above, the Commission reserved the matter for order.

By order of the Commission
Sd/-
(T.D. Pant)
Joint Chief (Law)