

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 168/TL/2024**

**Coram:**

**Shri Jishnu Barua, Chairperson**

**Shri Ramesh Babu V., Member**

**Shri Harish Dudani, Member**

**Date of order: 17<sup>th</sup> September, 2024**

**In the matter of:**

Application under Section 14 of the Electricity Act, 2003 read with the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for Grant of Transmission License and other related matters) Regulations, 2009 for the grant of a separate transmission licence to POWERGRID KPS2 Transmission System Limited for “Inter connection of RE developer’s Dedicated Transmission Line at Khavda Pooling station-2 (KPS-2)” under “Regulated Tariff Mechanism” (RTM) mode”.

**And**

**In the matter of**

**POWERGRID KPS2 Transmission System Limited,**

(A 100% wholly owned subsidiary of Power Grid Corporation of India Limited)

**Registered office:** B-9, Qutab Institutional Area,  
Katwaria Sarai, New Delhi-110016

**Address for correspondence:** C/o ED (TBCB), Power Grid Corporation of India Limited,  
Saudamini, Plot No.2,  
Sector-29, Gurgaon-122001, Haryana

.....Petitioner

**Vs.**

**1. Chief Operating Officer,**

Central Transmission Utility of India Limited,  
Saudamini, Plot no.2, Sector -29,  
Gurgaon-122001, Haryana.

**2. REC Power Development and Consulting Limited,**

REC Corporate Head Quarter, D Block,  
Plot No. I- 4, Sector 29,  
Gurugram-122001.

**3. Chhattisgarh State Power Distribution Company Limited,**

P.O. Sunder Nagar, Dangania,  
Raipur- 492013,  
Chhattisgarh.

**4. Goa Electricity Department-WR,**

Goa Electricity Dept, Curti,  
Ponda-403401.

**5. Gujarat Urja Vikas Nigam Limited,**

Vidhyut Bhavan, Race Course,  
Vadodara-390007,  
Gujarat.

**6. Heavy Water Board,**

Vikram Sarabhai Bhavan, Trombay,  
Anushaktinagar, Mumbai-400094,  
Maharashtra.

**7. HVDC Bhadrawati, PGCIL,**

PGCIL RHQ, WR-I, Sampriti Nagar,  
Off National Highway No. 8,  
Taluka: Kamrej, PO: Uppalwadi,  
Nagpur-440026,  
Maharashtra.

**8. HVDC Vindhyachal, PGCIL,**

PGCIL RHQ, WR-I, Sampriti Nagar,  
Off National Highway No. 8, Taluka: Kamrej,  
PO: Uppalwadi, Nagpur-440026,  
Maharashtra.

**9. M.P. Power Management Company Limited,**

14, Shakti Bhawan, Rampur,  
Jabalpur-482008,  
Madhya Pradesh.

**10. Maharashtra State Electricity Distribution Company Limited,**

Prakashgad, 4th Floor,  
Bandra (East), Mumbai-400051.

**11. ACB India Limited,**

7th Floor, Corporate Tower, Ambience Mall,  
NH-8, Gurgaon-122 001

(Haryana).

**12. Torrent Power Limited,**  
Naranpura Zonal Office,  
Sola Road, Ahmedabad-380013.

**13. West Bengal State Electricity Distribution Company Limited,**  
6th Floor Vidyut Bhawan, Karunamoyee, Salt Lake,  
Kolkata-700091, West Bengal.

**14. Thermal Powertech Corporation India,**  
6-3-1090, Clock C, Level 2, TSR Towers,  
Raj Bhavan Road, Somajiguda,  
Hyderabad-500082, Telangana.

**15. Bhabha Atomic Research Centre,**  
Anushakti Nagar,  
Mumbai-400085, Maharashtra.

**16. GMR Warora Energy Limited,**  
Plot B-1, Mohabala MIDC Growth Centre,  
PO:Warora, District: Chandrapur,  
Maharashtra-442907.

**17. HVDC Champa,**  
PGCIL RHQ, WR-I, Sampriti Nagar,  
Off National Highway No. 8,  
Taluka: Kamrej, PO: Uppalwadi,  
Nagpur-440026, Maharashtra.

**18. West Central Railway Head Office,**  
General Manager's Office, Electrical Branch,  
Jabalpur-482001.

**19. Western Railway,**  
Office of Chief Electrical Engineer,  
Mumbai, Maharashtra.

**20. East Central Railway,**  
CEDE, Office of Chief Electrical Engineer, ECR,  
Zonal Head Quarter,  
Dighikala-844102,  
Bihar.

**21. DB Power Limited-Untied,**  
Opp Dena Bank, C-31, G-Block,

Mumbai-400051, Maharashtra.

**22. Chhattisgarh State Power Trading Company Limited,**  
2nd Floor, Vidyut Sewa Bhawan,  
Raipur-492013,  
Chhattisgarh.

**23. TRN Energy Private Ltd-Untied,**  
7th Floor, Ambience Office Block,  
Gurugram, Haryana.

**24. Adani Power (Mundra) Limited,**  
Adani Corporate House, Shantigram,  
Near Vaishnavdevi Circle,  
S G Road, Ahmedabad-382421.

**25. Raigarh HVDC Station,**  
RPT HVDC Office, Hebbal,  
Bangalore-560094.

**26. Arcelor Mittal Nippon Steel India Limited,**  
27, AMNS House, 2<sup>th</sup> KM Surat Hazira road,  
Hazira-394270, Gujarat.

**27. Central Railway,**  
PCEE's office, 2nd Floor, Parcle Building,  
CSMT, Mumbai-400001, Maharashtra.

**28. Dadra and Nagar Haveli and Daman Power Distribution Corporation Ltd.,**  
1st & 2nd Floor, Vidyut Bhavan,  
Near Secretariat, Amil,  
Silvassa-396230.

**29. MPSEZ Utilities Limited,**  
3rd Floor, Adani Corporate House,  
Ahmedabad-380009.

**30. Gujarat State Electricity Corporation Limited,**  
Vidyut Bhavan, Racecourse,  
Vadodara, Gujarat

**31. General Manager (RE Projects & IT),**  
Gujarat Industries Power Company Limited,  
PO: Ranoli, Distt-Vadodara,  
Gujarat.

**32. Dy. General Manager,**  
NTPC Renewable Energy Limited,  
NETRA Building, E-3, Ecotech-II, Udyog Vihar,  
Greater Noida,  
Gautam Budh Nagar-201306, UP

...Respondents

**The following were present:**

Shri Prashant Kumar, PKTSL  
Shri Alok Shankar, CTUIL  
Shri Akshayvat Kislay, CTUIL  
Shri Ranjeet Singh Rajput, CTUIL

**ORDER**

The Petitioner, POWERGRID KPS2 Transmission System Limited, (hereinafter referred to as 'PKPS2TL'), has filed the present Petition under Section 14 of the Electricity Act, 2003 (hereinafter referred to as 'the Act') read with the 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 the grant of a separate transmission licence for the implementation of transmission system for "Inter connection of RE developer's DTL at Bay no:416 of KPS-2 (400kV Bus Section -I)" through "Regulated Tariff Mechanism" (RTM) mode (hereinafter referred to as the 'transmission scheme/project'). The scope of the project for which a transmission licence has been sought is as under:

<b>Sl. No.</b>	<b>Scope of the Transmission Scheme</b>	<b>Item Description</b>	<b>Implementation Time Frame</b>
1.	Implementation of additional line bay equipment including other miscellaneous works required for physical	As required for completion of scope of the scheme.	28.03.2025 (refer note no. a)

	interconnection of Dedicated Transmission Line of RE Developer at bay no. 416 of KPS-2 (400kV Bus Section-1)		
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Note: a) Implementing agency shall match the Implementation Time frame of the subject transmission scheme with the commissioning schedule of Khavada Phase-II transmission system, which is presently expected by 28.3.2025

2. The KPS2 Transmission System Limited (KPS2TL) was incorporated as a special purpose vehicle by REC Power Development and Consultancy Limited (RECPDCL) as part of the Tariff Based Competitive Bidding ('TBCB') to establish the Inter-State Transmission System for "Establishment of Khavda Pooling Station-2 (KPS2) in Khavda RE Park" on a Build, Own, Operate, and Transfer (BOOT) basis. Power Grid Corporation of India (PGCIL) Limited participated in the competitive bidding process conducted by RECPDCL, and upon emerging as the successful bidder, a Letter of Intent (LOI) was issued by RECPDCL to PGCIL on 16.2.2023. In accordance with the bidding documents, PGCIL acquired 100% of the shareholding in KPS2TL by executing a Share Purchase Agreement with RECPDCL on 21.3.2023. The Commission, vide its order dated 4.8.2023 in Petition No. 126/TL/2023, granted a transmission licence to the Petitioner for the aforesaid TBCB Project consisting of the following scope of the work:

SI. No.	Project elements	Scheduled COD
1.	Establishment of 765/400 kV, 4x1500MVA, KPS2 (GIS) with 2x330 MVAR 765 kV bus reactor and 2x125 MVAR 400 kV bus reactor. 1500MVA, 765/400kV ICT- 4 nos. (13x500 MVA including one spare unit) 765 kV ICT bays – 4 nos. 400 kV ICTbays – 4 nos. 765 kV line bays – 2 nos.	21 months from effective date.

Sl. No.	Project elements	Scheduled COD
	<p>400 kV line bays – 3 nos.  (3 no. of bays considered at present, one each for NTPC, GSECL &amp; GIPCL)  1x330 MVA, 765 kV bus reactor-2 nos.  (7x110 MVA, including one spare unit)  765 kV reactor bay – 2 nos.  1x125 MVA 400kV bus reactor-2 nos.  400 kV reactor bay – 2 nos.  765 kV bus sectionalizer bay – 2 nos.  400 kV bus sectionalizer bay – 2 nos.  Adequate space for future expansion of 5x1500MVA 765/400kV ICT's  Bus sectionalizer at 765kV &amp; 400kV.  On each bus section, there shall be 2x1500MVA 765/400kV ICTs, 1x330MVA, 765 kV &amp; 1x125MVA 420kV bus reactor with space for future expansion.  Bus sectionalizer at 765 kV level shall normally be closed and bus sectionalizer at 400 kV level shall normally be open.  Future provisions:  Space for 765/400 kV ICTs along with bays: 5 nos.  765kV line bay with switchable line reactor: 10 nos.  400kV line bay with switchable line reactor: 12 nos.  8000MW, ±800kV HVDC Converter station (LCC).  To take care of any drawl needs of area in future:  400/220 kV ICT: 2 nos.  220 kV line bays: 4 nos.</p>	

Note: The above scheme shall be implemented with an implementation timeframe of 21 months from SPV transfer and matching with the implementation timeframe of “Transmission scheme for injection beyond 3 GW RE power at Khavda PS1”. Subsequently, the name of the Petitioner company was changed to POWERGRID KPS2 Transmission System Limited (PKPS2TL).

- Central Transmission Utility of India Limited (CTUIL) has issued an Office Memorandum dated 16.2.2024 to the Petitioner wherein it has approved and nominated the Petitioner to implement the transmission scheme of the instant Petition through RTM

mode.

4. The Petitioner has submitted that after the grant of a separate transmission licence, the Petitioner shall proceed to implement the transmission scheme under the RTM mode. The estimated cost of the transmission scheme, as per CTUIL's Office Memorandum (OM) dated 16.2.2024, is Rs.12.26 crores. After completion of the transmission scheme, the Petitioner shall approach the Commission for the determination of the transmission charges in accordance with Sections 61 and 62 of the Act and Tariff Regulations in vogue as per Regulation 8 (2) of the Transmission Licence Regulations.

5. The Commission, after considering the application of the Petitioner in light of the provisions of the Act and the Transmission Licence Regulations, vide its order dated 20.8.2024, *prima facie* proposed to grant a separate transmission licence to the Petitioner to implement the transmission projects detailed in paragraph 1 of the order. The relevant extracts of the order dated 20.8.2024 are extracted as under:

*"21. In the present case, the Petitioner does not fulfil any of the eligibility conditions for the grant of a transmission licence. However, the instant transmission scheme has been approved by CTUIL vide its OM dated 16.2.2024 and allocated to the Petitioner under RTM mode. The non-granting a transmission licence to any agency nominated by the CTUIL to implement a transmission scheme through a regulated tariff mechanism in view of the provisions of Regulation 6 would defeat the purpose of the Policy decision of the Government. We are of the view that considering the strategic importance of the transmission line, it is a fit case for a relaxation of the provisions of Regulation 6 by invoking the power vested under Regulation 24 of the Transmission Licence Regulations.*

*22. Regulation 24 of the Transmission Licence Regulations, dealing with the power to relax in appropriate cases, provides as under:*



*“24. The Commission may, when it considers necessary or expedient to do so and for reasons to be recorded in writing, relax or depart from any of the provisions of these regulations”.*

23. *It is an established principle of law that the power to relax has to be strictly construed and is to be exercised judiciously and with caution. Further, the power to relax is to be exercised only when undue hardship is caused by the application of the rules or regulations. In the present case, the Petitioner is a transmission licensee who is already implementing the project defined under its scope through the TBCB mechanism. The present Petition is consequent to the office order 28.10.2021 notified by the Ministry of Power Government of India wherein CTUIL has been authorized to determine the mode of implementation of ISTS projects costing up to Rs. 100 crores. Pursuant to the direction of the Ministry of Power, CTUIL, vide its Office Memorandum dated 16.2.2024, has informed regarding a list of Projects to be implemented through a Regulated Tariff Mechanism, which also includes the transmission scheme of the present petition.*

24. *Since the Petitioner is already an inter-State transmission licensee and has been identified as an agency to implement the project as per RTM, the Commission, in the exercise of power under Regulation 24, hereby relaxes the provision of Regulation 6 of the Transmission Licence Regulations and holds that the Petitioner is eligible for the grant of a transmission licence. We, hereby, 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 a transmission licence aforesaid. The objections or suggestions, if any, shall be filed by any person before the Commission by **30.8.2024.**”*

6. A public notice under sub-section (5) of Section 15 of the Act was published on 24.8.2024 in all editions of ‘The Indian Express’ (English) and ‘Rashtriya Sahara’ (Hindi). No suggestions/objections have been received from members of the public in response to the public notice.

7. The case was called out for a hearing on 5.9.2024. The representative of the Petitioner submitted that no objection had been received in response to the public notice published by the Commission under sub-section (5) of Section 15 of the Act. Learned counsel for the Respondent, CTUIL submitted that pursuant to the direction of the Commission vide order dated 20.8.2024, CTUIL has requested the Ministry of Power to

clarify the requirement of approval of the Central Government to transmission schemes under the Transmission System Planning Rules, 2021 for the Projects costing up to Rs. 100 crores approved by NCT/CTUIL as per the Ministry's Order dated 28.10.2021. However, no response has been received so far from the Ministry of Power.

8. Vide Record of Proceedings for the hearing dated 5.9.2024, CTUIL was directed to indicate the status of the response from the Ministry of Power, if any, in respect of its request for clarification as above. CTUIL, vide its affidavit dated 6.9.2024, has submitted as under:

*“3. That CTUIL vide Letter dated 03.05.2024 having Reference No. C/CTU/N/04/MoP/R1 (“**CTUIL Letter**”) had requested Joint Secretary (Transmission), Ministry of Power, Government of India (“**Ministry of Power**”) to provide clarification on requirement of approval of the Central Government to the Transmission Scheme under the Transmission System Planning Rules for the Projects approved by NCT/CTUIL as per Ministry's Order dated 28.10.2021. The same was issued to the Ministry of Power vide email dated 03.05.2024. The CTUIL Letter was issued in terms of the Order of this Hon'ble Commission dated 30.04.2024 in Petition No. 122/TL/2024 which had similar issues under consideration as the present subject petition. The CTUIL Letter and CTUIL's email dated 03.05.2024 have been attached.*

*4. That as recorded in the CTUIL Letter, CTUIL had also previously issued a letter dated 15.12.2023 to the Ministry of Power on the same subject. However, despite two attempts to seek a response on the said issue from the Ministry of Power, CTUIL has not been able to obtain any comments or response on the said issue.”*

9. We have considered the submissions of the CTUIL. CTUIL is directed to place on record the response received from the Ministry of Power as and when it is received. Meanwhile, we proceed to grant the transmission licence to the Petitioner Company so that the construction work of the transmission line may not be delayed.

10. As regards the grant of a transmission licence, Clauses (15) and (16) of Regulation 7 of the Transmission Licence Regulations provide as under:

*“(15) The Commission may after consideration of the further suggestions and objections, if any, received in response to the public notice as aforesaid, grant licence as nearly as practicable in Form-III attached to these regulations or for reasons to be recorded in writing, reject the application if such application is not in accordance with the provisions of the Act, the rules or regulations made thereunder or any other law for the time being in force or for any other valid reason.*

*(16) The Commission may, before granting licence or rejecting the application, provide an opportunity of hearing to the applicant, the Central Transmission Utility, the long-term customers, or the person who has filed suggestions and objections, or any other person: Provided further that the applicant shall always be given a reasonable opportunity of being heard before rejecting the application.”*

11. In our order dated 20.8.2024, we had proposed to grant a transmission licence to the Petitioner company and directed for the issuance of public notice. In response to the public notice, no suggestions/ objections have been received. CTUIL, vide its letter 17.4.2024, has recommended the grant of a transmission licence to the Petitioner company. The Commission, in its order dated 20.8.2024, had observed that the Petitioner is a transmission licensee who is already implementing the project defined under its scope under the RTM mechanism, and the present Petition is consequent to the office order 28.10.2021 notified by the Ministry of Power Government of India. Pursuant to the direction of the Ministry of Power, the subject transmission scheme was discussed and agreed upon in the 13<sup>th</sup> Consultation Meeting for Evolving Transmission Scheme in Western Region (CMETS-WR) held on 8.12.2022. The subject transmission scheme was further discussed and agreed upon in the 16<sup>th</sup> CCTP meeting held on 2.1.2024. Since the estimated cost of the scheme is Rs. 12.26 crores (less than Rs. 100 crores), the same was not put for deliberation before WRPC/NCT in line with the Ministry of Power office

order dated 28.10.2021. Based on the same, CTUIL, vide its Office Memorandum dated 16.2.2024, approved the subject transmission scheme under the Regulated Tariff Mechanism (RTM) mode. Considering the submissions of the Petitioner and CTUIL, we direct that the transmission licence be granted to the Petitioner, POWERGRID KPS2 Transmission System Limited, to establish the transmission scheme through the RTM route as per the details given in paragraph 1 above.

12. The grant of the transmission licence to the Petitioner (hereinafter referred to as “the licensee”) is subject to the fulfilment of the following conditions throughout the period of licence:

- (a) The transmission licence shall, unless revoked earlier, remain in force for a period of 25 years from the date of issue;
- (b) The transmission licensee shall comply with the provisions of the Central Electricity Regulatory Commission (Terms and Conditions for grant of Transmission Licence and other related matters) Regulations, 2024 (hereinafter referred to as ‘the 2024 Transmission Licence Regulations’) or any subsequent enactment thereof during the period of subsistence of the licence;
- (c) The licensee may make an application, two years before the expiry of the initial licence period, for the grant of the transmission licence for another term in accordance with Regulation 9 (2) of the 2024 Transmission Licence Regulations, which shall be considered by the Commission in accordance with law;

- (d) The licensee shall not enter into any contract for or otherwise engage in the business of trading in electricity during the period of subsistence of the transmission licence;
- (e) The licensee shall have the liability to pay the licence fee in accordance with the provisions of the Central Electricity Regulatory Commission (Payment of Fees) Regulations, 2012, as amended from time to time or any subsequent enactment thereof. Delay in payment or non-payment of the licence fee or a part thereof for a period exceeding sixty days shall be construed as a breach of the terms and conditions of the licence;
- (f) The licensee shall comply with the directions of the National Load Despatch Centre under Section 26 of the Act, or the Regional Load Despatch Centre under sub-section (3) of Section 28 or sub-section (1) of Section 29 of the Act, as may be issued from time to time for maintaining the availability of the transmission system;
- (g) The licensee shall remain bound by the provisions of the Central Electricity Regulatory Commission (Standard of Performance of inter-State transmission licensees) Regulations, 2012 or subsequent enactment thereof;
- (h) The licensee shall provide the non-discriminatory open access to its Transmission System for use by any other licensee, or an electricity trader, or generating company or any other person in accordance with the Act; the Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008; the Central Electricity Regulatory Commission (Connectivity and General

Network Access to the inter-State Transmission System) Regulations, 2023; the Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2023, as amended from time to time or any subsequent re-enactments thereof;

- (i) The licensee shall not undertake any other business for optimum utilization of the transmission system without prior intimation to the Commission and shall comply with the provisions of the Central Electricity Regulatory Commission (Sharing of Revenue Derived from Utilization of Transmission Assets for other business) Regulations, 2020;
- (j) The licensee shall remain bound by the provisions of the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2020 as amended from time to time;
- (k) The licensee shall remain bound by the provisions of the Act, the Rules and Regulations framed thereunder, in particular, the 2024 Transmission Licence Regulations, the Grid Code, the Standards specified by the Central Electricity Authority, orders and directions of the Commission issued from time to time;
- (l) The licensee shall ensure the execution of the Project as per the Technical Standards and Grid Standards of the CEA;
- (m) The licensee shall submit all such report or information as may be required under Regulations or any other regulation of the Commission or as per the directions of

the Commission as may be issued from time to time;

(n) The licensee shall ensure that the EPC contract for the execution of work under the scope of the project is awarded through a competitive bidding process.

14. The Central Electricity Authority/ CTUIL shall monitor the execution of the Project and bring to the Commission's notice any lapse on the part of the licensee in meeting the schedule for further appropriate action in accordance with the provisions of the Act and the Transmission Licence Regulations.

15. An extract of a copy of this order shall be sent to the Central Government in the Ministry of Power and the Central Electricity Authority in terms of sub-section (7) of Section 15 of the Electricity Act, 2003, for their information and record.

16. Petition No. 168/TL/2024 is allowed in terms of the above.

Sd/-  
**(Harish Dudani)**  
Member

sd/-  
**(Ramesh Babu V.)**  
Member

sd/-  
**(Jishnu Barua)**  
Chairperson