

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 341/AT/2024

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

Date of Order: 19th December, 2024

In the matter of

Petition under Section 63 of the Electricity Act, 2003 for adoption of transmission charges with respect to the transmission system to be implemented by Khavda IV C Power Transmission Limited.

Khavda IV C Power Transmission Limited,
DLF Cyber Park, Tower B, 9th Floor,
Udyog Vihar Phase-III Road, Sector 20,
Gurugram- 122008, Haryana.

...Petitioner

Vs

1. Central Transmission Utility of India Limited

Saudamini, Plot No.2, Sector-29,
Gurgaon-122 001

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 DeptCurti,
Ponda-403401.

5. Gujarat Urja Vikas Nigam Limited,

Vidhyut Bhavan, Race Course,
Vadodara-390007.

6. Heavy Water Board,

O Floor, 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.

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,
Post – Warora,
District–Chandrapur-442907, Maharashtra.

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.

20. East Central Railway, CEDE,

Office of Chief Electrical Engineer,
ECR, Zonal Head Quarter,
Dighikala-844101, Bihar.

21. DB Power Limited–Untied,

Opp Dena Bank, C-31, G- Block,
Mumbai, Maharashtra.

22. Chhattisgarh State Power Trading Company Limited,

2nd Floor, Vidyut Sewa Bhawan,
Raipur.

23. TRN Energy Private Ltd-Untied,

7th Floor, Ambience Office Block,
Gurugram.

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, 2nd KM Surat Hazira Road,
Hazira-394270, Gujarat, Maharashtra.

27. Central Railway, Pcee's office,

2nd Floor, Parcle Building,
CSMT Mumbai-400001.

**28. Dadra and Nagar Haveli and Daman
and Power Distribution Corporation Limited,**

1st & 2nd Floor, Vidyut Bhavan,
NexSilvassa & Daman.

29. MPSEZ Utilities Limited,
3rd Floor, Adani Corporate House,
Ahmedabad, Gujarat.

30. Gujarat State Electricity Corporation Limited,
Vidyut Bhavan, Race Course,
Vadodara, Gujarat.

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

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

...Respondents

Parties present:

Shri Basava Prabhu Patil, Sr. Advocate, KIVCPTL
Shri Gaurav Dudeja, Advocate, KIVCPTL
Shri Geet Rajan, Advocate, KIVCPTL
Shri Nishant Thakur, Advocate, KIVCPTL
Shri Sandeep Rajpurohit, KIVCPTL
Ms. Harneet Kaur, KIVCPTL
Shri Anil Parala, RECPDCL
Shri Ritam Biswas, RECPDCL

ORDER

The Petitioner, Khavda IV C Power Transmission Limited (hereinafter referred to as "Petitioner"), has filed the present Petition under Section 63 of the Electricity Act, 2003 (hereinafter referred to as "the Act") for adoption of transmission charges in respect of "Transmission System for Evacuation of power from potential renewable energy zone in Khavda area of Gujarat under Phase-IV (7 GW): Part C" on Build, Own, Operate and Transfer Basis. The Petitioner has made the following prayers:

- "a) Allow the present Petition and adopt the transmission charges discovered through the TBCB Process as quoted by Sterlite Grid 38 Limited, i.e., the successful bidder in terms of Section 63 of the Electricity Act, 2003;*
- b) Allow the Project to be part of the inter-State Transmission System and direct that the recovery of transmission charges shall be in accordance*

with the terms of the CERC (Sharing of inter-State Transmission Charges and Losses) Regulations, 2020;

c) Condone any inadvertent errors omissions/errors/shortcomings and permit the Petitioner to add/change/modify/alter these filings and make further submissions as may be required at a future date.

d) Pass such further or other orders as this Hon'ble Commission may deem just and proper in the circumstances of the case."

Submission of the Petitioner

2. On receipt of the present Petition, the Bid Process Coordinator (hereinafter referred to as 'the BPC'), REC Power Development & Consultancy Limited (RECPDCL) (hereinafter referred to as 'RECPDCL') vide letter dated 16.10.2024, was directed to submit the relevant documents regarding the complete process of the competitive bidding. The necessary details have been filed by the BPC vide affidavit dated 24.10.2024.

Hearing dated 28.10.2024

3. During the course of the hearing on 28.10.2024, the Petitioner prayed for adoption of transmission charges in respect of the Project as discovered pursuant to the tariff based competitive bidding process.

4. Vide the Record of Proceedings for the hearing dated 28.10.2024, the Bid Process Coordinator (BPC), i.e., RECPDCL, was directed to submit an affidavit within three weeks explaining the reasons for awarding the project to Sterlite Grid 38 Limited despite the quoted transmission charges of Rs. 13,148.08 million being 37.29% higher than the estimated annual transmission charges as per prevailing CERC norms. Additionally, the BPC was instructed to resubmit the write-up previously filed vide affidavit dated 24.10.2024, correcting typographical errors in paragraph 13 of the said affidavit, and, in consultation with the Bid Evaluation

Committee (BEC), to indicate any objective criteria for deciding between proceeding with an award or opting for re-tendering in cases where quoted transmission charges significantly exceed estimated charges as per prevailing norms.

5. In compliance with the Record of Proceedings dated 28.10.2024, RECPDCL, vide affidavit dated 22.11.2024, has submitted as under:

i. CEA (Central Electricity Authority) vide letter dated 24.06.2024 had indicated the following:

- Out of the total RE potential of about 30 GW in the Khavda RE Park, 7 GW RE power has been planned to be evacuated through the above transmission scheme including Transmission System for Evacuation of Power from potential Renewable Energy Zone in Khavda area of Gujarat under Phase-IV (7 GW): Part A, B and D. All these transmission schemes are interlinked and required for evacuation of 7 GW RE power from Khavda RE park.
- All these transmission projects shall be implemented in the same time-frame for optimum utilization of the planned system.
- As on date, total GNA of 24.7 GW RE Power has already been granted at Khavda RE Park to the various RE generation developers. To evacuate the power from Khavda RE Park, the above transmission schemes are required to be implemented in a time bound manner.

ii. The reasons for the variation of the quoted tariff with respect to estimated annual transmission charges as per CERC norms were discussed in the Bid Evaluation Committee meeting held on 05.08.2024, and BEC noted that the following project-specific factors might have contributed to a higher discovered tariff:

- **For Substation:**

a. The land identified for Boisar-II Substation falls under tahsil Vikramgad of Palghar district. Vikramgad tehsil has over 30-40 percent of its area under forest cover. As the acquisition of land for the substation is non-linear in nature, getting forest clearance for the diversion of land will take substantial time and will also increase the environmental impact of the project. Additionally, the proposed land for Boisar-II Substation is also in Schedule V,

thus adding an additional layer of conditionality, i.e., approval of Gram Sabha, RFCTLARR Act, 2013.

b. Transformers and Reactors: There are supply chain issues due to limited OEMs for 765 KV Transformer & Reactors. Further, there are high Price Variation risks built up due to increased vulnerability in commodity prices.

c. Gas Insulated Substation: There are only 2 OEMs for 765 KV GIS (Hyosung & GE), with the majority share held by One OEM. Further, there is a 14-18% rise in commodity prices (Al/Copper/Steel) in the last one year, leading to an increase in prices.

d. STATCOM: There are limited OEMs for STATCOM (ABB/GE/Siemens), and limited capacity is available due to the large STATCOM and HVDC in the pipeline.

- **For Transmission Line Scope:**

a. There is high volatility in commodity prices, leading to higher material costs (Aluminium / Copper / Steel) and price variation forecasts. (Increased vulnerability in commodity prices (14-18%) in the last one year).

b. There are higher project overhead costs due to additional resource deployment for completion of work in constrained timelines of 24 months.

iii. The final lowest tariff was discovered after 54 rounds of bidding in the e-Reverse Auction. Considering the urgency/necessity of the scheme as per inputs provided by CEA and, reasons for variations as indicated above and healthy competition during the e-Reverse Auction, the BEC recommended the award of the project to the L1 bidder, i.e., M/s Sterlite Grid 38 Limited.

iv. Further, with regard to objective criteria to decide upon proceeding with award vis-à-vis re-tendering for the instances where the quoted transmission charges in a bid process exceed far beyond the estimated Annual Charges as per the prevailing norms, it is to kindly submit that decision of award / rebidding is taken by the BEC on a case-to-case basis after analyzing urgency/necessity

of the scheme, competition during e-Reverse Auction and various factors & bottlenecks affecting the execution of the projects.

v. Recently, the bid process for the HVDC transmission scheme, 'Transmission System for Evacuation of Power from REZ in Rajasthan (20 GW) under Phase-III Part I,' was annulled, and re-bidding was initiated based on the Bid Evaluation Committee's (BEC) recommendation, as the lowest quoted transmission charges were 55.41% higher than the estimated annual transmission charges as per CERC norms. However, in the case of the subject transmission scheme, considering the urgency and necessity of the project, being interlinked with other packages for evacuating 7 GW of RE power from the Khavda RE Park, along with other factors and the healthy competition observed, the BEC recommended awarding the project to the successful bidder.

Hearing dated 28.11.2024

6. During the course of the hearing, the learned senior counsel for the Petitioner reiterated the submissions made in the pleadings. Learned senior counsel further submitted that in compliance with the direction of the Record of Proceedings dated 28.10.2024, the Bid Process Coordinator, RECPDCL, has filed its affidavit furnishing the information/clarification as called for, including the reasons for proceedings with award of the Project despite the quoted transmission charges being higher than estimated annual transmission charges as per the prevailing norms. Learned senior counsel also added that none of the other Respondents had filed any reply in the matter.

7. Vide the Record of Proceedings for the hearing dated 28.11.2024, the Commission permitted all the Respondents to file their replies, particularly addressing the competitiveness of the quoted transmission charges and/or their alignment with prevailing rates, if any, within a week with a copy to the Petitioner, who may file its rejoinder, if any, within a week thereafter. However, no reply has been filed by the Respondents.

8. We have considered the submissions of the Petitioner, BPC, and CTUIL and perused the documents available on record. Section 63 of the Act provides as under:

“Section 63: Determination of tariff by bidding process: Notwithstanding anything contained in section 62, the Appropriate Commission shall adopt the tariff if such tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government.”

9. The Government of India, Ministry of Power has notified the “Tariff based Competitive-bidding Guidelines for Transmission Service” and “Guidelines for Encouraging Competition in Development of Transmission Projects” (hereinafter referred to as “the Guidelines”) under Section 63 of the Act vide Resolution No. 15/1/2017-Trans dated 10.8.2021 as amended from time to time. The salient features of the Guidelines are as under:

(a) The Guidelines are applicable for the procurement of transmission services for transmission of electricity through tariff based competitive bidding for selection of the Transmission Service Provider (TSP) for new transmission system on a Build, Own, Operate and Transfer basis.

(b) For procurement of the transmission services required for any inter-State transmission Project, the Central Government shall notify the CTUIL or any Central Government Organization/ Central Public Sector Undertaking or its

wholly owned subsidiary (Special Purpose Vehicle) to be the Bid Process Coordinator (BPC) who would be responsible for the coordinating the bid process.

(c) The BPC shall prepare the bid documents in accordance with the Guidelines and obtain approval of the Appropriate Government, or alternatively, the BPC can use the Standard Bid Documents notified by the Ministry of Power. Any material deviation from the Standard Bidding Documents shall be made only with the prior approval of the Appropriate Government. Intimation about initiation of the bidding process shall be sent by the BPC to the Appropriate Commission.

(d) For the procurement of the transmission services under the guidelines, BPC shall adopt a single stage two envelope tender process featuring Request for Proposal (RfP). The entire bidding process shall be conducted online through electronic medium under e-reverse bidding framework.

(e) RfP notice should be published in at least two national newspapers, website of the BPC and preferably in trade magazines also, so as to accord it wide publicity. The bidding shall necessarily be by way of International Competitive Bidding (ICB). For the purpose of issue of RfP, minimum conditions to be met by the bidder shall be specified in the RfP.

(f) Standard documentation to be provided in the RfP shall include definitions of requirements including brief description of the Project, commissioning milestones to be achieved by the bidders, qualification requirements to be met by the bidders including, minimum net worth, etc. with necessary proof of the

same, as outlined in the bid documents, Specified target dates/months for commissioning and commercial operations, Standard Transmission Service Agreement (TSA), agreement(s) under the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations as amended from time to time, period of validity of offer of bidder, TSA proposed to be entered with the SPV including amendments, bid evaluation methodology to be adopted by the BPC, specification regarding bid bond as well as the Contract Performance Guarantee to be furnished by the bidders, proposed indemnification agreement between the TSP and the Nodal Agency, liquidated damages that shall apply in the event of delay in start of providing the transmission services and technical, operational and safety criteria to be met by the bidder/TSP and requirement of obtaining transmission licence from the Appropriate Commission.

(g) The TSP, on the date of acquisition of the SPV from the BPC will enter into a Transmission Service Agreement with the Nodal Agency.

(h) To ensure competitiveness, the minimum number of qualified bidders shall be two. For inter-State transmission system, bids shall be opened in the office of the CEA by a bid committee comprising of at least one member from CEA and one member from BPC. For inter-State transmission system, CEA shall constitute a committee for evaluation of the bids with at least one representative from the CEA and not less than two representatives from the concerned Regional Power Committees and one independent member. Further, in case project is inter-regional, there shall be at least one representative from every concerned RPC. The technical bids shall be

examined to ensure that the bids submitted meet minimum eligibility criteria set out in the bid documents on all the technical evaluation parameters. Only the bids that meet all elements of the minimum technical criteria set out in the bid documents shall be considered for further evaluation on the transmission charges bids. The online initial price bids shall be electronically opened by the bid opening committee in the presence of the bid evaluation committee. The bidder who has quoted the lowest transmission charge as per the evaluation procedure shall be considered for the award.

- (i) BPC is required to complete e-reverse bidding after opening of the initial offer within 75 days. The procurer may give extended time frame indicated herein based on the prevailing circumstances, and such alterations shall not be construed to be deviation from these guidelines.
- (j) The TSP shall make an application for the grant of a transmission licence to the Appropriate Commission within five (5) working days from the date of execution of the Share Purchase Agreement for acquisition of the SPV.
- (k) BPC shall make the final result of evaluation of all bids public. The final TSA, along with the certification by the bid evaluation committee, shall be forwarded to the Appropriate Commission, for the adoption of tariff discovered from the quoted annual transmission charges during the e-reverse bidding process in terms of Section 63 of the Act.

10. Therefore, we have to examine whether the Guidelines issued by the Central Government have been followed in the present case in a transparent process of bidding.

11. The Ministry of Power, Government of India, vide its Gazette Notification no. 3733 [F. No. 15/3/2018-Trans-Part (1)] dated 4.9.2023, has notified the REC Power Development and Consultancy Limited (hereinafter referred to as "RECPDCL") as a Bid Process Coordinator (BPC) for the purpose of selection of bidder as Transmission Service Provider to establish Inter-State Transmission System for "Transmission System for Evacuation of power from potential renewable energy zone in Khavda area of Gujarat under Phase-IV (7 GW): Part C" on Build, Own, Operate and Transfer Basis. through tariff based competitive bidding process.

12. Khavda IV C Power Transmission Limited (the Petitioner) was incorporated on 27.9.2023 under the Companies Act, 2013 as a wholly owned subsidiary of RECPDCL with the objective to establish the inter-State Transmission System for "Transmission System for Evacuation of power from potential renewable energy zone in Khavda area of Gujarat under Phase-IV (7 GW): Part C" ("Project") and to act as the Transmission Service Provider after being acquired by the successful bidder. The main objectives of the Petitioner Company in its Memorandum of Association are 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 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".

13. BPC prepared the bidding document (RfP) in accordance with the Standard Bid Documents issued by the Ministry of Power, Government of India.

14. BPC started the process of selection of the successful bidder with the publication of a Global Invitation for Qualification for the selection of a developer on a BOOT basis for the Project. The notice of the RfP was published in National/International newspapers on 28.11.2023, with the last date of submission of response to RfP as 30.1.2024. Intimation regarding the initiation of the bid process was given to this Commission in accordance with Clause 4.2 of the Guidelines dated 10.8.2021.

15. The key milestones in the bidding process were as under:

S. No.	Events	Date
1	Publication of RfP	28.11.2023
2	Intimation to the Commission	28.11.2023
3	RfP (Technical)& Price Bid Submission	3.5.2024
4	RfP (Technical) Bid Opening	3.5.2024
5	RfP (Financial) Initial Price Offer -Opening	14.5.2024
6	e-Reverse Auction	16.5.2024
7	Final Bid Evaluation Committee Meeting	5.8.2024
8	Issuance of Lol	19.8.2024
9	Transfer of SPV	30.8.2024
10	Signing of TSA	15.10.2024

16. The scope of the Project as per the Request for Proposal and the Transmission Service Agreement is as under:

Transmission System for Evacuation of Power from potential renewable energy zone in the Khavda area of Gujarat under Phase-IV (7 GW): Part C		
S. No.	Name of Transmission Element	Scheduled COD in months from the Effective Date
1.	Establishment of 4x1500 MVA, 765/400 kV and 2x500 MVA, 400/220 kV Boisar-II (GIS) S/s with 2x330 MVAR, 765 kV bus reactors and 2x125 MVAR, 420 kV bus reactors. (2x1500 MVA, 765/400 kV ICTs shall be on each 400 kV section and 2x500 MVA,	

	<p>400/220 kV ICTs shall be on 400 kV Bus Section-II. 2x125 MVAR Bus reactors shall be such that one bus reactor is placed on each 400 kV bus section. 400 kV Bus Sectionaliser to be kept under normally OPEN condition)</p> <ul style="list-style-type: none"> • 765/400 kV, 1500 MVA ICT: 4 Nos. (13x500 MVA single phase units including one spare unit) • 400/220 kV, 500 MVA ICT: 2 Nos. • 765 kV ICT bays: 4 Nos. • 400 kV ICT bays: 6 Nos. (2 Nos. on Bus Section-I and 4 Nos. on Bus Section-II) • 400 kV Bus Sectionaliser: 1 set • 220 kV ICT bays: 2 Nos. • 220 kV BC bay: 1 No. • 330 MVAR, 765 kV bus reactor: 2 Nos. • 125 MVAR, 420 kV bus reactor: 2 Nos. • 765 kV reactor bays: 2 Nos. • 765 kV line bays: 6 Nos. • 400 kV reactor bays: 2 Nos. (one on each bus section) • 400 kV line bay: 6 Nos. (4 Nos. on bus Section-I and 2 Nos. on bus Section-II) • 110 MVAR, 765 kV, 1-ph reactor (spare unit for line/bus reactor): 1 No. <p>Future Provisions:</p> <ul style="list-style-type: none"> • 765/400 kV ICT along with bays: 2 No. • 765 kV line bays along with switchable line reactors: 8 Nos. • 765 kV Bus Reactor along with bay: 2 No. • 765 kV Sectionaliser bay: 1 set • 400 kV line bays along with switchable line reactor: 8 Nos. • 400/220 kV ICT along with bays: 6 Nos. • 420 kV Bus Reactor along with bay: 2 No. • 220 kV line bays: 12 Nos. • 220 kV Sectionalization bay: 1 set • 220 kV BC: 1 No. 	24 Months
2.	South Olpad (GIS) – Boisar-II (GIS) 765 kV D/c line	
3.	2 Nos. of 765 kV line bays at South Olpad (GIS) for termination of South Olpad (GIS) – Boisar-II (GIS) 765 kV D/c line	

	<ul style="list-style-type: none"> • 765 kV line bays (GIS) – 2 Nos. (for South Olpad end) 	
4.	<p>240 MVAR switchable line reactors on each ckt at South Olpad (GIS) and Boisar-II (GIS) end of South Olpad (GIS) – Boisar-II (GIS) 765 kV D/c line (with NGR bypass arrangement)</p> <ul style="list-style-type: none"> • 240 MVAR, 765 kV switchable line reactor- 4 [2 for Boisar-II (GIS) and 2 for South Olpad (GIS)] • Switching equipment for 765 kV line reactor- 4 (2 for Boisar-II (GIS) and 2 for South Olpad (GIS)) • 1x80 MVAR, 765 kV 1-ph spare line reactor– 1 No. (for Boisar-II end) • 1x80 MVAR, 765 kV 1-ph spare line reactor proposed for Ahmedabad – South Olpad (GIS) 765 kV line (under Khavda Ph-IV Part B scheme) at South Olpad (GIS) S/s to be used as spare 	
5.	LILO of Navsari (New) – Padghe (PG) 765 kV D/c line at Boisar-II	
6.	Boisar-II (Sec-II) – Velgaon (MH) 400 kV D/c (Quad ACSR/AAAC/AL59 moose equivalent) line	
7.	<p>2 Nos. of 400 kV line bays at Velgaon (MH) for termination of Boisar-II – Velgaon (MH) 400 kV D/c (Quad ACSR/AAAC/AL59 moose equivalent) line</p> <ul style="list-style-type: none"> • 400 kV line bays (GIS): 2 Nos. [for Velgaon (MH) end] 	
8.	LILO of Babhaleswar – Padghe (M) 400 kV D/c line at Boisar-II (Sec-I) using twin HTLS conductor with a minimum capacity of 1700 MVA per ckt at nominal voltage	
9.	<p>80 MVAR switchable line reactors at Boisar-II end of Boisar-II – Babhaleswar 400 kV D/c line (with NGR bypass arrangement) formed after above LILO</p> <ul style="list-style-type: none"> • 80 MVAR, 420 kV switchable line reactor including switching equipment: 2 Nos. 	
10.	<p>±200 MVAR STATCOM with 2x125 MVAR MSC, 1x125 MVAR MSR at 400 kV bus section-I of Boisar-II and ±200 MVAR STATCOM with 2x125 MVAR MSC, 1x125 MVAR MSR at 400 kV bus section-II of Boisar-II</p> <ul style="list-style-type: none"> • ±200 MVAR STATCOM (with 	

	MSC/MSR) on 400 kV Section-I <ul style="list-style-type: none"> • 400 kV bay – 1 No. on Section-I • ± 200 MVAR STATCOM (with MSC/MSR) on 400 kV section-II • 400 kV bay – 1 No. on Section-II 	
11.	± 300 MVAR STATCOM with 3x125 MVAR MSC, 1x125 MVAR MSR at 400 kV level of Navsari (New)(PG) S/s with 1 No. of 400 kV bay (GIS) <ul style="list-style-type: none"> • ± 300 MVAR STATCOM (with MSC/MSR) • 400 kV bay: 1 No. 	

Note:

- i. Bay(s) required for completion of diameter (GIS) in one-and-half breaker scheme shall also be executed by the TSP.
- ii. MSETCL shall carry out reconductoring of the balance portion of Padghe (M) – Boisar-II 400 kV D/c line (i.e., from LILO point up to Padghe(M)) and shall also carry out corresponding upgradation of 400 kV bays at Padghe (M) as may be required in matching time-frame of the LILO line. MSETCL has confirmed the maximum capacity of the line which can be achieved after reconductoring considering clearances in existing towers of Babhaleswar – Padghe (M) 400 kV D/c line as 1700 MVA per ckt.
- iii. MSETCL shall implement the LILO of both circuits of Boisar-II – Velgaon 220 kV D/c line at Boisar-II (ISTS) S/s along with 4 Nos. 220 kV GIS bays at Boisar-II in matching time-frame of Boisar-II (ISTS) S /s.
- iv. TSP of South Olpad (GIS) S/s shall provide space for work envisaged at Sl. No. 3 and 4.
- v. MSETCL shall provide space for the work envisaged at Sl. No. 7 at Velgaon S/s.

17. For the purpose of evaluation of bids, the Bid Evaluation Committee (BEC) comprising of the following was constituted:

1.	Sh. Rajesh Kumar Singh, General Manager, SBI, CCGRO-II, New Delhi	Chairman of the Committee
2.	Sh. Bhanwar Singh Meena Director, PSETD Division, Central Electricity Authority	Member
3.	Shri B. S. Bairwa, Director (PSP&A-II), CEA	Member
4.	Shri P.D. Lone, SE, WRPC, BEC	Member
5.	Shri S.M. Soni, SE, GETCO, BEC	Member

6.	Shri Ajay Mathur, Khavda IV C Power Transmission Limited (SPV)	Convener-Member of the Committee
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18. Responses to RfP were received from the three bidders as per details given below:

Sr. No.	Name of Bidders
1.	M/s Adani Energy Solutions Limited
2.	M/s Sterlite Grid 38 Limited
3.	M/s Power Grid Corporation of India Limited

19. The responses of the bidders were opened on 3.5.2024 in the presence of the representatives of the bidders. Based on the recommendations of the Bid Evaluation Committee, the Initial Offer of all three bidders was opened on 14.5.2024 in the presence of the Bid Evaluation Committee. In the BEC meeting held on 14.5.2024, it was noted that the lowest transmission charge from the Initial Offer submitted by the bidders was Rs. 15051.33 million, which shall be the initial ceiling for quoting the final offer during the e-Reverse Auction. Accordingly, the rank of the bidders for participation in the e-reverse auction is as under:

Sr. No.	Name of the Bidder	Quoted Transmission Charges from the Initial Offer (in Rs. Million)	Rank
1.	M/s Adani Energy Solutions Limited	15,051.33	L-1
2.	M/s Sterlite Grid 38 Limited	15,550.20	L-2
3.	M/s Power Grid Corporation of India Limited	16,000.00	L-3

20. As per the provisions of the RfP documents, BEC recommended the three qualified bidders participate in the e-reverse auction stage and submit their final offer.

21. The e-reverse auction was carried out at the MSTC portal on 16.5.2024 after intimating the bidders regarding the lowest initial price offer. The transmission charges for the bidders (in ascending order) emerged as under:

Sr. No.	Name of the Bidder	Quoted Transmission Charges from the Initial Offer (in Rs. Million)	Rank
1.	M/s Sterlite Grid 38 Limited	13,148.08	L-1
2.	M/s Adani Energy Solutions Limited	13,181.04	L-2
3.	M/s PowerGrid Corporation of India Limited	13,247.20	L-3

22. Based on e-reverse bidding, BEC, in its meeting held on 5.8.2024, recommended Sterlite Grid 38 Limited, with the lowest transmission charges of Rs. 13,148.08 million, as the successful bidder.

23. Letter of Intent was issued by the BPC on 19.8.2024 to the successful bidder, i.e., Sterlite Grid 38 Limited. In accordance with Clause 12.3 of the Guidelines, the BPC has hosted on the website of RECPDCL, the final result of the evaluation of the bids for the selection of a developer for the Project.

24. In accordance with the provisions of the bid documents and upon the issuance of Lol to the successful bidder (Sterlite Grid 38 Limited) and acquisition of SPV (the Petitioner) by the successful bidder, the Petitioner has prayed for the adoption of transmission charges for the Project which has been discovered through the competitive bidding process.

25. In accordance with Clause 2.15.2 of RfP, the selected bidder shall, within 10 days of the issue of the Letter of Intent, accomplish the following tasks:

- a) Provide the Contract Performance Guarantee in favour of the Nodal

Agency;

b) Execute the Share Purchase Agreement and the Transmission Service Agreement;

c) Acquire, for the Acquisition Price, one hundred per cent (100%) equity shareholding of Khavda IV C Power Transmission Limited from REC Power Development and Consultancy Limited, along with all its related assets and liabilities.

26. In accordance with Clause 2.15.4 of RfP, the selected bidder shall, within five working days of the issue of the acquisition of the SPV by the Successful Bidder, the TSP shall apply to the Commission for the grant of a transmission licence and make an application to the Commission for the adoption of transmission charges, as required under Section 63 of the Act.

27. The proviso to Clause 2.15.2 of the RfP provides that "if for any reason attributable to the BPC, the said activities are not completed by the Selected Bidder within the above period of ten (10) days as mentioned in this clause, such period of 10 days shall be extended, on a day to day basis till the end of the Bid validity period". As per the above provision, the selected bidder was required to complete all the activities, including the acquisition of SPV, by 30.8.2024. The selected bidder furnished the Contract Performance Guarantee in favour of Nodal Agency (CTUIL) for an amount of Rs. 112.75 crore on 30.8.2024 and acquired a hundred per cent equity-holding in the applicant company on 30.8.2024 after execution of the Share Purchase Agreement. As per clause 2.15.4 of the RfP, TSP is required to apply to the Commission for the adoption of transmission charges within five working days of the

issuance of the acquisition of the SPV to the successful bidder. The successful bidder, namely Sterlite Grid 38 Limited, acquired the SPV on 30.8.2024. Accordingly, the TSP has filed the instant Petition through e-filing for the adoption of transmission charges on 6.9.2024.

28. The Petitioner has approached the Commission with a separate application for a grant of transmission license. The Commission, vide order dated 7.12.2024 in Petition No. 340/TL/2024, on being satisfied that the Petitioner, prime facie, qualifies for grant of transmission license as prayed for, directed publication of notices under clause (a) of sub-section (5) of Section 15 of the Act, inviting suggestions/ objections to the proposal of the Commission.

29. In accordance with the Guidelines, BEC has to certify that the tariff has been discovered through a transparent process of bidding and the tariff discovered is in line with prevailing market prices. In the minutes of the fourth Meeting of the Bid Evaluation Committee meeting held on 5.8.2024, the following have been recorded:

“1. The fourth meeting of Bid Evaluation Committee (BEC) was held on 05.08.2024 at 1700Hrs (IST) through video conference, to discuss the inputs received from CEA & Cost Committee to further decide regarding award of the project to the L1 bidder. All the members of the Bid Evaluation Committee were present.

2. The BEC, in its previous meeting held on 03.06.2024 noted that the tariff discovered after e-RA Le. Rs. 13,148.08 million is 97.27% higher than the tariff computed as per prevailing CERC norms and had recommended the following

a) To refer the matter to CEA/CTU to assess the urgency for finalizing the transmission project under the present bidding process.

b) To refer the matter to the Cost Committee for review of cost estimates of the project.

3. In response to BPC letter dated 06.06.2024, CEA vide letter dt. 24.06.2024 (copy enclosed) has conveyed the following:

i. The instant transmission project is interlinked with Khavda Phase -IV (7 GW) Part A, B and D schemes Le, these projects are to be implemented in the same time-frame for optimum utilization of the planned system.

ii. As on date, total GNA of 24.7 GW RE Power has already been granted at Khavda RE Park to the various RE generation developers. To evacuate the power from Khavda RE Park, the subject transmission schemes are required to be implemented in a time bound manner. CTUIL has granted the GNA with start date of Jan 26 or with the commissioning of said transmission system, whichever is later.

4. Subsequently Cost Committee meeting was held on 27.06.2024 where in it was deliberated that in the original cost estimate, Right of Way (RoW) compensation for transmission lines were calculated based on the terrain wise per km rates available in CTUIL. cost matrix of Mar, 2023 price level, which are not reflecting the actual Right of Way (Row) compensation for transmission lines being paid by the Transmission Service Provider (TSP) in Gujrat & Maharashtra. Accordingly, RECPDCL was advised to get the information from MSETCL & GETCO regarding latest Row compensation cost.

Based on the inputs received, 2nd cost committee meeting was held on 23.7.2024 wherein the cost estimate has been revised from Rs. 4731.06 Crore to Rs. 7,110.81 Crore (i.e., total upward variation of Rs. 2379.75 Crore). Minutes of the meeting is enclosed as Annexure 2.

5. Further, BPC in their evaluation report has confirmed the following:

a) Lowest annual transmission charges of Rs. 13,148.08 Million has been discovered through 54 rounds of electronic reverse auction. The revised estimated annual transmission charges is Rs. 9,576.51 million which is computed based on the revised estimated cost as finalised by cost committee and as per prevailing CERC norms.

b) The entire bid process has been carried out in accordance with the "Tariff based Competitive Bidding Guidelines for Transmission Service" and "Guidelines for encouraging competition in development of the Transmission Projects" issued by Ministry of Power, Govt. of India under Section 63 of the Electricity Act, 2003 as amended from time to time.

6. The BEC deliberated and observed that based on the revised cost, the variation between L-1 discovered tariff (Le, Rs. 13,148.08 million) and tariff as computed based on CERC norms (Le, Rs. 9,576.51 million) has come down to 37.29% from 97.27%. Further BEC also observed that the transmission charges have been discovered through a transparent bidding process involving e-reverse auction.

7. BPC appraised BEC that following parameters might have contributed to higher tariff quoted by the bidders, which could not be measured in terms of financial values:

i. For Substation:

a. The land identified for Boisar-11 Substation is falling under tahsil Vikramgad of Palghar district. Vikramgad tehsil has over 30-40 percent of its area under forest cover. As acquisition of land for substation is non-linear in nature, getting forest clearance for diversion of land will take substantial time and will also increase the environmental impact of the project. Additionally, the proposed land for Boisar-II Substation is also in Schedule V, thus adding an additional layer of conditionality i.e. approval of Gram Sabha. RFCTLARR Act, 2013.

b. Transformers and Reactors: There are supply chain issues with limited OEMs for 765 KV Transformer & Reactors, Further, there is high Price Variation risk built up due to increased vulnerability in commodity prices.

c. Gas Insulated Substation: There are only few OEMs for 765 KV GIS. Further, there is 14-18% rise in commodity prices (Al/Copper/Steel) in last 1 year, leading to increase in prices.

d. STATCOM: There are limited OEMs for STATCOM and limited capacity are availability due to large STATCOM and HVDC in pipeline.

ii. For Transmission Line Scope:

a. There are high volatility in commodity prices leading to higher material costs (Aluminium/Copper/Steel) and price variation forecasts. (Increased vulnerability in commodity prices (14-18%) in last one year).

b. There are higher project overhead costs due to additional resource deployment for completion of work in constrained timelines of 24 months.

8. Based on the above deliberations, BEC recommends to go ahead with issuance of the Letter of Intent (LOI) to the successful bidder based on the tariff discovered through e-Reverse Auction held on 16.05.2024.

9. In view of the above, BEC recommended the following:

a) M/s Sterlite Grid 38 Limited, with the lowest annual transmission charges of Rs. 13,148.08 million, is the successful Bidder after the conclusion of the electronic reverse auction.

b) The transmission charges have been discovered through a transparent bidding process and is acceptable.

c) In view of (a) and (b) above, the Letter of Intent (LOI) may be issued to M/s Sterlite Grid 38 Limited.

10. The certificate by BEC to be forwarded to CERC for adoption of tariff in terms of Section 63 of the Electricity Act, 2003 is attached at Annexure 3.”

30. Bid Evaluation Committee (BEC) vide its certificate dated 5.8.2024 certified as under:

“It is certified that:

- a. The entire bid process has been carried out in accordance with the “Tariff based Competitive Bidding Guidelines for Transmission Service” and “Guidelines for encouraging competition in development of the Transmission Projects” issued by Ministry of Power, Govt. of India under Section 63 of the Electricity Act, 2003 and as amended from time to time.*
- b. M/s Sterlite Grid 38 Limited, with the lowest annual transmission Charges of Rs. 13,148.08 Million, emerged as the successful Bidder after the conclusion of electronic reverse auction.*
- c. The transmission charges of Rs. 13,148.08 Million discovered after electronic reverse auction is acceptable.”*

31. In the light of the discussions in the preceding paragraphs, it emerges that the selection of the successful bidder and the discovery of the annual transmission charges of the Project has been carried out by the BPC through a transparent process of competitive bidding in accordance with the Guidelines issued by the Ministry of Power, Government of India under Section 63 of the Act. BEC has certified that the process is in conformity with the Ministry of Power Guidelines. BEC, in its certificate dated 5.8.2024, has certified that M/s Sterlite Grid 38 Limited has emerged as the successful bidder after the conclusion of the e-reverse auction with the lowest transmission charges of Rs. 13,148.08 million. The Bid Process Coordinator (BPC) was directed to submit an affidavit within three weeks explaining the reasons for awarding the project despite the quoted transmission charges of Rs. 13,148.08

million being 37.29% higher than the estimated annual transmission charges as per prevailing CERC norms. BPC, vide affidavit dated 22.11.2024, has submitted that all transmission projects for evacuation of 7 GW power from Khavda RE park shall be implemented in the same time frame for optimum utilization of the planned system. The final lowest tariff was discovered after 54 rounds of bidding in the e-Reverse Auction. Considering the urgency/necessity of the scheme as per inputs provided by CEA, reasons indicated for variations and healthy competition during the e-Reverse Auction, the BEC recommended the award of the project to the L1 bidder, i.e., M/s Sterlite Grid 38 Limited. Based on the certification of the BEC, we approve and adopt the single annual transmission charges of Rs. 13,148.08 million as per the final offer of the successful bidder subject to the grant of transmission licence to the Petitioner company. The transmission charges shall remain valid throughout the period covered in the TSA.

32. The sharing of the transmission charges by the designated ISTS customers (DICs) shall be governed 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.

33. Extract copy of this order shall be sent to the Nodal agency, CTUIL.

34. Petition No. 341/AT/2024 is disposed of in terms of the above.

Sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member

sd/-
(Jishnu Barua)
Chairperson