

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

- 1. Shri Ashok Basu, Chairman**
- 2. Shri K.N. Sinha, Member**

Petition No. 40/2003

In the matter of

Application for grant of transmission licence to Tala Delhi Transmission Company Ltd.

And in the matter of

Tala Delhi Transmission Company Ltd., New Delhi **Applicant**

The following were present:

1. Shri S. Garg, DGM(JV), PGCIL
2. Shri Akhil Kumar, PGCIL
3. Shri Ashwani Nain, PGCIL
4. Shri S. Gopal, Manager (F), PGCIL
5. Shri U.K. Tyagi, DGM, PGCIL
6. Shri P.C. Pankaj, PGCIL
7. Shri C. Kannan, PGCIL
8. Shri A.K. Nagpal, PGCIL
9. Shri K. Daulet singh, POWERLINKS
10. Shri S. Das, POWERLINKS
11. Shri R.K. Agarwal, POWERLINKS
12. Shri S.K. Jain, POWERLINKS
13. Shri S. Sachdev, POWERLINKS
14. Shri S.A. Chandan, POWERLINKS
15. Shri Utpal Dhar, POWERLINKS
16. Shri Y. Agarwal, KPTL
17. Shri Kuljit Singh, Ernst & Young for the Applicant

**ORDER
(DATE OF HEARING: 15.9.2003)**

This application has been filed under sub-section (1) of Section 15 of the Electricity Act, 2003 (the Act) for grant of transmission licence.

2. Section 14 of the Act empowers the Commission to grant a licence to any person to transmit electricity as a transmission licensee on an application made under Section 15. Sub-section (2) of Section 15 provides that any person who has made an application for grant of licence, shall within 7 days after making such

application, publish a notice of his application with such particulars and in such manner as may be specified and a licence shall not be granted until the objections, if any, received before the expiration of 30 days from the date of publication of the notice have been considered. The procedure prescribed under sub-section (3) of Section 15 further lays down that a person intending to act as a transmission licensee shall immediately on making the application forward a copy of such application to the Central Transmission Utility or the State Transmission Utility, as the case may be. As per sub-section (4) of Section 15, the Central Transmission Utility or the State Transmission Utility, as the case may be, shall, within 30 days after receipt of the copy of the application send its recommendations, if any, to the appropriate Commission. Sub-section (5) of Section 15 further provides that before granting a licence under Section 14, the appropriate Commission shall publish a notice in two such daily newspapers as the Commission may consider necessary, stating the name and address of the person to whom it proposes to issue the licence and consider all suggestions or objections and recommendations, if any, of the Central Transmission Utility, or State Transmission Utility, as the case may be, before granting the licence.

3. It has been submitted by the petitioner that the power generated from 1020 MW Tala Hydro-electric Project constructed in Bhutan is to be wheeled to the constituents of Eastern and Northern Region. The Tala Transmission System was envisaged for establishing the specific transmission lines for evacuation of power from Tala Hydroelectric Project. The scope of work for the Tala Transmission System includes:

- (i) Siliguri – Purnea 400 kV D/C (Quad. Conductor) 162 Km
- (ii) Purnea-Muzaffarpur (New) 400 kV D/C

	(Quad. Conductor)	242 Km
(iii)	Muzaffarpur (New) – Gorakhpur 400 kV D/C (Quad. Conductor)	233 Km
(iv)	Gorakhpur - Lucknow 400 kV D/C (Twin Conductor)	277 Km
(v)	Bareilly – Mandola 400 kV D/C (Twin Conductor)	237 Km
(vi)	Muzaffarpur (New) – Muzaffarpur (BSEB) 220 kV (Twin Conductor)	20 Km

4. As per the petition, Power Grid Corporation of India Ltd. (the Powergrid) had invited bids for selection of its joint venture partner for establishing the transmission lines associated with the Tala Transmission System and the Tata Power Company Limited was selected as a joint venture partner by the Powergrid. The joint venture has been registered by the name of Tala Delhi Transmission System, the petitioner herein, with the Powergrid holding 49% equity and Tata Power holding balance of 51% equity. It is stated that the techno-economic clearance for the project was issued to the Power Grid by CEA on 18.4.2002 at an estimated constant price cost of Rs.2202.74 Crore including IDC of Rs.292.16 Crore (1st Quarter of 2001 price level) and estimated completed cost of Rs.2454.55 Crore including IDC of Rs.313.09 Crore. The transmission system, including the sub-stations has received the approval of the Central Government at an estimated cost of Rs.1980.70 crore including IDC of 217.92 Crore (2nd quarter of 2002 price level). Accordingly, the present application for grant of transmission licence has been filed in terms of Central Electricity Regulatory Commission (Procedure, terms and conditions for grant of transmission licence and other related matters) Regulation, 2003, issued under Electricity Act 1910, as amended from time to time (the Regulations). This was done by the petitioner as regulations

on the subject under the Electricity Act, 2003 have not yet been notified by the Commission.

5. It has been stated on behalf of the petitioner that a public notice as required under Sub-section (2) of Section 15 of the Act was published in different newspapers on 31.7.2003, but neither any person has inspected the application and other documents filed before the Commission for grant of transmission licence nor has any objection been received. The copies of the public notices were shown by the petitioner during the hearing but these are yet to be placed on record. We direct that these may be filed duly supported by an affidavit within one week, giving the particulars of the newspapers wherein the public notice was published.

6. The Central Transmission Utility under its letter dated 21.8.2003 has recommended grant of transmission licence to the petitioner for the lines associated with the Tala Transmission System, as required under Sub-section (4) of Section 15 of the Act.

7. Based on material on record we propose to issue the transmission licence to the petitioner as prayed for. We, therefore, direct Secretary, CERC that a public notice under Sub-section (5) of Section 15 be published in two daily newspapers. The suggestions or objections, if any, to the proposal for grant of licence may be filed by any person before the Commission within 15 days of publication of such notice. A final view on grant of licence shall be taken thereafter on consideration of the suggestions or objections, if any. The copy of the notice directed to be

issued under Sub-section (5) of Section 15 of the Act shall also be sent to the state beneficiaries in the Eastern and Northern Regions.

8. It is clarified that the petitioner shall be liable to pay licence fee as per Regulations notified under Electricity Act, 1910 for the time being. Once the regulations under Electricity Act, 2003 are published, the petitioner shall be liable to pay difference in the licence fee, if any.

9. The representative of the Powergrid Shri S. Garg submitted that the BPTAs were already finalised with some of the state utilities while the negotiations were in advanced stages in other cases. We direct that copies of BPTAs already signed be placed on record by the petitioner within one week and in other cases the status of the negotiations being conducted shall be indicated in the affidavit.

10. It has been stated by the petitioner that its investment decision has been influenced by the observations made by the Commission in its order dated 21.12.2000 on the issue of return on equity, according to which the petitioner should be entitled to ROE at the rate of 16% throughout the life of the transmission system. The petitioner has further sought an assurance that 10% TMF approved by the Commission vide notification dated 21.9.2001 shall also remain applicable throughout the life of the project. Also, the petitioner by its affidavit filed on 12.9.2003 has pointed out that the cost of the project is likely to increase. It is submitted that the increased cost should form the basis for approval of tariff since in the Regulations, it is already notified that tariff in such cases will be determined on cost-plus basis.

11. We have given our thought to the above noted issues raised on behalf of the petitioner. We are of the opinion that the issues raised are not germane to grant of licence for inter-state transmission, the subject matter of the present application. The tariff as and when the transmission system is ready, will be determined in accordance with the terms and conditions applicable at the relevant time. Therefore, at this stage we refrain from making any observation or comment on the merits of any of these issues. Needless to say that in the process of regulating tariff the Commission may take into consideration all the relevant factors, including the prudence of the cost incurred.

12. It has also been submitted on behalf of the petitioner that the lenders have raised certain issues which were being discussed with them. The representative of the petitioner stated that a separate petition on the concerns expressed by the lenders will be filed under Section 18 of the Act, 2003. The representative of the petitioner, however, unequivocally stated that the mention regarding Return on Equity, TMF and lenders' concerns are not the preconditions for grant of licence.

13. List the petition on 17.10.2003.

**Sd/-
(K.N. SINHA)
MEMBER**

**Sd/-
(ASHOK BASU)
CHAIRMAN**

New Delhi dated the 19th September 2003