

CENTRAL ELECTRICITY REGULATORY COMMISSION

(NEW DELHI)

Petition No. 02/SM/2022 (Suo-Motu)

Coram:

Shri P.K. Pujari, Chairperson

Shri I.S. Jha, Member

Shri Arun Goyal, Member

Shri P.K. Singh, Member

Date of Order: 25.02.2022

In the matter of

An interim mechanism for meeting and accounting the manpower and other expenses of Central Transmission Utility of India Limited (CTUIL) pursuant to segregation of CTU function from Power Grid Function of India Limited vide Gazette Notification dated 09.03.2021

ORDER

Ministry of Power, vide Gazette Notification dated 09.03.2021 notified 'Central Transmission Utility of India' (CTUIL), a Government Company and wholly owned Subsidiary of Power Grid Corporation of India Limited (PGCIL) as the 'Central Transmission Utility' (CTU) to undertake and discharge all functions of CTU under the Electricity Act, 2003 (in short, "the Act") or any regulations or directions of the Central Commission or Authority or any other directions or functions prescribed by the Central Government in that regard.

Background

2. Central Transmission Utility (CTU) came into existence through the Electricity Regulatory Commission Act, 1998 and PGCIL was designated as CTU by Government of India on 31.12.1998 for a period of five years. Section 2(10) of the Electricity Act, 2003 provides that the "*Central Transmission Utility means any Government Company which the Central Government may notify under sub-section*

(1) of Section 38” of the Act. Accordingly, Government of India notified continuation of PGCIL as CTU under the Electricity Act, 2003 vide its notification dated 27.11.2003.

3. Section 38(2) of Act elucidates the functions of CTU as under:

“(2) The functions of the Central Transmission Utility shall be -

- a) to undertake transmission of electricity through inter-State transmission system;*
- b) to discharge all functions of planning and co-ordination relating to inter-State transmission system with –*
 - (i) State Transmission Utilities;*
 - (ii) Central Government;*
 - (iii) State Governments;*
 - (iv) generating companies;*
 - (v) Regional Power Committees;*
 - (vi) Authority;*
 - (vii) licensees;*
 - (viii) any other person notified by the Central Government in this behalf;*
- c) to ensure development of an efficient, co-ordinated and economical system of inter-State transmission lines for smooth flow of electricity from generating stations to the load centres;*
- d) to provide non-discriminatory open access to its transmission system for use by-*
 - (i) any licensee or generating company on payment of the transmission charges;*
 - or*
 - (ii) any consumer as and when such open access is provided by the State Commission under sub-section (2) of section 42, on payment of the transmission charges and a surcharge thereon, as may be specified by the Central Commission.”*

4. Ministry of Power vide Office Memorandum dated 20.05.2015 constituted a committee to look into the provisions of Electricity Act, 2003 related to functions of CTU and to recommend on the segregation of functions of CTU from PGCIL along with a timeline so that CTU can perform impartially and sustain financially. A separate entity was proposed by the Committee.

5. As per letter dated 17.06.2020 of Ministry of Power, Government of India addressed to PGCIL, a new company was to be incorporated under Companies Act,

2013, as a wholly Government owned Company to carry out functions of CTU as under:

(a) Setting up Central Transmission Utility Limited (CTUIL) as a 100% subsidiary of PGCIL with separate accounting and Board Structure;

(b) Separation of the 100% subsidiary Central Transmission Utility Limited into an wholly owned Government of India company within 6 months or till the completion of formalities for creation of the aforementioned new CTU Ltd.

(c) Creation of separate revenue stream for CTUIL to be duly addressed through appropriate Regulation to be issued by CERC and in the meanwhile, PGCIL to take care of budgetary requirement of CTUIL and all the expenses in this regard shall be maintained separately.

6. Further, to finalize the modalities for separation of CTU from PGCIL, a Committee was constituted by Ministry of Power, GOI vide order dated 22.06.2020. The Committee, considering the creation of separate Central Transmission Utility Limited (CTUIL) in two phases, recommended the following manpower at different level for the first phase considering the functions CTU is currently discharging:

Level	E9	E7-E8	E5-E6	E2-E4	NETS (Non-Executive Technical Staff)	Support Staff	Total
Number	3	19	31	65	14	16	148

7. The Committee further recommended that to operationalize the new CTUIL, manpower (with relevant experience) may be taken from POWERGRID, RECTPCL, PFCCCL and CPES Cadre and in future, CTUIL would need to develop its own cadre in a phased manner.

8. Accordingly, Central Transmission Utility of India Limited (CTUIL), a 100% subsidiary of PGCIL has been incorporated on 28.12.2020. Further, Ministry of Power, Government of India vide Gazette Notification dated 09.03.2021 notified the

Central Transmission Utility of India Limited, as the 'Central Transmission Utility', within the meaning of sub-section (10) of section 2 of the Act, to undertake and discharge all functions of Central Transmission Utility. In terms of order of Ministry of Power, the Central Transmission Utility of India Limited started functioning as wholly owned subsidiary of PGCIL with effect from 01.04.2021 and is discharging the functions of CTU in terms of Section 2(10) of the Act.

Decision

9. In brief, the functions of CTU as stipulated under Electricity Act, 2003, various regulations of this Commission, the Standards & Regulations of the Central Electricity Authority and the policy documents issued by Ministry of Power, are as under:

- a) Section 38 of the Electricity Act, 2003, specifies the functions of CTU.
- b) Section 9 of the Electricity Act, 2003 entrusts CTU with the task of determining availability of transmission capacity for granting open access to captive generating plants.
- c) Section 14 of the Electricity Act, 2003 specifies CTU to be deemed transmission licensee.
- d) Section 40 of the Electricity Act, 2003 specifies the duties of transmission licensee.
- e) Section 15 of the Electricity Act, 2003 requires that recommendations of CTU are required for grant of transmission licence.
- f) National Electricity Policy entrusts upon CTU the responsibility of network planning and development based on the National Electricity Plan of CEA, in coordination with all concerned agencies as provided in the Electricity Act, 2003.
- g) In the Regulations framed by this Commission pertaining to Connectivity; LTA (long term access) and MTOA (medium-term open access); Cross Border Trade of Electricity; Communication System for inter-State transmission of electricity; Regulatory Approval for execution of Inter State Transmission schemes; sharing of inter-State transmission charges and losses; billing,

collection & disbursement of ISTS charges; Tariff Regulations; Planning Regulations; grant of transmission licence; Grid Code etc., CTU has been assigned the roles and functions.

h) CEA Regulations/ Standards pertaining to Installation and Operation of interface Meters, Technical standards for connectivity to the grid, Technical Standards for Communication System in Power System Operations also specifies certain functions of CTU.

i) CEA Regulations/ Standards pertaining to Installation and Operation of interface Meters, Technical standards for connectivity to the grid, Technical Standards for Communication System in Power System Operations also specify certain functions of CTU.

10. CTU has also proposed the following functions for itself:

a) Carrying out survey for route of transmission line and location of sub-station for projects based on TBCB (tariff based competitive bidding) prior to bidding.

b) Ministry of Power may award projects of exempted categories on nomination basis to CTUIL, which in turn will assign these projects to PGCIL/ other transmission licensee through Concession Agreement.

c) Nodal Agency for signing of TSA (transmission service agreement) for projects to be implemented through TBCB route.

d) Fair valuation of RTM (regulated tariff mechanism) and TBCB assets after validity of transmission license gets over and for carrying out bidding.

e) Quality Monitoring, Design Checking, Testing Inspection and project coordination through Independent Engineer for ISTS projects.

f) To provide Technical Specification (TS) for RTM projects as is being provided for TBCB projects in order to have uniformity for all ISTS projects.

11. As per information submitted by CTU, at present the total manpower engaged in CTUIL is 83 consisting of 77 Executive Employees and 6 Non-Executive employees. These employees have been taken from PGCIL and posted to CTUIL.

12. It has been also brought to our notice that the proposal to establish CTUIL as a wholly owned Government of India Company is still under consideration of the

Central Government. Therefore, it is not possible at this stage to finalise the norms for Fees and Charges of CTU for discharging various functions under the Act and therefore, frame appropriate Regulation for a separate revenue stream, as suggested in the letter dated 17.6.2020 of the Ministry of Power. Therefore, as suggested in the said letter, in the interim, PGCIL shall take care of the budgetary requirement of CTUIL with all the expenses in this regard maintained separately. The Commission, therefore, is of the view that it is appropriate to put in place a mechanism for meeting the expenses of CTUIL through PGCIL.

13. The Commission observes that as the employees posted in CTUIL have been taken from PGCIL and functions being carried out by CTUIL were being undertaken by PGCIL prior to the separation of CTU, the expenditure on the employees and other related expenditure has already been included in O & M expenditure being provided to PGCIL through orders in various tariff petitions for the period 2019-24 filed before the Commission. We, therefore, order that expenses related to such employees and other related expenses of CTUIL shall continue to be taken care of by PGCIL for the period till 31.3.2024 or until further orders, whichever is earlier. For this purpose, PGCIL and CTUIL shall maintain separate and proper accounts for expenditure incurred and keep the same reconciled.

14. Petition No.02/SM/2022 is disposed of in terms of the above.

Sd/
(P. K Singh)
Member

Sd/
(Arun Goyal)
Member

Sd/
(I. S. Jha)
Member

Sd/
(P. K. Pujari)
Chairperson