

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 149/TL/2022

Coram:

Shri I. S. Jha, Member

Shri Arun Goyal, Member

Shri P. K. Singh, Member

Date of order: 20th July, 2022

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 with respect to grant of transmission licence to Khetri-Narela Transmission Limited.

And

In the matter of

Khetri-Narela Transmission Limited,

(Now known as 'Powergrid Khetri-Narela Transmission Limited')

B-9, Qutab Institutional Area,

Katwaria Sarai, New Delhi 110 016

.....**Petitioner**

Vs.

1. Chief General Manager (IPC),

Southern Power Distribution Company of Telangana Limited,

TSSPDCL, Corporate Office,

6-1-50, Mint Compound

Hyderabad -500063

2. Chief General Manager (IPC&RAC),

Northern Power Distribution Company of Telangana Limited,

H.No: 2-5-31/2, Vidyut Bhawan,

Nakkalagutta, Hanamkonda,

Telangana 506001

3. Chief Executive Officer,

PFC Consulting Limited,

9th Floor, A-Wing, Statesman House,

Connaught Place, New Delhi – 110001

4. Chief Operating Officer,

Central Transmission Utility of India Limited,

Saudamini, Plot No.2,

Sector-29, Gurugram-122001, Haryana

Parties present:

Shri Burra Vamsi Rama Mohan, KNTL
Shri V. C. Sekhar, KNTL
Ms. Supriya Singh, KNTL
Shri Neeraj Singh, PFCCL
Shri Sanjay Naik, PFCCL
Shri Manish Agrawal, PFCCL
Ms. Nirmala Meena, PFCCL
Shri Harish Bhakuni, PFCCL
Shri Kashish Bhambani, CTUIL
Shri Yatin Sharma, CTUIL
Shri Swapnil Verma, CTUIL
Shri Siddharth Sharma, CTUIL
Shri Ranjeet Singh Rajput, CTUIL
Ms. Kavya Bhardwaj, CTUIL

ORDER

The Petitioner, Khetri-Narela Transmission Limited, has filed the present Petition for grant of transmission licence under Section 14 of the Electricity Act, 2003 (hereinafter referred to as “the Act”) readwith the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Transmission Licence and other related matters) Regulations, 2009 (hereinafter referred to as “Transmission Licence Regulations”) to establish “Transmission System Strengthening Scheme for Evacuation of Power from Solar Energy Zones in Rajasthan (8.1 GW) under Phase-II Part-G” (hereinafter referred to as “Project”) on Build, Own, Operate and Maintain (BOOM) basis comprising of the following elements:

<i>Sr. No.</i>	<i>Name of the Transmission Element</i>	<i>Scheduled COD in months from Effective Date</i>	<i>Percentage of Quoted Transmission Charges recoverable on Scheduled COD of the Element of the Project</i>	<i>Element(s) which are pre-required for declaring the commercial operation (COD) of the respective Element</i>
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1.	<p><i>Establishment of 765/400 kV, 3X1500 MVA GIS substation at Narela with 765 kV (2x330 MVA) bus reactor and 400 kV (1x125 MVA) bus reactor</i></p> <p><i>765/400 kV, 1500 MVA ICT –3 nos.</i></p> <p><i>765/400 kV, 500MVA spare ICT (1-phase) – 1 no.</i></p> <p><i>765 kV ICT bays–3 nos.</i> <i>400 kV ICT bays–3 nos.</i> <i>765 kV line bays- 4 nos. (GIS)</i> <i>330 MVA, 765 kV bus reactor-2 nos.</i> <i>765 kV bus reactor bay – 2 nos.</i> <i>110 MVA, 765 kV, 1-Ph Bus Reactor (spare unit) -1 no.</i> <i>125 MVA, 420 kV bus reactor-1 no.</i> <i>420 kV bus reactor bay- 1 no.</i> <i>330 MVA, 765 kV line reactor- 2 nos.</i> <i>Switching equipment for 765 kV reactor– 2 nos.</i></p> <p><i>(1x110 MVA spare reactor at Narela to be used as spare for Khetri-Narela 765 kV D/c line)</i></p> <p><i><u>Future provisions:</u> Space for 765/400kV ICTs along with bays: 1 nos.</i></p> <p><i>765 kV line bays along with switchable line reactor: 6 nos.</i></p> <p><i>400 kV line bays: 6+4 nos.</i></p> <p><i>765 kV reactor along with bays:2 nos.</i> <i>400/220 kV ICTs along with bays:8 nos.</i> <i>220 kV line bays: 12 nos.</i> <i>400 kV bus reactor along with bays:2 nos.</i></p>	18 Months from Effective Date or June 2022, whichever is later	100%	Elements marked at Sl. No. 1 to 4 are required to be commissioned simultaneously as their utilization is dependent on commissioning of each other.
2.	<p><i>Khetri – Narela 765 kV D/c line</i></p> <p><i>1x330MVA Switchable line reactor for each circuit at Narela end of Khetri- Narela 765 kV D/c line</i></p>			
3.	<p><i>2 nos. of 765 kV line bays at Khetri for Khetri- Narela 765 kV D/c line</i></p>			
4.	<p><i>LILO of 765 kV Meerut- Bhiwani S/c line at Narela</i></p>			

Note:

- i. *Developer of Khetri substation to provide space for 2 no of 765 kV bays at Khetri substation along with the space for 2 no of line reactors.*
- ii. *Future Space provision to be kept for 2 Nos Bus Coupler bay: (1 no. for each Bus section) & 2 nos. Bus Sectionalizer (1 no. for each main Bus).*

2. The Petitioner has made the following prayers:

“(a) Grant Transmission Licence to the Applicant; and

(b) Allow the sharing and recovery of Transmission Charges for Transmission System Strengthening Scheme for Evacuation of Power from Solar Energy Zones in Rajasthan (8.1 GW) under Phase-II Part-G as per Sharing of Inter-state Transmission Charges and Losses CERC Regulations 2020 and any other amendment thereon issued from time to time by CERC.

(c) Pass such other order / orders, as may be deemed fit and proper in the facts & circumstances of the case.”

Hearing dated 5.7.2022

3. The matter was called out for virtual hearing on 5.7.2022. Notice was issued to the respondents to file their reply within two weeks. However, no reply has been filed by the Respondents.

4. The Petitioner has submitted that in accordance with the “Guidelines for Encouraging Competition in Development of Transmission Projects” and “Tariff Based Competitive Bidding Guidelines for Transmission Service” (hereinafter referred to as “the Guidelines”) issued by Ministry of Power, Government of India, under Section 63 of the Act, PFC Consulting Limited (hereinafter referred to as “PFCCL”) was notified by Ministry of Power, Government of India vide Notification No. 354 dated 27.1.2020 as the Bid Process Coordinator (hereinafter referred to as “BPC”) for the purpose of selection of bidder as Transmission Service Provider (hereinafter referred to as “TSP”) to establish “Transmission System Strengthening Scheme for Evacuation of Power from Solar Energy Zones in Rajasthan (8.1 GW) under Phase-II Part-G”

through tariff based competitive bidding process on BOOM basis.

5. PFCCL in its capacity as the BPC initiated the bid process on 6.3.2020 and completed the same on 11.5.2022 in accordance with the Guidelines. Power Grid Corporation of India Limited (PGCIL) was selected as the successful bidder having quoted the lowest levelized transmission charges of Rs. 1484.06 million per annum in order to provide transmission service to the identified Long-Term Transmission Customers (LTTCS) of the Project, namely, Southern Power Distribution Company of Telangana Limited and Northern Power Distribution Company of Telangana Limited, as specified in the TSA.

6. At RfP (non-financial) stage, three bidders, namely, Power Grid Corporation of India Limited, Sterlite Grid 27 Limited and Adani Transmission Limited submitted their offers. The RfP (Non-Financial) bids of the three bidders were opened in the presence of representatives of the bidders on 4.1.2022 and all three bidders qualified at RfP (non-financial) stage. Based on the recommendation of the Bid Evaluation Committee (BEC), the RfP (Financial) Bids-Initial Price Offer of the three bidders were opened on 3.2.2022. Lowest Initial Price Offer discovered (Best Deal) at MSTC portal was Rs. 1662.08 million per annum. Based on the recommendation of BEC, all three bidders were qualified to participate in the e-reverse auction stage. However, only two bidders participated for e-reverse auction. E-reverse auction was carried out at MSTC portal on 4.2.2022 and the following levelised transmission tariff for two bidders (in ascending order) emerged:

Sl. No..	Name of Bidder	Levelised Transmission Charges from the Final Offer (Rs.in Million)	Rank
1.	Power Grid Corporation of India Limited	1484.06	L-1
2.	Sterlite Grid 27 Limited	1487.81	L-2

7. As per the Bid Evaluation Report dated 14.2.2022, Power Grid Corporation of India Limited emerged as the successful bidder with the lowest levelised transmission charges of Rs. 1484.06 million per annum. BEC vide its certificate dated 14.2.2022 has certified that entire bid process has been carried out in accordance with the Guidelines issued by the Ministry of Power under Section 63 of the Act. BEC has further certified that the levelised tariff computed on the basis of rates quoted by the successful bidder during e-reverse auction is lower than the levelised tariff calculated based on CERC norms. Therefore, the levelised tariff discovered through e-reverse auction is acceptable.

8. Consequent to its selection as the lowest bidder, Letter of Intent (LoI) was issued to Power Grid Corporation of India Limited by the BPC on 28.2.2022 which was accepted by Power Grid Corporation of India Limited. Under the terms of Request for Proposal (RfP) and the Letter of Intent, the successful bidder is obligated to accomplish the following tasks:

- (a) Provide Contract Performance Guarantee in favour of Long-Term Transmission Customers (LTTCs);
- (b) Execute Share Purchase Agreement and all other RfP documents;
- (c) Acquire, for the Acquisition Price, 100% share equity share holding of Khetri- Narela Transmission Limited from PFCCL along with all its related assets and liabilities;
- (d) Make an application to this Commission for adoption of transmission charges, as required under Section 63 of the Act; and

(e) Apply to this Commission for grant of transmission licence;

9. The Petitioner has furnished the Contract Performance Guarantee (CPG) for an aggregate value of Rs. 31.01 crore on 11.5.2022 and has acquired hundred percent equity holding in Khetri-Narela Transmission Limited on 11.5.2022. Accordingly, the Transmission Service Agreement (TSA) dated 7.12.2021 executed between the TSP and the LTTCs became effective from 11.5.2022.

10. Section 14 of the Act provides that the Appropriate Commission may, on an application made under Section 15 of the Act, grant a licence to any person to transmit electricity as a transmission licensee in any area as may be specified in the licence. The word “person” has been defined in Section 2(49) of the Act to include any company or body corporate or association or body of individuals, whether incorporated or not, or artificial juridical person. The Petitioner has been incorporated under the Companies Act, 2013. The main object of the Petitioner Company is 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, wheeling of power in accordance with the policies, guidelines and objectives laid down by the Central Government from time to time”.

11. Section 15 (1) of the Act provides that every application under Section 14 of the Act shall be made in such manner and in such form as may be specified by the Appropriate Commission and shall be accompanied by such fees as may be prescribed. The Central Commission has specified Transmission Licence