

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 225/TL/2024

Coram:

**Shri Jishnu Barua, Chairperson
Shri Ramesh Babu V., Member**

Date of order: 16th October, 2024

In the matter of:

Petition under Sections 14 & 15 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 for Augmentation of 2x500 MVA, 400/230kV transformation capacity (3rd & 4th ICTs) at Karur PS on Regulated Tariff Mechanism (RTM) route.

And

In the matter of

**Karur Transmission Limited,
C 105, Anand Niketan,
New Delhi-110021.**

..... **Petitioner**

Vs.

**1. JSW Renew Energy Limited,
JSW Centre,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400051.**

**2. POWERGRID Corporation of India Limited,
Chief Executive Officer, CTU Planning,
Saudamini, Plot No.2, Sector-29,
Gurgaon-122001.**

..... **Respondents**

Parties present:

Shri Prashant Kumar, KTL
Shri Sidharth Sharma, CTUIL
Shri Akshayvat Kishan, CTUIL

ORDER

The Petitioner, Karur Transmission Limited, (hereinafter referred to as 'Petitioner/KTL'), 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 Augmentation of "2x500 MVA, 400/230kV transformation capacity (3rd & 4th ICTs) at Karur PS on RTM route" (hereinafter referred to as the 'transmission scheme/project'). The scope of the project for which a transmission licence has been sought is as follows:

SN	Name of the scheme and Implementation timeframe	Estimated Cost (₹ Crores)	Remark
1	Augmentation of 2x500 MVA, 400/230 kV transformation capacity (3 rd & 4 th ICTs) at Karur PS Tentative Implementation timeframe: 18 months	115	Approved to be implemented under RTM by Karur Transmission Limited

Detailed scope of the Scheme is given below:

SN	Scope of the Transmission Scheme	Capacity/ km
1	Augmentation of 2x500 MVA, 400/230 kV transformation capacity (3 rd & 4 th ICTs) at Karur PS	i. 500 MVA, 400/230 kV ICTs – 2 Nos. ii. 400 kV ICT bay – 2 Nos. iii. 230 kV ICT bay – 2 Nos.

2. The Petitioner has made the following prayers:

“(a) Grant Separate Transmission Licence to the Applicant for implementation of “Augmentation of 2x500 MVA, 400/230kV transformation capacity (3rd & 4th ICTs) at Karur PS” on Regulated Tariff Mechanism (RTM) basis with detailed scope as per para 8 above.

(b) Allow the Applicant liberty to approach the Hon'ble Commission for determination of transmission charges for the aforementioned additional scope in Transmission license in accordance with Section 61, 62 of the Electricity Act, 2003.

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

3. The Petitioner company was incorporated as a special purpose vehicle by PFC Consulting Limited (PFCCL) as part of the Tariff Based Competitive Bidding (TBCB) process for implementing the “Transmission Scheme for evacuation of power from RE sources in Karur/Tiruppur Wind Energy Zone (Tamil Nadu) (1000 MW) under Phase-I”. Adani Energy Solutions Limited (hereinafter referred to as ‘AESL’) (Previously known as Adani Transmission Limited (ATL) participated in the competitive bidding process conducted by PFCCL, and upon emerging as the successful bidder, a Letter of Intent (LOI) was issued by PFCCL to AESL on 22.12.2021. In accordance with the bidding documents, AESL acquired 100% of the shareholding in the Petitioner Company by executing a Share Purchase Agreement with PFCCL on 18.1.2022. TSP entered into a Transmission Service Agreement (TSA) with LTTCS on 18.1.2022. The Commission, vide its order dated 13.5.2022 in Petition No. 102/TL/2022, granted a transmission licence to the Petitioner Company for inter-State transmission of electricity to establish the transmission project “Transmission Scheme for evacuation of power from RE sources in Karur/Tiruppur Wind

Energy Zone (Tamil Nadu) (1000 MW) under Phase-I. The scope of the project is as under:

SN	Name of the Transmission Element	Scheduled COD in months from Effective Date
1	<p>Establishment of 2x500 MVA, 400/230 kV Karur Pooling Station (at a location in between Karur Wind zone and Tiruppur wind zone)</p> <p>4 Nos. of 230kV line bays for interconnection of wind projects</p> <ul style="list-style-type: none"> • 2x500MVA, 400/230kV ICTs • 400kV ICT bay – 2 nos. • 230kV ICT bay – 2 nos. • 400kV line bay – 4 nos. • 400kV reactor bay – 2 nos. • 230kV line bays – 4 nos. • 230kV Bus coupler bay- 1 no.* • 230kV Transfer Bus Coupler (TBC) bay - 1 no.* <p>Space provision for Phase-II:</p> <ol style="list-style-type: none"> i. 400/230kV ICTs along with bays: 3 nos. ii. 230kV line bays: 5 nos. iii. 230 kV Bus Sectionaliser bays: 2 nos. <p>Future provisions (Additional Space for):</p> <ol style="list-style-type: none"> i. 400/230kV ICTs along with bays: 3 nos. ii. 400kV line bays: 6 nos. <p>230kV line bays: 7 nos.</p>	<p>Matching with schedule of RE developers or 18 months from the date of transfer of SPV whichever is later.</p>
2	<p>LILO of both circuits of Pugalur – Pugalur (HVDC) 400 kV D/c line (with Quad Moose ACSR Conductor) at Karur PS.</p>	
3	<p>2x125 MVA, 400 kV Bus reactors at Karur PS.</p>	

Note:

** To fulfil the requirement of bus switching scheme.*

4. Subsequently, NCT approved the Augmentation of 2x500 MVA, 400/230 kV transformation capacity (3rd & 4th ICTs) at Karur PS on the Regulated Tariff Mechanism (RTM) to Karur Transmission Limited. Thereafter, Central Transmission Utility of India Limited (CTUIL) has issued an Office Memorandum dated 12.3.2024 to the Petitioner

wherein CTUIL has approved and nominated the Petitioner to implement the transmission scheme Augmentation of 2x500MVA, 400/230kV transformation capacity (3rd & 4th ICTs) at Karur PS.

5. The Petitioner has submitted that after the grant of a separate transmission licence, the Petitioner shall proceed to implement the transmission scheme under RTM mode. The estimated cost of the transmission scheme as per the 18th meeting of NCT dated 5.3.2024 is Rs.115 crore. After completion of the transmission scheme, the Petitioner shall approach the Commission for the determination of 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.

Hearing dated: 25.7.2024

6. During the course of the hearing, the learned counsel of the Petitioner submitted that the Petitioner company has complied with all the requirements under the 2009 Transmission Licence Regulations, and CTUIL has also submitted its recommendations for the grant of a transmission licence to the Petitioner under RTM mode under Section 15(4) of the Act. The representative of CTUIL submitted that CTUIL has already recommended granting a separate transmission licence to the Petitioner company.

7. Vide Record of Proceedings for the hearing dated 25.7.2024, notices were issued to Respondents to file their reply. However, no reply has been received from them.

Analysis and Decision

8. We have considered the submissions of the Petitioner and CTUIL. The Petitioner has filed the present petition for the grant of a separate transmission licence for

augmentation of the 2x500 MVA, 400/230kV transformation capacity (3rd & 4th ICTs) at Karur PS on the RTM route.

9. The Ministry of Power, Government of India, vide its letter dated 28.10.2021, issued terms of reference to the NCT and, *inter alia*, directed that the NCT will approve the ISTS costing between Rs.100 crore to Rs.500 crore or such limit as prescribed by the Ministry of Power from time to time, along with their mode of implementation under intimation to the Ministry of Power. The Ministry of Power further directed that ISTS costing less than or equal to Rs.100 crore, or such limit as prescribed by the Ministry of Power from time to time, will be approved by the Central Transmission Utility of India Limited (CTUIL) along with the mode of implementation under intimation to the NCT and the Ministry of Power, Government of India. The relevant portion of the said order dated 28.10.2021 is extracted as under:

*“2. Terms of Reference (ToR) of the NCT are as under: i.******

VIII. The NCT shall recommend to Ministry of Power (MoP) for implementation of the ISTS for projects with cost more than Rs 500 crore, along with their mode of implementation i.e. Tariff Based Competitive Bidding (TBCB) / Regulated Tariff Mechanism (RTM), as per the existing Tariff Policy. However, the NCT shall approve the ISTS costing between Rs.100 crore to Rs.500 crore or such limit as prescribed by MoP from time to time, along with their mode of implementation under intimation to MoP. The ISTS costing less than or equal to Rs.100 crores, or such limit as prescribed by MoP from time to time, will be approved by the CTU along with their mode of implementation under intimation to the NCT and MoP. After approval of the ISTS by the NCT or the CTU (as the case may be), the TBCB project shall be allocated to Bid Process Coordinators through Gazette Notification, while the RTM project shall be allocated to CTU.”

10. The subject transmission scheme was discussed and agreed upon in the 18th NCT meeting held on 5.3.2024. Based on the same, CTUIL, vide its Office Memorandum dated

12.3.2024, approved the subject transmission scheme under the Regulated Tariff Mechanism (RTM) mode and informed regarding the name of the implementing agency, viz. the Petitioner. The relevant portion of the said Office Memorandum dated 12.3.2024 is extracted as under:

“Sub: Implementation of ISTS Transmission/Communication Schemes approved by NCT in its 18th meeting held on 31-01-2024 under Regulated Tariff Mechanism (RTM).”

NCT vide letter dated 11.03.2024 has awarded various ISTS Transmission/Communication schemes for its implementation under RTM mode by the respective implementing agencies as indicated in the table below:

Sl. No.	Name of Transmission Scheme	Implementation Agency
<i>I. ISTS schemes costing between Rs. 100 crore To Rs. 500 crore</i>		
1.	<i>Augmentation of 2x500MVA, 400/230kV transformation capacity (3rd & 4th ICTs) at Karur PS.</i>	<i>Karur Transmission Ltd. (a subsidiary of Adani Energy Solutions Ltd.)</i>

The implementing agency shall enter into a concession agreement with CTUIL for implementation of aforementioned Transmission Schemes. However, pending finalization of Concession Agreement, it is requested to initiate necessary actions for implementation of the aforementioned Transmission Schemes.”

11. 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 judicial person. The Petitioner company has been incorporated under the Companies Act 2013 and is already a transmission licensee. The main objective 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 state, 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”

12. Regulation 7 of the Transmission Licence Regulations,2009 read with the order dated 22.1.2022 passed in Petition No.1/SM/2022 [whereby the Commission, in the exercise of ‘Power to Relax’ under Regulation 24 of the Transmission Licence Regulations, modified/amended Clauses (4), (7), (9) and (12) and dispensed with Clause (10) of Regulation 7], provides for the procedure for the grant of a transmission licence as under:

“(1) The application for grant of licence shall be made to the Commission in Form-I appended to these regulations and shall be accompanied by such fees as may be prescribed by the Central Government from time to time.

(2) In case of the person selected for implementation of the project in accordance with the guidelines for competitive bidding, the application shall also contain such additional information, as may be required under these guidelines.

(3) The application shall be supported by affidavit of the person acquainted with the facts stated therein.

(4) Before making an application, the applicant shall submit the original application in electronic form along with annexures and enclosures on the e-filing portal of the Commission so that the same is served electronically on all the long- term customers of the project registered on the e-filing portal of the Commission. Also, a copy of the same be served through e-mail on the long-term customers of the project not registered on the e-filing portal of the Commission. Further, the applicant shall also post the complete application along with annexures and enclosures in English and in the vernacular language, on its website.

(5) The application shall be kept on the website till such time the licence is issued or the application is rejected by the Commission.

(6) Immediately on making the application, the applicant shall forward a copy of the application to the Central Transmission Utility.

(7) The applicant shall, within 7 days after filing the application, post the application on the e-filing portal of the Commission and on its website in Form-II attached to these regulations in English language and in Vernacular language of the State or Union Territory where an element of the project or a long-term customer is situated, inviting comments from the general public.

(8) As far as possible, within 7 days of receipt of the application the Secretariat of the Commission shall convey defects, if any, if noticed on preliminary scrutiny of the application for rectification and the defects conveyed shall be rectified by the applicant in such time as may be indicated in the letter conveying the defects.

(9) In the notice published on the e-filing portal of the Commission and on the applicant's website under clause (7) it shall be indicated that the suggestions and objections, if any, on the application, may be filed before the Secretary, Central Electricity Regulatory Commission, Third Floor, Chanderlok Building, Janpath, New Delhi-110001 (or the address where the office of the Commission is situated), with a copy to the applicant, by any person, including the long-term customers, within 30 days of publication of the notice.

.....
(10) The Central Transmission Utility shall send its recommendations, if any, to the Commission on the proposal made in the application within a period of thirty days from the date of receipt of application by it:

Provided that copy of the recommendations, if any, made by the Central Transmission Utility shall always be forwarded to the applicant:

Provided further that these recommendations of the Central Transmission Utility shall not be binding on the Commission.

(11) The applicant may file its comments, duly supported by an affidavit, on the recommendations made by the Central Transmission Utility and the suggestions and objections, if any, received in response to the notice posted on the e-filing portal of the Commission and on the applicant's website by him, within 45 days of service of copy of the application on the Central Transmission Utility or publication of notice posted on the e-filing portal of the Commission and on the applicant's website, with an advance copy to the Central Transmission Utility or the person who has filed the suggestions and objections on the proposal made in the application, as the case may be.

(12) The Commission after considering the suggestions and objections received in response to the public notice published by the applicant and the recommendations, if any, of the Central Transmission Utility may, propose to grant transmission licence or for reasons to be recorded in writing, reject the application.

13. The Petitioner has filed the present Petition for the grant of a transmission licence in accordance with the Transmission Licence Regulations. The Petitioner has submitted proof of web posting of the complete application. On perusal of the application, it is also noted that the Petitioner has served a copy of the application on the LTTCs for the Project.

14. The Petitioner has made the application as per Form-I prescribed in the Transmission Licence Regulations. The Petitioner posted its application on its website in Form-II in English and Gujarati. It has been submitted by the Petitioner that no objection has been received in response to the public notices.

15. The Petitioner has served a copy of the application on CTUIL as required under Section 15(3) of the Act and Regulation 7(6) of the 2009 Transmission Licence Regulations read with Regulations 5 (9) of the 2024 Transmission Licence Regulations. CTUIL, vide its letter dated 17.7.2024, has recommended the grant of a transmission licence to the Petitioner. The relevant portion of the said letter dated 17.7.2024 is extracted as under:

“This has reference to petition filed M/s Karur Transmission Limited for grant of Transmission License for subject transmission scheme against the application / petition filed to CERC. In this regard, following is submitted:

*1. M/s Karur Transmission Limited has filed application / petition under Section 14 & 15 of the Electricity Act, 2003 and CERC (Procedure, Terms and Conditions for grant of Transmission License and other related matters) Regulations, 2009 for grant of transmission license to establish Transmission Scheme “Augmentation of 2x500 MVA, 400/230 kV transformation capacity (3rd & 4th ICTs) at Karur PS” under RTM mode. The detailed scope of the scheme is enclosed at **Annexure-I**.*

2. In reference to the subject Transmission Scheme following is submitted:

i) Karur PS has been implemented by M/s Karur Transmission Limited (a subsidiary of Adani Energy Solutions Ltd.) through TBCB route and is under operation with transformation capacity of 1000 MVA (2x500 MVA ICTs).

ii) *The Connectivity of about 1112 MW has been granted to RE generation projects at Karur PS. The 1x500 MVA, 400/230kV ICT (3rd) is required for connectivity to RE generation projects and 1x500 MVA, 400/230kV ICT (4th) is required for meeting the N-1 contingency criteria.*

iii) *Accordingly, augmentation of 2x500 MVA, 400/230 kV transformation capacity (3rd & 4th ICTs) at Karur PS was discussed and agreed for integration of RE generation projects and meeting the N-1 contingency criteria in the 27th CMETS-SR held on 30.01.2024. Extracts of the minutes of 27th CMETS-SR is enclosed at **Annexure-II**.*

iv) *The National Committee on Transmission (NCT) in its 18th meeting held on 31.01.2024 has recommended the implementation of the subject transmission scheme through RTM route. Extracts of the minutes of 18th NCT meeting is enclosed at **Annexure-III**.*

v) *NCT vide its letter dated 11.03.2024 had approved the implementation of the above scheme under RTM (Copy of CEA letter is enclosed at **Annexure-IV**). Subsequently, CTU vide letter dated 12.03.2024 has communicated the same to M/s Karur Transmission Limited. The Commissioning schedule of the scheme is 18 months (i.e. 12.09.2025) from the date of CTU communication. Copy of CTU letter is enclosed at **Annexure-V**.*

3. *In line with Section 15(4) of the Electricity Act, 2003, based on details furnished by M/s Karur Transmission Limited, CTU recommends grant of transmission license to M/s Karur Transmission Limited for executing the transmission scheme "Augmentation of 2x500 MVA, 400/230 kV transformation capacity (3rd & 4th ICTs) at Karur PS" as mentioned in Para-1 above."*

16. We have considered the Petitioner's submission. The Petitioner has filed the present Petition for the issuance of a separate transmission licence for "Augmentation of 2x500 MVA, 400/230 kV transformation capacity (3rd & 4th ICTs) at Karur PS".

17. Section 14 of the Act provides that the Appropriate Commission may, on an application made to it under Section 15, grant a licence to any person to transmit electricity as a transmission licensee in any area as may be specified in the licence. Section 16 of the Act provides that the Appropriate Commission may specify any general or specific

conditions which shall apply either to a licensee or a class of licensees, and such conditions shall be deemed to be conditions of such licence. The Commission has specified the Transmission Licence Regulations. Regulation 6 of the said Regulation lays down the eligibility criteria for the grant of a transmission licence as under:

“6. Eligibility for Grant of licence:

(a) No person shall be eligible for grant of licence unless it is—(a) selected through the process under the guidelines for competitive bidding, or

(b) a State owned or controlled company identified as a project developer on or before 5.1.2011, or

(c) a generating company which has established the dedicated transmission line, and intends to use such dedicated transmission line as the main transmission line and part of the inter-State transmission system.”

18. In the present case, the Petitioner does not fulfil any of the eligibility conditions for the grant of a transmission licence. However, the subject transmission scheme has been approved by CTUIL vide its OM dated 12.3.2024, and the scheme was allocated to the Petitioner under RTM mode. The non-grant of a transmission licence to any agency nominated by the MoP to implement a transmission scheme through a regulated tariff mechanism in view of the provisions of Regulation 6 defeats 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.

19. 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”.

20. 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 Ministry of Power, Government of India, vide its letter dated 28.10.2021, issued terms of reference to the NCT and, *inter alia*, directed that the NCT will approve the ISTS costing between Rs.100 crore to Rs.500 crore or such limit as prescribed by the Ministry of Power from time to time, along with their mode of implementation under intimation to the Ministry of Power. The Ministry of Power, vide its letter dated 28.10.2021, directed the NCT to approve the ISTS costing between Rs.100 crore to Rs.500 crore or such limit as prescribed by the Ministry of Power from time to time, along with their mode of implementation under intimation to the Ministry of Power. Pursuant to the direction of the Ministry of Power, CTUIL, vide its Office Memorandum dated 12.3.2024, 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.

21. 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 **30.10.2024**.

22. The Petition shall be listed for hearing on **5.11.2024**.

Sd/-
(Ramesh Babu V.)
Member

sd/-
(Jishnu Barua)
Chairperson