

Before the  
**MAHARASHTRA ELECTRICITY REGULATORY COMMISSION**  
World Trade Centre, Centre No.1, 13th Floor, Cuffe Parade, Mumbai - 400 005  
Tel. No. 022 22163964/65/69 – Fax 022 22163976  
E-mail [mercindia@mercindia.org.in](mailto:mercindia@mercindia.org.in)  
Website: [www.mercindia.org.in](http://www.mercindia.org.in)

**Case No. 138 of 2008**

In the matter of  
**Application of M/s. Adani Power Maharashtra Limited for grant of Transmission  
Licence for development of 400 kV Tiroda - Koradi and Tiroda - Warora double  
circuit Transmission lines.**

**Shri V P Raja, Chairman  
Shri. A. Velayutham, Member  
Shri. S. B. Kulkarni, Member**

M/s Adani Power Maharashtra Limited

Registered office:

Adani House

Near Mithakali Six Roads

Navrangpura, Ahmedabad 380 009

..... Applicant

**ORDER**

**Dated: July 6, 2009**

M/s Adani Power Maharashtra Limited (APML) submitted an application to the Commission on February 6, 2009 in accordance with Section 14 of Electricity Act, 2003 and MERC (Transmission Licence Conditions) Regulations, 2004 as amended in 2006 (“Transmission Licence Conditions Regulations”) for grant of Transmission Licence for transmission of electricity on the following transmission lines and related bays:

- 400 KV Double Circuit transmission Line with quad conductor from Tiroda (Gondia) to proposed 400 KV Koradi-II substation
- 400 KV Double Circuit transmission Line with quad conductor from Tiroda (Gondia) to proposed 400 KV Warora Switching Station
- 4 Nos., 400 KV bays for the above two Double Circuit transmission lines at Tiroda Project switchyard



- 2 Nos. 400 KV bays for Tiroda-Koradi-II Double Circuit transmission lines at Koradi-II sub station
- 2 Nos. 400 KV bays for Tiroda-Warora Double Circuit transmission lines at Warora switching station

2. M/s Adani Power Maharashtra Limited (APML), in its application stated that the applicant (APML), was a 100% subsidiary of Adani Power Limited (APL), and was engaged in development of 1980 MW (3X660 MW) thermal power project at Tiroda (Gondia). The applicant further submitted that the above mentioned generation project was in an advanced state of construction and was scheduled to be commissioned from April 2011 to December 2011 in a phased manner. The applicant further submitted that, out of the net generation from the power plant, 1320 MW power was already committed to MSEDCL through competitive bidding and the negotiations with Industrial consumers/ other distribution licensees were in progress for sale of the remaining generation. The applicant further submitted that it had requested STU to plan a suitable transmission system for evacuation of power from Tiroda power project and based on the system studies undertaken, the above mentioned transmission lines, have been planned by STU and included in their State Transmission Network Plan 2008-09 - 2012-13 .

The applicant further submitted that considering the need/urgency for the transmission system to be in position for evacuation of power from the project, APML had expressed willingness to develop the transmission system as “Transmission Licensee” in order to ensure its completion, matching with the first unit of the thermal Power project. The applicant further stated that STU, vide its letter No. MSETCL/CO/STU/302B/929 dated January 20, 2009 had requested APML to undertake construction of the above transmission system.

The applicant further stated that the walk-over survey on the route of the transmission lines had been undertaken by APML and the necessary data about terrain, water table etc. had been compiled. Based on these data, the preliminary Feasibility report (PFR) had been prepared with the following cost estimation:

Preliminaries and compensation for ROW	Rs 18/- Crores
Transmission Lines	Rs. 748/- Crores
Substation Bays	Rs. 50/- Crores
Overheads	Rs. 142/- Crores
Estimated IDC	Rs. 98/- Crores/-
Total Estimated Cost Rs. 1056/- Crores .	

The applicant submitted that the cost estimates in the Pre-feasibility Report (PFR) are prepared on line length assessment through walk-over survey and taking per km rate of transmission line on average basis. As such, these are tentative cost estimates. The applicant further submitted that final completion cost would be based on tendered rates and actual quantities of material and works and other expenditure.



The applicant indicated the following time schedule of activities involved in the transmission system project :

<u>Activity</u>	<u>Start</u> - <u>Completion</u>
Transmission Licence and Act related approvals	Feb 2009 – May 2009
Detailed route survey	Feb 2009 – May 2009
Forest clearance	June 2009- March 2010
Bid & Award of contracts	Feb 2009 – August 2009
Design & Engineering incl. Type tests	Aug 2009 – Dec 2009
Supplies & execution of work	Nov 2009 – Feb 2011
Commissioning of Tiroda-Koradi D/C line	Feb 2011
Commissioning of Tiroda-Warora D/C line	April 2011

3. The applicant submitted the following documents along with its application:

- i) Copy of letter dated January 17, 2009 from APML for allotment of Transmission capacity in intra-state transmission system through open access as Annexure – I.
- ii) Pre-feasibility Report for Transmission system for Power Evacuation from Tiroda Thermal Power Station (3X660 MW) as Annexure – 3.
- iii) Memorandum and Articles of Association of Adani Power Maharashtra Limited as Appendix- I.
- iv) Management information (provided in respect of operations, projects, Commercial, finance, regulatory, HR and IT functions), enclosed as Appendix - II
- v) The following Route alignment maps:
  - a) Route Alignment map of Tiroda - Koradi 400 kV D/C Line, enclosed as Appendix -III.
  - b) Route Alignment map of Tiroda - Warora 400 kV D/C Line, enclosed as Appendix -III.
- vi) Audited Balance Sheet of Adani Power Maharashtra Limited and Cash Flow Statement for the period from April 11, 2007 to March 31, 2008 as Appendix –IV.
- vii) Annual report of Adani Power Limited for FY 2006-07 and FY 2007-08 as Appendix -V and Appendix -VI.

4. Based on preliminary scrutiny of the application in accordance with Regulation 5.1 of the Transmission Licence Conditions Regulations, the Commission vide its letter MERC/LEG/PET1408/1590/Case 138 of 08/462 dated February 25, 2009, directed Adani Power Maharashtra Limited to submit clarifications regarding the following data gaps noted therein:



- i) The applicant did not enclose the copies of the notice published by APML in newspapers in conformity with the provisions of Regulation 6.1 of the MERC Transmission License Conditions
- ii) The applicant did not enclose the Accounting Statement for the year 2005-06
- iii) The applicant did not indicate the details of experience of the management team in HR and IT fields
- iv) The applicant had not confirmed regarding having sent a copy of the said application to STU and further, it did not enclose the copy of the confirmation letter received by APML from STU after scrutiny of the same.

5. APML vide its letter APML/MERC/License/040309 dated March 4, 2009, in reply to the above queries raised by the Commission, took the following action:

- i) Submitted the copies of the notice published by APML in two English and two Marathi newspapers as per the proforma prescribed by the Commission;
- ii) Submitted the Annual report of Adani Power Limited for FY 2005-06 and clarified that the company Adani Power Limited was originally incorporated on August 22, 1996 and its name was changed to Adani Power Limited on April 12, 2007;
- iii) Submitted the details of experience of the management team in HR and IT fields;
- iv) Confirmed that hard as well as soft copies of their application to the Commission along with all other submissions were sent to STU.

6. The Commission vide its Notice dated March 30, 2009 scheduled a Technical Validation Session (TVS) to be held on 9<sup>th</sup> April 2009, in the presence of the four consumer representatives authorised on a standing basis under Section 94(3) of the EA 2003 to represent the interest of the consumers in the proceedings before the Commission. The Commission also directed the Petitioner to serve a copy of its Petition, along with its accompaniments, to the State Transmission Utility (STU) and the four consumer representatives.

7. The Technical Validation session (TVS) in the matter was held on 9<sup>th</sup> April 2009 as scheduled. M/s APML were represented by Shri R K Madan of APML and his team. During the TVS no consumer representative was present. Shri N.R. Sonkawade, (Executive Engineer) represented the STU. During the TVS, M/s APML informed that the construction of their 3 X 660 MW Thermal power station at Tiroda(Gondia) was at an advanced stage and the proposed transmission facility was required to evacuate power from the said thermal power plant. M/s APML gave a presentation regarding the proposed project, highlighting the progress of the project till date. The Commission enquired with M/s APML regarding progress of the Route Survey for the proposed Transmission Lines, whereupon, M/s APML confirmed that the detailed Route Survey was complete and the report of the same would shortly be submitted. M/s APML also



confirmed that the process of acquiring Right-of-way for the said transmission project was in progress.

8. Subsequent to the TVS, the Commission vide its letter MERC/LEG/PET/1408/1590/Case 138 of 08 769 dated April 21, 2009 directed APML, to furnish clarifications and submit the necessary information pertaining to the following data gaps noted during TVS:

- i) Submit copy of the detailed route survey of the Transmission lines and the most optimum route of the proposed transmission lines.
- ii) Submit Board Resolution and Undertaking towards a clear demarcation of Transmission and Generation business of the applicant.

9. In reply to the above queries raised by the Commission, M/s APML submitted a supplementary affidavit with clarifications as given below:

- i) Submitted a Copy of detailed route survey of Tiroda-Warora transmission line and Tiroda-Koradi Transmission line and summary reports of detailed route survey alongwith recommendations for optimum route of transmission lines submitted to STU for approval.
- ii) Confirmation that a clear demarcation will be maintained between generation and transmission business activities by maintaining separate accounts for the purpose of regulating the transmission activity.
- iii) Copy of Board Resolution and Undertaking from parent company Adani Power Limited confirming the following resolution made at the board meeting of Adani Power Maharashtra Ltd (the Company) as follows:

*“Resolved that the company requested Adani Power Limited to invest to the extent of 30% of the Rs 1065/- Crores (project cost) in form of equity of the company and accept the equity contribution to the tune of Rs. 352/- Crores to be made by M/s Adani Power Limited (Holding Company) for the proposed transmission line project of the company at a cost of Rs 1065/- Crores, at Tiroda(Gondia)-Warora and Tiroda(Gondia)-Koradi”*

The applicant also submitted a copy of “Undertaking” furnished by Shri Rajesh S. Adani, Managing Director of Adani Power Limited, that the Holding Company, Adani Power Limited shall make Equity Contribution of Rs 352/- Crores, i.e. 30% of the Project Cost of the subsidiary Company towards the project equity capital, for the Project.

10. The Commission vide its letter MERC/LEG/PET/1408/1590/Case 138 of 08 /773 dated April 21, 2009 directed The State Transmission Utility (STU) to submit its recommendations along with detailed techno-economic justifications for the proposed transmission lines.



11. In reply to the above letter, Chief Engineer- STU vide its letter MSETCL/CO/STU/302B/6091 dated May 5, 2009 submitted that STU had already issued consent to M/s. Adani Power Maharashtra Limited for construction of the transmission lines related to evacuation of power, as the proposed arrangement of transmission line is most optimal and technically feasible. STU further informed that they had also advised APML to follow competitive bidding procedure for development of transmission lines project.

12. As required under Section 15(5)(a) of the EA 2003, a notice was published by the Commission in two Marathi and two English newspapers, stating the details of the proposed transmission project and inviting the public to submit to the Commission any suggestions or objections with reference to the said application of M/s APML, by June 8, 2009.

13. The Public Notice as above and soft copy of the application were also posted on the Commission's internet website, and at the same time, the Applicant was also directed to publish the same on its internet website. It was also intimated vide the above mentioned Public Notice that the Public Hearing in the matter would be held on Wednesday, June 15, 2009, at 11:00 hours at the Commission's office at World Trade Centre, Cuffe Parade, Mumbai 400 005.

14. The Commission did not receive any comments or objections/suggestions in response to the above mentioned notice till the end of the specified date of June 8, 2009 for receipt of objections/comments/suggestions. Further, no objection/comment was received even till the date of the hearing, viz., June 15, 2009.

15. The Public Hearing in the matter was held on June 15, 2009. Shri R. K. Madan represented M/s Adani Power Maharashtra Limited. No representative from any of the four consumer representatives authorised on a standing basis under Section 94(3), was present during the Public Hearing.

16. During the Public Hearing M/s APML stated that the detailed Route survey had projected more than one possible routes for the transmission lines and the process of selection of the best option was in progress. The Commission enquired regarding the progress of the process of acquiring the Right-of-way for the entire Transmission project and obtaining clearance from the Ministry of Environment and Forests. M/s APML stated that they were working on the same. The Commission observed that in view of a considerable extent of approval processes still being in progress, M/s APML will have to manage all aspects of the project efficiently by paying special attention to Project management, Cash flow for Equipment procurement and Equipment erection programme so that the activities were sequenced in the best possible way and the costs, borrowings and interests-during-construction (IDC) thereon were kept to a minimum.



17. The Commission asked M/s APML regarding cost optimisation procedure that would be followed for the project. M/s APML clarified that they had made suitable packages for the erection work and the jobs would be awarded to the pre-qualified contractors on competitive bidding basis. M/s APML also confirmed that the hardware such as conductors, insulators etc would be procured by M/s APML through competitive bidding. M/s APML clarified that as they had no prior experience regarding stringing of quad-formation 400 kV conductors, they had requested for help to M/s Powergrid corporation , who had agreed to recommend a few pre qualified contractors, who would bid competitively for the jobs.

18. As there were no objections from any one and no other presentation from the Petitioner, the Public Hearing was concluded.

19. The Commission has scrutinised all the submissions made by the petitioner and has carried out a detailed evaluation of the eligibility of the applicant as against the technical requirement, capital adequacy, and managerial and administrative capability to fulfil the requirements of Sections 14 and 15 of the EA 2003 and Transmission Licence Conditions Regulations. Having considered the material placed on record, the Commission is of the view that the applicant satisfies the technical, commercial and financial requirements to qualify for the grant of transmission licence for the following transmission projects as applied for by the Applicant in accordance with Transmission Licence Conditions Regulations:

- i) 400 KV Double Circuit transmission line with quad conductor from Tiroda (Gondia) to Koradi – II Substation.
- ii) 400 KV Double Circuit transmission line with quad conductor from Tiroda (Gondia) to Warora switching Station.
- iii) 2 Nos. 400 KV bays for Tiroda-Koradi-II Double Circuit lines at Koradi-II sub station
- iv) 2 Nos. 400 KV bays for Tiroda-Warora Double Circuit lines at Warora switching station

20. In view of the above, the Commission hereby grants transmission licence for a period of 25 years to M/s Adani Power Maharashtra Limited (M/s APML) for the proposed transmission lines as per the application filed by the Applicant, as above. The Transmission Licence shall come into effect from the date of issuance of this Order.

21. The Commission observes that capital cost of the transmission project should be optimised and grant of licence does not in any way mean approval of the cost and other details of the proposed project by the Commission. Accordingly, the Commission rules that the following conditions shall form part of Specific Conditions of Transmission Licence to be specified by regulations under Section 16 of the EA 2003:



- a) **Construction of Transmission system through Competitive procurement basis**  
The construction and commissioning of the transmission system shall be executed through suitable packages and contracts for these packages shall be awarded through Competitive Bidding basis.
- b) The Commission also notes that the procedure for obtaining authorization under Section 164 of the EA 2003 requires to be complied with by APML. Accordingly, APML shall cause the transmission scheme to be published in the Official Gazette of GoM and in at least two local daily newspapers along with a notice of the date, not being less than two months after the date of such publication, before which any interested person may make a representation on such scheme. APML shall take into consideration the objections/ representations, before finalizing the optimal route alignment. Thereafter APML shall submit a certificate along with an application under Section 164 to this effect. APML will submit to the Central Electricity Authority the following documents:
- (i) Newspaper publications of Scheme.
  - (ii) Authenticated maps showing the details of selected route alignment of the transmission lines.
  - (iii) Justification of the selection of the route alignment.

APML may visit the website of the Ministry of Power for obtaining the format for publication of the transmission scheme in local daily newspapers inviting observations /representation from public.

22. The Commission directs the transmission licensee (M/s Adani Power Maharashtra Limited) to submit progress report about project completion status on quarterly basis until commissioning and commercial operation of the transmission project.

23. Accordingly, the Commission directs that the applicant be granted the transmission licence as above and the licence be issued by the Secretary. The Commission directs its registry that a copy of the same be forwarded to the Government of Maharashtra, all electricity transmission licensees and distribution licensees in the State of Maharashtra, the Central Electricity Authority, the concerned Local authorities/self governments (Municipal bodies) of the cities/towns through which the transmission line passes, and a copy be posted on the Internet website of the Commission. The Commission also directs that the aforesaid Specific Conditions of Transmission Licence of APML be specified by regulations under Section 16 of the EA 2003. Such conditions shall be deemed to be conditions of licence of APML.

24. The grant of licence shall be subject to the applicant complying with the provisions of the EA 2003, the rules framed by the Appropriate Government, applicable regulations and all tariff parameters specified under the Tariff Regulations by the





Commission, guidelines for in-principle clearance of proposed investment schemes, and all applicable statutes.

25. The Commission directs M/s Adani Power Maharashtra Limited to submit its application for approval of capital expenditure schemes and Petition for approval of Annual Revenue Requirement, separately, within 90 days from grant of the Transmission Licence based on the Capital Work In Progress (CWIP) and in accordance with provisions under MERC (Terms and Conditions of Tariff) Regulations, 2005. The approved ARR shall form a part of the Total Transmission System Costs (TTSC) of the intra-State Transmission system to be recovered from the Transmission System Users in accordance with the principles of Transmission Pricing framework to be applicable from time to time and as per the prevalent rules and regulations.

Accordingly, Case No. 138 stands disposed of.

Sd/-  
(S.B. Kulkarni)  
Member

Sd/-  
(A. Velayutham)  
Member

Sd/-  
(V. P. Raja)  
Chairman



(P.B. Patil)  
Secretary, MERC