

THE ORISSA TRANSMISSION AND BULK SUPPLY LICENCE 1997 (NO.2/97)

(As amended vide OERC Order Dt. 31.03.99 in Case No. 21/98)

Grid Corporation of Orissa Limited
Registered Office: Janpath, Bhubaneswar – 751 022, Orissa

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SCHEDULE - 1

[Area of Transmission and Bulk Supply](#)

Licence granted by the Orissa Electricity Regulatory Commission under Section 15 of the Orissa Electricity Reform Act, 1995 (2 of 1996) to GRID CORPORATION OF ORISSA LIMITED, JANPATH, BHUBANESWAR - 751 022 (GRIDCO) for carrying out the business of Transmission and Bulk Supply of electrical energy within the Area of Transmission and Bulk Supply and with the powers and upon the terms and conditions specified in the licence.

Part I: Preliminary

1. Short Title

1.1 This licence may be called "**The Orissa Transmission and Bulk Supply Licence, 1997 (2/97)**".

2. Definitions

2.1 The words, terms and expressions to which meanings are assigned by the [Orissa Electricity Reform Act, 1995 \(2 of 1996\)](#), shall have the same meanings in this licence.

2.2 Words, terms and expressions used in this licence which are not defined in this licence or in the [Orissa Electricity Reform Act, 1995 \(2 of 1996\)](#) shall have the meanings given to them in the **Indian Electricity Act, 1910 (9 of 1910)** and the **Electricity (Supply) Act, 1948 (54 of 1948)**.

2.3 In this licence unless the context otherwise requires:

2.3 In this licence unless the context otherwise requires:

"Act"	means the Orissa Electricity Reform Act, 1995 (2 of 1996) ;
"Affiliate"	means in relation to the Licensee, any Holding Company or Subsidiary of the Licensee, or any Subsidiary of a Holding Company of the Licensee;
"Area of Transmission and Bulk Supply"	means the geographic area referred to in Schedule 1 of this licence within which the Licensee is Authorised by this licence to carry out Transmission and Bulk Supply;
"Auditors"	means the Licensee's auditors for the time being in accordance with the requirements of sections 224 to 234A of the Companies Act, 1956(1 of 1956);
"Authorised"	in relation to any person, business or activity means authorised by licence granted under Section 15 or exemption granted under Section 16 of the Act;
"Bulk Supply"	means the supply of electricity to other licensees for distribution by them;
"Bulk Supplier"	means any person who is Authorised to carry out Bulk Supply and functions ancillary to Bulk Supply;
"Bulk Supply Business"	means the Authorised business of Bulk Supply of electricity including activities ancillary to Bulk Supply;
"Consumer"	means the end or final user of electricity supplied

	by the Distribution and Retail Supply Licensee or by any other Authorised person;
"Customer"	means any Electricity Operator supplied with electricity for resale and includes any Distribution and Retail Supply Licensee;
"Distribution"	means the transportation of electricity by means of a Distribution System;
"Distribution and Retail Supply Business"	means the Authorised business of Distribution and Retail Supply of electricity including activities ancillary to Distribution and Retail Supply;
"Distribution Code"	refers to and includes Distribution (Planning and Operation) Code and Orissa Electricity Regulatory Commission Distribution (Conditions of Supply) Code, 1998 , issued by the Commission;
"Distribution System"	means any system, consisting mainly of cables, service lines and overhead lines, electrical plant and meters having design voltage of 33 kV and lower and used for the transportation of electricity from a Transmission System or Generating stations or other points to the point of delivery to end-users taking any supply of electricity at voltage of 33kV and lower and includes any electrical plant and meters in connection with Distribution;
"Electricity Operator"	means a licensee including Bulk Supplier; or a person who owns or operates a generating station or Authorised person connected to the Transmission System;
"Generator Inter-connection Facilities"	means any transformers, busbars, switchgear, plant or other apparatus utilised in order to connect any Generating station to the Transmission System and/or any Distribution System;
"Grid Code"	refers to the Grid Code approved by the Commission;
"Licensee"	refers to The Grid Corporation of Orissa Limited;
"Power Supply Operating Standards"	refer to power supply operating standards approved by the Commission pursuant to Condition 20;
"Power Supply Planning and Security Standards"	refer to power supply planning and security standards approved by the Commission pursuant to Condition 20;
"Regulations"	refer to regulations issued by the Commission under the Act;
"Retail Supply"	means the provision of electricity to Consumers;
"Separate Business"	means each of the Transmission Business, the Bulk Supply Business, Distribution and Retail Supply Business and any non-core activity authorised from time to time by the Commission,

	each taken separately and from any other business of the Licensee or any Affiliate of the Licensee;
"Supplier"	means any Electricity Operator who carries out or provides Bulk Supply or Retail Supply;
"Supply"	means the provision of electricity by way of Bulk Supply or Retail Supply or both;
"Total System"	means the Generator Interconnection Facilities, the Transmission System and the Distribution Systems of all Electricity Operators which are located in the Area of Transmission and Bulk Supply;
"Transmission"	means the transportation of electricity at voltage of 66KV and above;
"Transmission Business"	means the Authorised business of transmission of electricity including activities ancillary to Transmission;
"Transmission Licensee"	means any person who is Authorised to carry out Transmission and Bulk Supply;
"Transmission Operating Standards"	refer to Transmission Operating Standards approved by the Commission pursuant to Condition 20;
"Transmission Planning and Security Standards"	refer to Transmission Planning and Security Standards approved by the Commission pursuant to Condition 20;
"Transmission System"	means the system consisting of extra high voltage electric lines, having design voltage of 66KV and higher owned and/or operated by the Licensee for the purposes of the transportation of electricity from one power station to a substation or to another power station or between substations or to or from any external interconnection including 33/11 kV bays/equipment up to the interconnection with the Distribution System, any plant and apparatus and meters owned or used in connection with Transmission, and such buildings or part thereof as may be required to accommodate such plant, apparatus, other works and operating staff thereof;
"Use of System"	Means use of the Transmission System for the transfer of electricity by any Supplier pursuant to a contract entered into under the terms of Condition 22.

2.4 References in this licence to Paragraphs, Conditions, Parts and Schedules shall, unless the context otherwise requires, be construed as references to conditions, paragraphs and parts of, and schedules to, this licence.

3. Terms of Licence

3.1 The Commission, in exercise of the powers conferred by Section 15 of the Act, hereby grants to the Licensee a licence for Transmission and Bulk Supply in the Area of Transmission and Bulk Supply during the period specified in Paragraph 3.3, subject to the conditions (the "Condition") of this licence.

3.2 The Conditions are subject to modification or amendment in accordance with the provisions of this licence or in accordance with the provisions of the Act.

3.3 This licence shall come into force on First of April 1997 and, unless revoked earlier, shall remain in force for 30 years from date of issue and may, upon agreement of the Commission and the Licensee, be renewed for a further period up to 20 years.

Part II: General Conditions

4. Regulations

4.1 The Licensee shall comply with, adhere to, and obey the Regulations, and any directions and orders as may be issued by the Commission from time to time.

5. Restrictions

5.1 In the State of Orissa, neither the Licensee nor any of its Affiliates shall, without the prior written consent of the Commission:

(a) purchase or otherwise acquire electricity or sell or otherwise transfer electricity to any person or otherwise carry on Transmission Business and/or Bulk Supply Business other than pursuant to this licence except that the Licensee or its affiliate shall be permitted to enter into arrangements for the purchase of ancillary services and sale of power surplus to the need of the State to State Electricity Boards/Licensees of other States with the prior approval of the Commission; or

(b) own, hold any beneficial interest in, or operate, any Generating Station or other source of production of power without the prior written approval of, and on such conditions deemed appropriate by, the Commission except in a manner incidental to the business which the Licensee or the relevant Affiliate is Authorised to carry on; or

(c) own, hold any beneficial interest in, or operate, any facilities for Transmission and Bulk Supply or Distribution in the Area of Transmission other than pursuant to a licence granted to the Licensee or the relevant Affiliate by the Commission; or

(d) start any non-core activity which is not reasonably incidental to the functions of Transmission and Bulk Supply which it is Authorised to carry on pursuant to this licence, unless specifically authorised by the Commission. Any non-core activity so authorised by the Commission shall constitute a Separate Business for the purposes of Condition 7.

5.2 Neither the Transmission Business, nor the Bulk Supply Business shall be held by or carried out through any other person including an Affiliate of the Licensee, unless otherwise permitted by the Commission.

5.3 The Licensee shall not guarantee any obligations incurred by an Affiliate of the Licensee in respect of a non-core activity. In carrying out the Transmission Business and/or the Bulk Supply Business, the Licensee shall not incur any loan or loans for the purposes of any other Separate Business or non-core activity of the Licensee.

5.4 The Licensee shall not create or permit to subsist any encumbrance in favour of any other person over any of the Licensee's assets for the purposes of securing any

obligation of any other person or of the Licensee in relation to any non-core activity.

5.5 For the purposes of this Condition 5 the terms "ancillary services", "encumbrance" and "non-core activity" shall have the following meanings:

"ancillary services"	means black start, reactive power, frequency control and such other services as any Electricity Operator may be required to have available as ancillary services pursuant to the Grid Code or any agreement with the Licensee primarily for the purpose of securing stability of operation on the Transmission System;
"encumbrance"	means any mortgage, charge, right of possession, assignment by way of security or other form of security interest;
"non-core activity"	means any activity of the Licensee or an Affiliate of the Licensee other than that carried out as a part of the Transmission Business and/or the Bulk Supply Business.

6. Subsidies among Separate Businesses

In respect of each Separate Business, the Licensee shall not, without the prior permission of the Commission, give any subsidy to or receive any subsidy from any other Separate Business or from any other business of the Licensee or any Affiliate of the Licensee.

7. Separate Accounts for Separate Business

7.1 The first financial year of the licence shall run from First of April, 1997 to Thirty-first of March, 1998 and thereafter each financial year of the licence shall run from First of April to the following Thirty-first of March.

7.2 The Licensee shall in respect of each Separate Business (whether or not held by/ carried out through a separate company):

(a) keep such accounting records as would be required by the Commission to be kept in respect of each such Separate Business if it were carried on by a separate company, so that the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, each Separate Business are separately identifiable in the books of the Licensee from those of any other Separate Business or any other business; and

(b) prepare on a consistent basis from such accounting records:

(i) for each financial year, account statements comprising a profit and loss account, a balance sheet and a statement of source and application of funds, together with notes thereto, and showing separately in respect of each Separate Business the amounts of any revenue, cost, asset, liability, reserve or provision, which have been either charged from or to any other business (whether or not a Separate Business) together with a description of the basis of that charge

or determined by apportionment or allocation between any Separate Business and any other business (whether or not a Separate Business) together with a description of the basis of the apportionment or allocation; and

(ii) in respect of the first six months of the first financial year and of each subsequent financial year, an interim profit and loss account; and

(c) provide, in respect of the accounting statements prepared in accordance with this Condition 7, a report in respect of each financial year, by the Auditors, stating whether in their opinion those statements have been properly prepared in accordance with this Condition 7 and give a true and fair view of the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, the Separate Business to which the statements relate; and

(d) deliver to the Commission a copy of each interim profit and loss account not later than three months after the end of the period to which it relates, and copies of the accounting statements and the Auditor's report not later than six months after the end of the financial year to which they relate.

7.3 Unless permitted to do so in writing by the Commission, the Licensee shall not change the bases of charge or apportionment or allocation referred to in Paragraph 7.2(b)(i) in relation to the accounting standards in respect of a financial year from those applied in respect of the previous financial year.

7.4 Where, in relation to the accounting statements in respect of a financial year, the Licensee proposes to change such bases of charge or apportionment or allocation from those adopted for the immediately preceding financial year, the Licensee shall, if requested by the Commission, in addition to preparing accounting statements on those bases which it proposes to adopt, also prepare such accounting statements on the bases which applied in respect of the immediately preceding financial year.

7.5 Accounting statements in respect of a financial year prepared under Paragraph 7.2(b)(i) shall, unless otherwise approved or directed by the Commission:

7.5.1 have the same content and format (in relation to each Separate Business) as the annual accounts of the Licensee prepared under Sections 210 to 212 of the Companies Act, 1956 (1 of 1956) and the applicable forms of the Indian Electricity Rules, 1956 and as directed by the Commission and conform to the best commercial accounting practices;

7.5.2 state the accounting policies adopted; and

7.5.3 with the exception of the part of such statement (which shows separately the amounts charged, apportioned or allocated and describes the bases of charge or apportionment or allocation respectively), be published with the annual accounts of the Licensee, in the manner prescribed in the Regulations.

7.6 References in this Condition 7 to costs or liabilities of, or reasonably attributable to, any Separate Business shall be construed as excluding taxation, capital liabilities which do not relate principally to that Separate Business and interest thereon.

7.7 The Licensee shall ensure that the accounting statements in respect of each financial year prepared under Paragraph 7.2(b)(i) and the Auditors' report in respect of each financial year referred to in Paragraph 7.2(c) are made available to any person requesting them at a price not exceeding fair printing/copying charges.

8. Prohibition of Discrimination

8.1 Subject to Paragraph 8.2, where under the terms of this licence the Licensee provides Use of System or connection services, the Licensee shall not (unless authorised by the Commission or pursuant to Paragraph 8.2) unduly discriminate in respect of price or other terms:

(a) between any users or classes of users of the Transmission System;

(b) as between the Licensee (in the use of the Transmission System by the Licensee for the purposes of its Bulk Supply Business) and any other users or classes of users of the Transmission System.

8.2 Nothing in Paragraph 8.1 shall prohibit the Licensee from providing Use of System services to any user on price or other terms which materially differ from those offered to other users, where such differences reflect different circumstances of service including load factor, power factor, the level and timing of peak demand and any other relevant factors.

8.3 Subject to Paragraph 8.4, the Licensee or an Affiliate of the Licensee shall not make or offer to make Bulk Supply to any one Customer on terms as to price or other relevant matters which are materially more or less favourable than those on which it makes or offers to make Bulk Supply to comparable Customers.

8.4 Nothing in Paragraph 8.3 shall prohibit the Licensee from making or offering to make Bulk Supply to one Customer on price or other terms which materially differ from those offered to other Customers where such differences reflect different circumstances of Supply or sale to such Customers including quantity, load factor, power factor, the level and timing of peak demand, conditions of interruptability, and duration of the agreement, or any other relevant factor.

9. Provision of Information to the Commission

9.1 The Licensee shall provide to the Commission in the manner and at the times specified by the Commission such information as the Commission may direct.

9.2 Without prejudice to the generality of Paragraph 9.1, the Commission may require the Licensee to provide accounting information which is more extensive than or differs from that required to be prepared and provided to the Commission under Condition 7 or which may from time to time be required by the Government of India or the Government of Orissa.

9.3 The Licensee shall notify the Commission of any major incident affecting any part of the Transmission System including Generator Interconnection Facilities which has occurred and shall,

(a) submit a report giving full details of the facts of the incident and its cause. The Commission at its own discretion may require the submission of a report to be prepared by an independent person at the expense of the Licensee; and

(b) give copies of the report to the Commission and to all parties involved in the major incident.

9.4 The decision of the Commission as to what is a major incident shall be final.

9.5 Besides taking action for violation of the Conditions, the Commission shall be entitled to require the Licensee to file a report of any major incident in accordance with Paragraph 9.3 above in any situation where the Commission reasonably believes a major incident has occurred but has not been reported by the Licensee.

10. Investment

10.1 The Licensee shall not enter into any arrangement to make a major investment without obtaining written approval of the Commission for such investment in accordance with the terms of this Condition.

10.2 The Commission shall grant the written approval required under Paragraph 10.1 when the Licensee demonstrates to the Commission's satisfaction that:

(a) there is a need for the major investment in the Transmission System which the Licensee proposes to undertake; and

(b) the Licensee has examined the economic, technical, system and environmental aspects of all available alternatives to the proposals for investing in or acquiring new Transmission System assets to meet such need; and

(c) the Licensee will invite and finalise tenders in accordance with the procedures approved by the Commission for supply of equipment, materials and/ or services relating to major investment.

10.3 For the purposes of Paragraphs 10.1 and 10.2 the term "major investment" means any planned investment in or acquisition of Transmission facilities, the cost of which, when aggregated with all other investments or acquisitions (if any) forming part of the same overall transaction, equals or exceeds Rs.10 crores.

11. Disposal of Assets

11.1 The Licensee shall not dispose of or relinquish operational control over any assets with replacement cost in excess of Rs.30 lakh otherwise than in accordance with following paragraphs of this Condition 11.

11.2 Save as provided in Paragraph 11.3, the Licensee shall give to the Commission not less than two months' prior written notice of its intention to dispose of, or relinquish operational control over any asset. Notice shall not be deemed to have been given until such time as the Licensee has provided to the Commission all such further information as the Commission may reasonably require.

11.3 Notwithstanding Paragraph 11.1, the Licensee may dispose of or relinquish operational control over any asset as is specified in any notice given under Paragraph 11.2 if:

(a) the Commission confirms in writing that it consents to such disposal or relinquishment subject to such conditions as the Commission may impose;
or

(b) the Commission does not inform the Licensee in writing of any objection to such disposal or relinquishment of control within the notice period referred to in Paragraph 11.2.

11.4 Notwithstanding Paragraphs 11.1 and 11.2, the Licensee may dispose of, or relinquish operational control over, any asset,

(a) where:

(i) the Commission has issued directions for the purposes of Condition 11 containing a general consent (whether or not subject to conditions) to:

(aa) transactions of a specified description; and/or

(bb) the disposal or relinquishment of operational control over assets of a specified description; and

(ii) the transaction or the assets are of a description to which such directions apply and the disposal or relinquishment is in accordance with any condition(s) to which the consent is subject; or

(b) under any contract or agreement executed before the commencement of this licence; or

(c) where the disposal or relinquishment of operational control in question is required by or under any enactment or subordinate legislation.

11.5 For purpose of this Condition, the term "disposal" means any sale including sale of shares and stock, gift, lease, licence, the grant of any right of possession (or ownership whether immediate or in the future), transfer of ownership, grant of any encumbrance (as defined in Paragraph 5.5) or the permitting of any encumbrance to subsist or any other disposition to a third party, the cost of which, when aggregated with all other assets (if any) forming part of the same overall transaction equals or exceeds Rs.30 lakhs, and "dispose" shall be construed accordingly. The cumulative sale of shares and stock to a single party shall be considered to form part of the same overall transaction.

12. Payment of Fees

12.1 Within 30 days, or such other period as the Commission may allow after the coming into force of this licence, the Licensee shall pay to the Government of Orissa an initial annual fee of Rs.50 lakh.

12.2 For each subsequent year that this licence remains in force, the Licensee shall, by 10th April of every year, be liable to pay to the Government of Orissa an annual licence fee of Rs.50 lakh. The Commission shall review and may change the level of such fee every three years.

12.3 Where the Licensee fails to pay to the Government of Orissa any of the fees due under Paragraph 12.1 or 12.2 by the dates specified:

(a) the Licensee shall be liable to pay to the Government of Orissa interest on the outstanding amount at a simple interest rate of 2% per month, the

interest being payable for the period beginning on the day after which the amount becomes due, and ending on the day on which the Government of Orissa receives payment; and

(b) the Licensee shall be subject to the proceedings for the recovery of such fees specified in the Act; and

(c) the Commission may revoke this licence pursuant to Section 18 of the Act and Condition 13.

12.4 The Licensee shall be entitled to take into account any fee paid by it under this Condition 12 in the determination of aggregate revenues made in accordance with Condition 21 but shall not take into account any interest payable pursuant to Paragraph 12.3(a).

13. Revocation of Licence

13.1 Subject to provisions of Section 18(4) of the Act, the Commission may revoke this licence:

(a) on the application of the Licensee or with the consent of the Licensee; provided in each case that the requirements of Section 18(3) of the Act have been satisfied; or

(b) if any amount payable under Condition 12 is unpaid after it has become due and remains unpaid for a period of 30 days or such longer period as the Commission may specify; or

(c) if the Licensee has breached any of the Conditions and does not comply with an order of the Commission to rectify such breach; or

(d) if the Licensee fails to show to the satisfaction of the Commission within 60 days of a request from the Commission that the Licensee is in a position fully and efficiently to discharge the duties and obligations imposed on the Licensee by this licence; or

(e) if, in the opinion of the Commission, the Licensee's financial position is such that the Licensee is unable fully and efficiently to discharge the duties and obligations imposed on the Licensee by this licence; or

(f) if, in the opinion of the Commission, the Licensee has committed a wilful or unreasonable default in doing anything required of it under the Act, the Indian Electricity Act, 1910 (9 of 1910) or the Indian Electricity (Supply) Act 1948 (54 of 1948) or any rules made thereunder.

14. Dispute Resolution

The Commission shall be entitled to act as arbitrator or nominate arbitrator to adjudicate and settle disputes in pursuance of Section 37(1) of the Act.

15. Indian Electricity Act, 1910 (9 of 1910) and Indian Electricity (Supply) Act, 1948 (54 of 1948)

15.1 Except as otherwise provided herein, none of the clauses of the schedule to the Indian Electricity Act, 1910 (9 of 1910) shall be incorporated into this licence.

15.2 The Licensee shall provide, any Electrical Inspector or any person authorised by an Electrical Inspector (each such person being hereinafter referred to in this Condition 15 as an "Inspector") facilities for inspecting and testing the Licensee's works and for the reading, testing or inspection of any instrument. A person appointed by the Licensee may be present at the testing of its works or the reading, testing or inspection of any instruments, but shall not interfere with the reading, testing or inspection.

15.3 Prior to the testing of any works of the Licensee by the Inspector, reasonable notice of the testing shall be given to the Licensee. The testing shall be carried out at such times as shall (in the opinion of the Inspector) least interfere with Bulk Supply by the Licensee and in such manner as the Inspector may think fit. Except pursuant to an order made for that purpose by the State Government, the Inspector shall not be entitled to have access to, or interfere with, the works of the Licensee at any points other than those at which the Licensee itself has access. The Licensee shall not be responsible for any interruption or irregularity in Bulk Supply which may be occasioned by, or required by the Inspector for the purpose of, any testing pursuant to this Paragraph 15.3. No testing shall take place in respect of any works or part thereof more than once in any period of three months, unless it is pursuant to an order made by the State Government.

15.4 The Commission may issue an order authorising the Licensee to exercise any power or authority which could be given to the Licensee under the Indian Electricity Act, 1910 (9 of 1910) and the Electricity (Supply) Act, 1948 (54 of 1948).

15.5 Pursuant to Section 10 (8) of the Act, the Licensee shall have the powers for the placing of appliances and apparatus for Transmission (including Transmission to any point at which Supply is or is to be made to any Consumer who receives a Retail Supply at voltage of 66kV or over) that a telegraph authority possesses with respect to placing of telegraph lines and posts under the Indian Telegraph Act, 1885 (13 of 1885).

Part III: Technical Conditions

16. Power Procurement Procedure

16.1 The Licensee shall not commence any process to purchase electrical capacity and/or energy without an authorisation granted by the Commission under the terms of this Condition 16.

16.2 The Licensee shall purchase electrical capacity and/or energy in an economical and efficient manner under a transparent procurement process as approved by the Commission. In case of purchases of allocated share of electrical capacity and/or energy from Central sector generation and inter-utility exchanges of electrical capacity and/or energy under Eastern Region Electricity Board, such processes as the Commission may approve shall apply.

16.3 An authorisation required under Paragraph 16.1 shall be granted when the Licensee has demonstrated to the Commission's satisfaction that:

(a) the additional electrical capacity and/or energy is necessary to meet the Licensee's service obligation in accordance with Condition 20;

(b) the Licensee has examined the economic, technical, system and environmental aspects of all available alternatives to the proposals for purchasing additional electrical capacity and/or energy (including

arrangements for reducing the level of demand) and such examination has been carried out in a manner approved by the Commission; and

(c) the Licensee will obtain tenders from independent power producers and other parties, specifying the prices and other terms on which they will sell electrical capacity and/or energy, the obtaining and finalisation of such tenders to be in a manner approved by the Commission.

16.4 The restriction imposed in paragraph 16.1 shall not be applicable for short term purchases (less than six months in duration), provided that the details of such purchases shall be submitted to the Commission for approval within 30 days of the effective date of purchase.

17. Grid Code

17.1 The Licensee, except as provided in Paragraph 17.2, shall ensure that there is in force at all times a Grid Code which meets the requirements of this Condition 17. The Licensee shall implement and comply with (subject to Paragraph 17.8) such Grid Code. Such Grid Code shall be prepared by the Licensee in consultation with other Electricity Operators, and other utilities in the region likely to be materially affected by it, and it shall:

(a) cover all material technical aspects relating to connections to and the operation and use of the Transmission System including the operation of electric lines and electrical plant connected to the Transmission System in so far as relevant to the operation and use of the Transmission System; and

(b) be designed so as to permit the development, maintenance and operation of an efficient, co-ordinated and economical system for Transmission in the State of Orissa.

17.2 Where no Grid Code of the form provided for in this Condition 17 is in force at the effective date of this licence, the Licensee shall not be considered in breach of this licence Condition 17 provided that:

(a) within one month or such other time as the Commission may allow from the commencement of this licence the Licensee shall submit an Operating Grid Code to the Commission;

(b) the Licensee shall implement and comply with the Operating Grid Code from the date of its submission to the Commission;

(c) within six months of the commencement of the licence, the Licensee shall submit a comprehensive Grid Code (as referred to in Paragraph 17.1 above) which must be formulated after consultation with Electricity Operators and other affected interested groups to the extent possible;

(d) the Licensee shall be obliged to implement the aforesaid Grid Code in accordance with the amendment/approval of the same by the Commission.

17.3 The Licensee shall (in consultation with Electricity Operators liable to be materially affected thereby) periodically review (including upon the request of the Commission) the Grid Code and its implementation. Following any such review, the Licensee shall send to the Commission:

- (a) a report on the outcome of such review; and
- (b) any proposed revisions to the Grid Code from time to time as the Licensee reasonably thinks fit for the achievement of the objectives referred to in Paragraph 17.1(b); and
- (c) copies of all written representations or objections from Electricity Operators arising during the consultation process.

17.4 All revisions to the Grid Code shall require approval from the Commission.

17.5 The Commission may issue directions requiring the Licensee to revise the Grid Code in such manner as may be specified in the directions, and the Licensee shall forthwith comply with any such directions.

17.6 The Grid Code shall include but not be limited to:

- (a) connection conditions specifying the technical, design and operational criteria to be complied with by the Licensee and by any person connected or seeking connection with the Transmission System or by any generator who is connected with or seeks connection with the Transmission System;
- (b) an operating code specifying the conditions under which the Licensee shall operate the Transmission System and under which Electricity Operators shall operate their plant and/or Distribution Systems in relation to the Transmission System, in so far as necessary to protect the security and quality of supply and safe operation of the Transmission System under both normal and abnormal operating conditions;
- (c) a planning code specifying the technical and design criteria and procedures to be applied by the Licensee in the planning and development of the Transmission System;
- (d) a scheduling and despatch code specifying the system for the scheduling and despatch of generating units;
- (e) procedures relating to the co-ordination of outages for scheduled maintenance of Generating Sets and transmission and distribution circuits;
- (f) a metering code setting out requirements and procedures for metering; and
- (g) a protection code setting out the requirements and co-ordination of protection system.

17.7 The Licensee shall make available a copy of the Grid Code in force at the relevant time to any person requesting it, at a reasonable price.

17.8 In preparing, implementing and complying with the Grid Code (including in respect of the scheduling of maintenance of the Transmission System), the Licensee shall not unduly discriminate against or unduly prefer:

- (a) any Customer or groups of Customers; or
- (b) the Licensee in the conduct of any business other than the Transmission Business.

17.9 The Commission may (following consultation with the Licensee) issue directions relieving the Licensee of its obligations to implement or comply with the Grid Code in respect of such parts of the Transmission System and/or to such extent as may be specified in the directions.

18. Compliance with Distribution Code

18.1 The Licensee shall comply with the provisions of the Distribution Code of any Distribution and Retail Supply Licensee, in so far as applicable to it.

18.2 The Commission may (following consultation with any Distribution and Retail Supply Licensee which is directly affected thereby) issue directions relieving the Licensee of its obligation under Paragraph 18.1 in respect of such parts of the Distribution Code of any Distribution and Retail Supply Licensee to such extent as may be specified in those directions.

19. Central Scheduling and Despatch

19.1 Having regard to information provided to it by Electricity Operators and other utilities in the region (including information as to forecast levels of electricity demand and availability of generation capacity) and to the requirements of the Planning and Security Standards and the Operating Standards referred to in this licence, the Licensee shall undertake operational planning:

(a) for the matching to the extent possible of output of all Generating Stations and any other Bulk Supplier and other sources of electrical capacity and/or energy connected to the Transmission System (including a reserve of generation to provide a security margin of generation availability) with forecast demand after taking into account, inter alia:

(i) unavailability of Generating Stations ; and

(ii) constraints from time to time imposed by technical limitations operating on the Total System and any interconnections with other Transmission Systems or any part(s) thereof;

(b) consistently with sub-paragraph (a) and in accordance with the Grid Code, for the removal from service of part(s) of the Transmission System for maintenance, repair, extension or reinforcement.

19.2 Taking account of the factors referred to in Paragraph 19.3, the Licensee shall schedule and issue direct instructions for the despatch of such Generating Stations and other sources of power as are at such times available to generate electricity and which are subject to despatch instructions:

(a) in ascending order of relevant prices that are offered for the generation of electricity into the Total System, keeping in view the constraints on hydro-electric generation; and

(b) as will in aggregate (and after taking account of electricity delivered to or from the Total System from or to other sources) be sufficient to match at all times (to the extent possible having regard to the availability of Generating Stations) expected demand, taking account of information

provided by Electricity Operators together with an appropriate margin of reserve.

19.3 The factors referred to in Paragraph 19.2 include:

- (a) expected demand (including transmission losses);
- (b) economic and technical constraints from time to time imposed on the Total System or any part or parts thereof;
- (c) the dynamic operating characteristics of available Generating Stations; and
- (d) other matters provided for in the Grid Code.

19.4 The Licensee shall provide to the Commission such information as the Commission shall request concerning the merit order despatch described in Paragraph 19.2 (a) or any aspect of its operation.

19.5 In this Condition 19:

"available" means the state of a Generating Station such that it can respond successfully to a call to service by the entity with authority to despatch the system; and "availability" shall be construed accordingly;

"central despatch" means the process of scheduling and issuing direct instructions by the Licensee as referred to in Paragraph 19.2.

20. Transmission Planning and Security Standards; Power Supply Planning and Security Standards; Transmission Operating Standards; and Power Supply Operating Standards. Transmission Planning and Security Standards; Power Supply Planning and Security Standards; Transmission Operating Standards; and Power Supply Operating Standards.

20.1 The Licensee shall plan and operate the Transmission System so as to ensure that the Transmission System is capable of providing an efficient, co-ordinated and economical system of Transmission. In particular, the Licensee shall plan and develop the Transmission System in accordance with Planning and Security Standards; and operate the Transmission System in accordance with Operating Standards.

20.2 The Licensee shall comply with any directions given by the State Government under Section 22(A) and 22(B) of the Indian Electricity Act, 1910 (9 of 1910).

20.3 The Licensee shall make arrangements to provide for sale to Customers sufficient electricity to meet Power Supply Planning and Security Standards and Power Supply Planning Operating Standards approved by the Commission.

20.4 The Power Supply Planning and Security Standards are such standards as:

- (a) will ensure that the Licensee conducts its planning so that Bulk Supply will meet levels of reliability and quality, to be proposed by the Licensee and approved by the Commission, by reason of sufficiency of power available for the purposes of Bulk Supply ; or
- (b) the Commission may otherwise specify.

20.5 The Power Supply Operating Standards are such levels of operational security and quality of Supply as are proposed by the Licensee to the Commission and approved by the Commission.

20.6 The Licensee shall not be considered in breach of the requirements of Paragraph 20.3 in circumstances where, for reasons accepted by the Commission, the Licensee has been unable to provide sufficient Bulk Supply .

20.7 Notwithstanding Paragraph 20.6 in all circumstances where the Licensee has not provided sufficient Bulk Supply to meet actual demands, the Licensee shall nevertheless use reasonable endeavours to meet all demands as far as possible.

20.8 The Licensee shall, within three months or such longer period as the Commission may allow after this licence is granted, prepare and submit to the Commission for approval the Licensee's proposal for Planning and Security Standards, Power Supply Planning and Security Standards, Operating Standards and Power Supply Operating Standards in accordance with Paragraphs 20.1, 20.4 and 20.5 above. The proposal should include a statement setting out criteria by which the Licensee's compliance with such standards may be measured. Such criteria should include the number and type of deviations from the Bulk Supply reliability and quality standards specified in Paragraph 20.4(a).

20.9 The document in which the Planning and Security Standards and Operating Standards are set forth pursuant to Paragraphs 20.1 and 20.8 above must include a statement by the Licensee as to how it proposes to implement the standards so as to:

- (a) ensure a satisfactory degree of standardisation of plant, apparatus, and equipment within the State of Orissa; and
- (b) develop and observe a policy on spare parts required.

20.10 The Licensee shall, within 3 months of the end of each financial year, submit to the Commission a report indicating the performance of the Transmission System during the previous financial year against the relevant criteria referred to in Paragraph 20.8 and of the Licensee during the previous financial year against the relevant Bulk Supply criteria referred to in Paragraph 20.8. The Licensee shall, if required by the Commission, publish a summary of the reports in a manner to be determined by the Commission.

20.11 The Licensee shall,

- (a) prepare and submit every year to the Commission for approval long term demand for power or load forecasts for the power system in Orissa, for succeeding 10 years and in particular, provide to the Commission details of the demand forecasts and the data, methodology and assumptions on which those forecasts are based; and
- (b) prepare and submit to the Commission at such intervals as decided by the Commission for approval its long term plan for power procurement and transmission expansion so as to meet load forecast as in (a) above.

20.12 The Licensee shall, upon request by the Commission, provide to the Commission such information as the Commission may require under or for the purpose of monitoring compliance with this Condition 20.

Part-IV: Tariffs

21. Basis of Charges

21.1 The Licensee shall by the time prescribed in the Regulation, prepare and lodge with the Commission submissions setting out in full detail :

(a) A statement of the Licensee's revenue requirement for the ensuing financial year, prepared in accordance with the financial principles provided in Sections 57 and 57 A of the Electricity (Supply) Act, 1948 (54 of 1948) and in the sixth Schedule thereto, with departures therefrom as may be authorised by the Commission; and

(b) A statement of the Licensee's expected revenue for the ensuing financial year, at the prevailing tariff rates.

21.2 Subject to the provisions of the Act and the Regulation Commission shall notify the Licensee either

(i) that it accepts the Licensee's calculation on (a) and (b) above; or

(ii) that it does not consider the Licensee's calculation to be in accordance with the prescribed methodology or procedure and will propose an alternative calculation which the Licensee shall accept.

21.3 If the Licensee desires, or if the Commission directs, to propose new tariff or amend the current tariff, the Licensee shall prepare and lodge with the Commission, its application for such tariff, setting out in full the following,

(a) a new or amended tariff proposed by the Licensee indicating the date of implementation (such date shall be not less than 3 months after the date of the submission of all information, data, calculations etc. required under Paragraph 21.4 of this licence) drawing attention to the proposed changes;

(b) the aggregate revenue which the Licensee expects to be able to recover from the proposed new or amended tariff, such aggregate revenue figure to relate to the first full financial year after the proposed specified date, where the specified date coincides with the beginning of the financial year and, where the specified date does not coincide with the beginning of the financial year, the aggregate revenue figure to be calculated at the prevailing tariff up to the date of revision and thereafter at the revised tariff up to the end of the relevant financial year;

provided that no tariff or part of tariff shall be amended more than once in any financial year except in respect of any changes expressly permitted under the terms of any fuel surcharge formula as prescribed by Regulations.

21.4 The Commission may require comparative data for the current and/or any preceding year, for the purposes of comparison, along with such other data, calculation etc. as the Commission considers necessary, and the Licensee shall furnish such data, calculations, comparisons as directed by the Commission.

21.5 Subject to the provisions of the Act and the Regulations, the Commission shall notify the Licensee:

(a) that it accepts the proposed tariff in the Licensee's tariff application; or

(b) that it does not accept all or any part of the tariff proposed in the Licensee's tariff application and propose modification to the whole or any part of the new or amended tariff which shall be binding on the Licensee.

21.6 Following approval by the Commission of any new or amended tariff, the Licensee shall publish details of the same in accordance with the requirements of Section 26(5) of the Act. The previously notified tariff shall remain in effect till the new or amended tariff takes effect.

21.7 The Licensee shall ensure that all amounts due to other Electricity Operators in respect of the electricity generated or supplied or other goods or services provided by them shall be paid promptly.

21.8 Pursuant to Section 15(9) of the Act, the Licensee shall be entitled to exercise any power or authority to take appropriate actions for:

(a) revenue realisations;

(b) prosecution for theft;

(c) deterring tampering with meters;

(d) preventing diversion of electricity; and all such similar matters affecting Transmission and Bulk Supply of electricity.

Part V: Connection and Use of System Conditions

22. Requirement to Offer Terms for Use of System and Connection to System

22.1 The Licensee shall make such arrangements for the Use of System by third parties as are specified in this Condition 22. If there are Bulk Suppliers other than the Licensee, on application made by any such Bulk Supplier, the Licensee shall offer to enter into an agreement with the relevant Electricity Operator for the Use of System:

(a) to accept into the Transmission System electricity provided by another Bulk Supplier pursuant to arrangements authorised by the Commission;

(b) to deliver such quantities as adjusted for losses of electricity to an Electricity Operator who is licensed to carry on Bulk Supply and/or Retail Supply;

(c) that specifies tariff and Use of System charges to be paid by the user, which are in accordance with Condition 21.

22.2 On application made by any person licensed or authorised to carry out business of Retail Supply, the Licensee shall offer to enter into an agreement with the relevant Electricity Operator for connection to the Transmission System or for modification of such an existing connection and such offer shall make provision for:

(a) the carrying out of works necessary to make the required connection, including the installation of meters;

(b) the carrying out of any necessary works to reinforce the Transmission System;

(c) the connection charges to be paid in accordance with Condition 21; and

(d) the completion date and such other terms as are relevant to the circumstances.

22.3 The Licensee shall offer terms for agreements in accordance with Paragraphs 22.1 or 22.2 as soon as practicable and (save where the Commission consents to a longer period) in any event no more than two months after any application under such Paragraphs is made.

22.4 The Licensee shall not be obliged pursuant to this Condition 22 to offer to enter or to enter into any agreement if:

(a) to do so is likely to involve the Licensee:

(i) in any breach of its duties under Section 17 of the Act; or

(ii) in any breach of any rules or Regulations relating to safety or standards applicable to the Transmission Business including the Indian Electricity Rules, 1956; or

(iii) in any breach of the Grid Code; or

(iv) in any breach of any of the Conditions; or

(b) the person making the relevant application does not undertake to comply with the Grid Code from time to time in force to the extent that it is applicable to that person; or

(c) in the case of persons making application for Use of System under Paragraph 22.1, such person ceases to be a Bulk Supplier.

22.5 If, after a period which appears to the Commission to be reasonable for the purpose, the Licensee has failed to enter into an agreement with any applicant referred to in Paragraphs 22.1 and 22.2 pursuant to a request under this Condition 22, the Commission may, on reference by such person or the Licensee settle the dispute between the Licensee and such person and, the Licensee shall forthwith enter into and implement such agreement in accordance with its terms as settled by the Commission.

22.6 The Licensee shall prepare and submit to the Commission, on an annual basis, a statement showing in respect of each of the five succeeding financial years forecasts of circuit capacity, power flows and loading on the Transmission System under standard planning criteria, together with:

(a) such further information as shall be reasonably necessary to enable any person seeking Use of System to identify and evaluate the opportunities available when connecting to and making use of such system; and

(b) a commentary prepared by the Licensee indicating the Licensee's views as to those parts of the Transmission System most suited to new connections and transport of further quantities of electricity

At the request of an Electricity Operator which wishes to Use of System under Paragraphs 22.1 or 22.2, the Licensee shall prepare an update to the above statement, incorporating most recent data but specifically including any facility for which any

other Bulk Supplier has requested Use of System and connection to the Transmission System.

22.7 The Licensee may make a charge for any statement given or sent to persons seeking use of system of an amount reflecting the Licensee's reasonable costs of providing such a statement.

Part VI: Separation of Functions and Competition Conditions

23. Separation of Functions

The Commission may, after consultation with Electricity Operators (including the Licensee) in the Area of Transmission and Bulk Supply, formulate arrangements to require that the Transmission Business and the Bulk Supply Business be carried out under separate licences. The Commission may issue necessary orders making relevant changes in this licence.

24. Introduction of Competition in Bulk Supply and Formation of Subsidiary or Associated Grid Companies

The Commission may, after consultation with Electricity Operators (including the Licensee) in the Area of Transmission and Bulk Supply, formulate arrangements for the introduction of competition in Bulk Supply and formation of subsidiary or associated Grid Companies . The Commission may issue necessary orders making relevant changes in this licence.

Part VII Penalties

25. Contravention of Licence Condition

25.1 In case of contravention of Licence Conditions, the Licensee shall be liable for penal action under the relevant provisions of the Act.

SCHEDULE-1

Area of Transmission and Bulk Supply

The Area of Transmission and Bulk Supply shall comprise the State of Orissa, excluding cantonment, aerodrome, fortress, arsenal, dockyard or camp or any building or place in occupation of the Central Government for defence purposes.

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