

TAMIL NADU ELECTRICITY REGULATORY COMMISSION
(Constituted under section 82 (1) of the Electricity Act, 2003)
(Central Act 36 of 2003)

PRESENT:-

Thiru S. Akshayakumar Chairman

Thiru.S.Nagalsamy
and Member

Thiru.G.Rajagopal Member

M.P.No.31 of 2013

M/s. A.R.S. Metals (P) Ltd.
D-109, 2nd Floor
LBR Complex
Anna Nagar East
Chennai – 600 102.

... Petitioner
Thiru K. Seshadri
(Advocate for the Petitioner)

Vs

1. TANGEDCO
Rep by its Chairman
NPKRR Maaligai,
144, Anna Salai,
Chennai – 600 002.

2. The Tamil Nadu Transmission Corporation Ltd.
Rep. by its Director (Operation)
144, Anna Salai
Chennai – 600 002.

....Respondents
Thiru P.H.Vinod Pandian
(Standing Counsel for the Respondents)

Dates of hearing : 25-02-2014, 28-07-2014 and 19-09-2014

Date of order : 30-04-2015

The above M.P.No.31 of 2013 came up for final hearing before the Commission on 19-09-2014. The Commission upon perusing the above petition and the connected records and after hearing both sides passes the following order:-

ORDER

1. Prayer of the Petitioner:-

The prayer of the Petitioner is to grant approval for erecting dedicated transmission lines by the Petitioner from its 60 MW CGP at No.207, Eguvarpalayam Gummidipoondi, Tiruvallur District to their Steel Plants at Plot Nos.39-52 and B1/S, SIPCOT Industrial Complex, Gummidipoondi, Tiruvallur District and thus render justice.

2. Facts of the Case:-

The Petitioner, M/s.A.R.S. Metals (P) Ltd. established a captive generating plant at No. 207, Eguvarpalayam Gummidipoondi, Tiruvallur District. The Petitioner proposes to establish a dedicated transmission line (for about 6 k.m.) from the power generating plant to their steel plants located at Plot No.39-52 and B1/2, SIPCOT Industrial Complex, Gummidipoondi so as to wheel the power generated to its steel plants. When the Petitioner approached the TANTRANSCO seeking approval for erecting the dedicated transmission line, the TANTANSCO requested the Petitioner to approach the TNERC for erecting the dedicated transmission line from the CPP to the steel plants since the proposed CPP Generator is a standalone unit and SLDC is the nodal agency only for TANTRANSCO grid connectivity. Hence, the Petitioner has filed the present petition before the Commission with the above prayer.

3. Contention of the Petitioner:-

3.1 The Petition is being filed consequent upon a communication bearing Lr.No.Dir/O/SE/LD&GO/EE/OA/AEE2/F.ARSMetals/D778/13 dated 04-05-2013 issued by the second Respondent herein. The second Respondent informed the Petitioner to approach the Commission for erecting dedicated transmission line from CPP generating plant to its steel plants, since the proposed CPP generator is a standalone unit and SLDC is the nodal agency only for TANTRANSCO Grid Connectivity.

3.2. The intention to lay dedicated line is to avoid frequent shut down of power by the Distribution Licensees and to have uninterrupted power which is the main input for the steel industries established by the Petitioner. This apart the Petitioner intends to achieve maximum production by using uninterrupted power supply so that the economy of the State as well as the Centre will be increased.

3.3. The Petitioner approached the TANTRANSCO to accord approval for laying dedicated line to wheel power from its captive generating plant at No.207, Eguvarpalayam Gummidipoondi, Tiruvallur District, to their steel plants located at Plot Nos.39-52 & B1/S, SIPCOT Industrial Complex, Gummidipoondi, which is 6 k.m. from their captive generating plant without connecting to the TNEB Grids.

3.4. The dedicated transmissions lines to be laid would be used to transmit power on point to point basis from 60 MW CGP to Gummidipoondi SIPCOT Industrial Complex as contemplated under section 10 of the Electricity Act, 2013.

3.5. In this regard, the APTEL in its judgment dated May 20, 2009 in Appeal No.139 of 2007 has ordered as follows:-

“The Act permits a captive generating company and a generating company to construct and maintain dedicated transmission lines. “Dedicated Line” as per section 2 (16) means any electric supply line for point to point transmission which connects electric lines or electric plants to “any transmission lines or sub stations, or generating stations or load centres”. Load centre, it is said is conglomeration of load and not an individual industry / factory as consumer. According to Mr.Ramachandran, Advocate for the Commission, a load centre cannot be a consumer because if the two could be the same, section 10 would permit a generating company to reach a consumer through such dedicated line which will amount to distribution which is not permissible except with a license. We are not in agreement with Mr.Ramachandran. A dedicated line can go, admittedly, from the captive generating plant to the destination of its use. Such destination, i.e. the point of consumption, has to be covered by the term “Load Centre”. The consumption point is neither electricity transmission line nor sub-station or generating station. Hence, the only way such a line can be termed dedicated transmission line when we treat the point of consumption as a “load centre”. In other words, a single consumer can be a load centre. A dedicated transmission line can go from the captive generating station to a load centre and such load centre can also be a consumer”.

3.6. The transmission lines intended to be laid would be exclusively for Petitioner’s use mainly to avail continuous uninterrupted power supply, so as to avoid wastage of raw material, manpower etc. The present petition is being filed for granting permission to erect 230 KV transmission line to take power from the point of generation to its steel plants. The power so generated through CPP is for exclusive use of the Petitioner and the power will be transmitted from point to point basis. By permitting dedicated transmission lines to be laid by the Petitioner, the strain / load on the Respondent’s transmission line would become less and the tripping of the system can also be avoided.

3.7. The CGP was commissioned on 28th May 2013 and synchronized with the grid after getting approval from the Commission on 11-07-2013. It is just and

necessary to permit the Petitioner to have dedicated transmission lines from CGP to its steel plants on point to point basis.

4. Contention of the Respondents in the Counter Affidavit:-

4.1. As per load flow study conducted, M/s.A.R.S. Metals Ltd., Gummidipoondi with installed capacity of 2 x 60 MW has to be connected with proposed Thervoikandigai 400/230 KV SS. In the meantime, as per the request of the company approval was accorded for the temporary grid connectivity of 1st unit of 60 MW generator to Gummidipoondi 230 KV SS at 230 KV level in order to match with the commissioning schedule of Unit 1 of the company.

4.2. Unit I of 60 MW was synchronized with the grid at 13.24 hours on 30-07-2013 and declared COD on 10-08-2013. The Petitioner is wheeling to their captive users to the quantum of around 28 MW and supplying power to TANGEDCO to the quantum of 20 MW under Intra State Open Access transactions.

4.3. The Petitioner who is the existing HT consumer of TANGEDCO requested approval to supply power from their captive power plant to their steel unit located 6 k.m. away from the power plant by laying dedicated transmission line from the Unit I of their captive power plant at Gummidipoondi. The Petitioner has been requested to approach the Commission for getting approval for laying dedicated transmission lines and to transmit electricity from their captive power plant to their steel unit.

4.4. TANTRANSCO and TANGEDCO need not have been included as Respondents in this case. However, having been included as Respondent, as

required under section 15.5 (b) of Electricity Act, 2003, as a State Transmission Utility, TANTRANSCO submit the counter affidavit.

4.5. The Petitioner shall confirm the status of their power plant whether they are captive generator or mere generator. If they are the captive generator, the ownership of the power plant and the steel unit shall be the same. If the applicant is not a captive generator the cross subsidy charges as per section 42(2) of the Electricity Act, 2003 shall be applicable.

4.6. There are two High Tension services in the name of the Petitioner as detailed below in the address given by them in their affidavit and this Respondent presumes that the Petitioner has sought for the approval from the Commission vide the petition to extend power supply to these HT services.

- (i) HT SC No.1902 of Chennai Electricity Distribution Circle (North), TANGEDCO, Chennai in the name of M/s.A.R.S Metals Ltd., with a load of 11800 KVA sanctioned demand through 33 KV line fed by Gummidipoondi SS.
- (ii) HT SC No.1781 of Chennai Electricity Distribution Circle (North), TANGEDCO, Chennai in the name of M/s.A.R.S Metals Ltd., with a load of 3000 KVA sanctioned demand through 11 KV line fed by Gummidipoondi SS.

4.7. The Petitioner may be asked to undertake the required installations to feed power to the said HT services in the respective voltage ratios. The Petitioner shall clarify whether they will retain the existing HT service connection of the steel plant with TANGEDCO or proposes to surrender the same after laying the dedicated transmission line.

4.8. As per section 68 of the Electricity Act, 2003 an overhead line of above 11 KV shall be erected with prior approval of the appropriate Government. All statutory

clearances from concerned authorities like CEIG, PCB and Telecom etc. shall also be obtained by the Petitioner for erection of 230 KV dedicated transmission line.

5. Contention of the Petitioner in the Written Submission:-

5.1. The Petitioner has established a captive generating plant with an installed capacity of 60 MW at No.207, Eguvarpalayam, Gummidipondi, Thiruvallur District. It is submitted that after completion of erection work, the Petitioner approached the TANGEDCO, for synchronizing the power supply with the grid the same was permitted on 30-07-2013. The commercial operator date was also declared by the Petitioner on 10-08-2013.

5.2. As on date, the Petitioner CGP is wheeling 28 MW to captive users with the approval of the TANGEDCO under Intra State Short Term Open Access and 20 MW is being exported to TANGEDCO. The Petitioner has also been sanctioned with a H.T. supply in H.T.Sc.No.1984 with sanctioned demand of 5000 KVA for start-up purpose.

5.3. The Petitioner is having two steel plants at the SIPCOT Industrial Complex, Gummidipoondi in H.T.Sc.No.1902 with sanctioned demand 11800 KVA availing 33 K.V. line from Gummidipoondi S.S. Similarly another H.T.Sc.No.1781 located in the same industrial complex is having 3000 K V A demand availing 11 K.V. line from Gummidipoondi S.S. Both the plants are 6 K.M. away from the CGP.

5.4. In order to have optimum consumption of power generated by the CGP in the Petitioner own steel plants mentioned above (viz HT Sc. Nos. 1902 and 1791), the Petitioner approached the 2nd Respondent for grant of approval for laying dedicated

line to transit power from the CGP to their steel plants located 6 K.M. away from the generating plants without connecting to the grid.

5.5. The TANTRANSCO in letter dated 04-05-2013, requested the Petitioner to approach the Commission. Hence, above Miscellaneous Petition No.31 of 2013 has been filed for appropriate orders.

5.6. As to the status of the Petitioner power plant, it is one of the captive power plants in the State of Tamil Nadu established primarily for their own use and it will not also attract payment of cross subsidy surcharge as contemplated under section 9 read with section 42 (2) of the Electricity Act, 2003.

5.7. The H.T.S.C. Nos.1902 and 1781 which have been availing captive power from the Petitioner CGP through TANGEDCO would be surrendered on erection and commissioning of 230/110 K.V. dedicated transmission lines without grid connectivity.

5.8. The Petitioner will approach the authorities concerned for appropriate orders as contemplated under section 68 of the Electricity Act, 2003 to lay the 230 K.V. transmission lines outside the grid connectivity from the point of generation to the point of use (viz to H.T.Sc.Nos.1902 and 1781). However, the Petitioner will retain the start-up power service connection in H.T.Sc.No.1984 for the usage during outage of the generator.

6. Contention of the Respondents in the Written Submission:-

6.1. The Petitioner has confirmed that they have established captive generating plant for their own use. M/s.A.R.S.Metals (P) Ltd. is wheeling 30.19 MW to captive users and 18 M.W to TANGEDCO.

6.2. The Petitioner has clarified that they will surrender the existing HT service connections (viz HT SC No.1902 and HT SC No.1781) of the steel plant with TANGEDCO after erection and commissioning of the dedicated transmission line without connecting to TANTRANSCO grid. However, the Petitioner will retain the HT service connection No.1984 at their plant premises for the purposes of start-up power.

6.3. The Petitioner has agreed to approach the authorities concerned as per section 68 of the Electricity Act, 2003, for laying 230 KV dedicated transmission line without connecting to TANTRANSCO grid. Under the above circumstances, the Commission may be pleased to pass order as deemed fit.

7. Findings of the Commission:-

7.1. The prayer of the petitioner is to grant approval for erecting 6 km, 230 KV dedicated transmission line from his 60 MW Captive Generating Plant at No.207, Eguvarpalayam Gummidipoondi, Tiruvallur District to their steel plants at Plot Nos.39-52 & B1/S, SIPCOT Industrial Complex, Gummidipoondi, Tiruvallur District.

7.2. The relevant portions of Section 9 and Section 10 of the Electricity Act 2003 wherein the laying of transmission lines by the generators discussed are reproduced below:-

Section 9. (Captive generation):

(1) Notwithstanding anything contained in this Act, a person may construct, maintain or operate a captive generating plant and dedicated transmission lines:

Provided that the supply of electricity from the captive generating plant through the grid shall be regulated in the same manner as the generating station of a generating company.

1[Provided further that no licence shall be required under this Act for supply of electricity generated from a captive generating plant to any licensee in accordance with the provisions of this Act and the rules and regulations made thereunder and to any consumer subject to the regulations made under subsection (2) of section 42.]

Section 10. (Duties of generating companies): --- *(1) Subject to the provisions of this Act, the duties of a generating company shall be to establish, operate and maintain generating stations, tie-lines, sub-stations and dedicated transmission lines connected therewith in accordance with the provisions of this Act or the rules or regulations made thereunder.*

(2) A generating company may supply electricity to any licensee in accordance with this Act and the rules and regulations made thereunder and may, subject to the regulations made under subsection (2) of section 42, supply electricity to any consumer.

(3) Every generating company shall –

(a) submit technical details regarding its generating stations to the

Appropriate Commission and the Authority;

(b) co-ordinate with the Central Transmission Utility or the State Transmission Utility, as the case may be, for transmission of the electricity generated by it.

Thus the Section 9 and 10 provide for construction, maintenance and operation of the dedicated transmission lines by the generating companies.

7.3. The definition of dedicated transmission lines is given in sub-section 16 of section 2 of the Electricity Act 2003 which is given below:-

(16) "dedicated transmission lines" means any electric supply-line for point to point transmission which are required for the purpose of

connecting electric lines or electric plants of a captive generating plant referred to in section 9 or generating station referred to in section 10 to any transmission lines or sub-stations or generating stations, or the load centre, as the case may be;”

7.4. The dedicated line proposed by the petitioner is not being connected to any transmission line or sub-station or generating station. We should only see whether the proposed line of the captive generator is being connected to the load centre. There is no definition of load centre available in the Electricity Act. However, the petitioner has enclosed a copy of the judgement delivered by the Appellate Tribunal for Electricity on 20-5-2009 in the Appeal No. 139 of 2007. The above judgment the Hon'ble APTEL has held that

“Dedicated line can go admittedly, from the captive generating plant to the destination of its use. Such destination i.e. the point of consumption, has to be covered by the term “Load Centre”. The consumption point is neither electricity transmission line nor sub-station or generation station. Hence the only way such a line can be termed dedicated transmission line when we treat the point of consumption as a “load centre”. In other words, a single consumer can be a load centre. A dedicated transmission line can go from the captive generating station to a load centre and such load centre can also be a consumer.”

Hence it can be construed that the proposed line by the petitioner from his captive power plant to the steel plants in Gummidipoondi is a dedicated transmission line connecting the load centre.

Electricity (removal of difficulty) (Fifth) Order, 2005 stipulates that

A generating company or a person setting up a captive generating plant shall not be required to obtain licence under the Act for establishing, operating or maintaining a dedicated transmission line if such company or person complies with the following:

(a) Grid Code and standards of grid connectivity:

(b) Technical standards for construction of electrical lines:

(c) System of operation of such a dedicated transmission line as per the norms of system operation of the concerned State Load Despatch Centre (SLDC) or Regional Load Despatch Centre (RLDC):

(d) Directions of concerned SLDC or RLDC regarding operation of the dedicated transmission line.

7.5. Therefore, the Commission is of the view that the petitioner does not require a transmission licence or any approval from the Commission to erect the dedicated transmission line from his captive generating plant to his steel plants located at Nos.39-52 & B1/S, SIPCOT Industrial Complex, Gummidipoondi, Tiruvallur District subject to the provisions of the Act and Rules and Regulations made thereunder.

7.6. M.P.No.31 of 2013 is disposed with the above observation.

8. Appeal:-

An appeal against this order shall lie before the Appellate Tribunal for Electricity under section 111 of the Electricity Act, 2003 within a period of 45 days from the date of receipt of a copy of this order by the aggrieved person.

(Sd.....)
(G.Rajagopal)
Member

(Sd.....)
(S.Akshayakumar)
Chairman

9. Order made by Thiru S.Nagalsamy, Member :-

The Director / Operation, TANTRANSCO has advised the Petitioner wrongly. As a senior experienced officer of TANTRANSCO, he is expected to know the provisions of Act, Rules and Regulations. This petition and litigation and subsequently delay in finalization are due to his misleading wrong advise to the Petitioners.

Hence, the Licensee is directed to identify the officers responsible for this misguidance and initiate action against them.

10. Appeal:-

An appeal against this order shall lie before the Appellate Tribunal for Electricity under section 111 of the Electricity Act, 2003 within a period of 45 days from the date of receipt of a copy of this order by the aggrieved person.

(Sd.....)
(S.Nagalsamy)
Member

/ True Copy /

Secretary
Tamil Nadu Electricity
Regulatory Commission