

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 319/AT/2024

Coram

Shri Jishnu Barua, Chairperson

Shri Ramesh Babu V., Member

Shri Harish Dudani, Member

Date of Order: 13th May, 2025

In the matter of

Petition under Section 63 of the Electricity Act, 2003 seeking adoption of Transmission Tariff discovered pursuant to tariff based competitive bidding with respect to development and operation of "North-Eastern Region Generation Scheme-I (NERGS-I).

And

In the matter of

NERGS-I Power Transmission Limited,

Core-4, Scope Complex 7,

Lodhi Road, New Delhi-110003.

....**Petitioner**

Vs

1. Central Transmission Utility of India Limited,

Saudamini, Plot No.2, Sector-29

Gurgaon-122001.

2. REC Power Development & Consultancy Limited,

D-Block, REC Headquarter

Plot No. I-4, Sector-29

Gurgaon-122001.

3. Dept. of Power, Government of Arunachal Pradesh,

Dept, of Power, Govt, of AP, Vidyut Bhawan, Zero Point Tinali,

Itanagar-791111, Arunachal Pradesh.

4. Manipur State Power Company Limited,

Electricity Complex,

Patta No. 1283 under 87(2) Khwai Bazar,

Keishampat, Imphal-795001, Manipur.

5. Power and Electricity Department, Mizoram,

Power & Electricity Department, Govt of Mizoram,

Kawlphetha building, New Secretariat Complex,

Khatla Aizawl-796001, Mizoram.

6. Dept, of Power, Government of Nagaland,
Electricity House, AG Colony, Kohima- 797001, Nagaland.

7. Tripura Power Transmission Limited,
Urja Bhawan, 79 Tilla, Agartala-799006, Tripura.

8. Assam Electricity Grid Corporation Limited,
Bijulee Bhawan, Paltan Bazar, Guwahati- 781001, Assam.

9. Assam Power Dist. Co. Limited,
Bijulee Bhawan, Paltan Nagar,
Guwahati- 781001, Assam.

10. Meghalaya Energy Corporation Limited,
Lum Jingshai, Short round Road,
Shillong-793001,

Meghalaya.

....**Respondents**

Parties present:

Shri Saunak Rajguru, Advocate, NERGSPTL
Shri Pradyumn Sharma, Advocate, NERGSPTL
Shri Lalit Naran, APDCL
Shri Akshayvat Kislay, CTUIL

ORDER

The Petitioner, NERGS-I Power Transmission Limited (hereinafter referred to as "Petitioner/NERGS"), has filed the present Petition under Section 63 of the Electricity Act, 2003 (hereinafter referred to as "the Act") to establish Inter-State Transmission System for "North Eastern Region Generation Scheme-I (NERGS-I)" (hereinafter referred to as "Project") on Build, Own, Operate and Transfer Basis. The Petitioner has made the following prayers:

- "a) Admit the present Petition;*
- (b) Adopt the annual Transmission Charges of Rs. 303.68 Million as discovered through a TBCB route for development and operation of 'North Eastern Region Generation Scheme-I (NERGS-I)';*
- (c) Allow the "North Eastern Region Generation Scheme-I (NERGS-I)" to be part of the Inter-State Transmission System; and*

- (d) *Hold that the recovery of Transmission Charges by NERGS shall be in accordance with the terms of CERC (Sharing of Inter-state Transmission Charges and Losses) Regulations, 2020 and any other amendment thereto issued from time to time by this Ld. Commission;*
- (e) *Pass any such other order(s) as may be deemed fit and proper in the facts and circumstances of the case."*

2. On receipt of the present Petition, the Bid Process Coordinator (hereinafter referred to as "BPC"), REC Power Development and Consultancy Limited (hereinafter referred to as "RECPDCL"), vide letter dated 24.9.2024, was directed to submit the relevant documents regarding the complete process of competitive bidding. The necessary details have been filed by the BPC vide affidavit dated 3.10.2024.

3. During the course of the hearing on 10.10.2024, the learned counsel for the Petitioner submitted that the present Petition had been filled for the adoption of charges in respect of the "North Eastern Region Generation Scheme-I (NERGS-I)", as discovered pursuant to the tariff based competitive bidding process.

4. Vide Record of Proceedings (hereinafter referred to as "RoP") for the hearing dated 10.10.2024, the BPC, RECPDCL, was directed to briefly explain the reasons for proceeding with the award of the project to M/s Techo Electric & Engineering Co. Ltd., despite the quoted transmission charges amounting to ₹303.68 million being 24.41% higher than the estimated annual transmission charges computed in accordance with the prevailing CERC norms. The BPC was also directed to cite any similar instance(s), if any, in the past where projects in the North Eastern Region were awarded under comparable circumstances.

5. The BPC, vide affidavit dated 1.11.2024 filed in compliance with the Record of Proceedings dated 10.10.2024, has submitted its response regarding the reasons for the higher quoted transmission charges as compared to the tariff computed in accordance with the CERC tariff norms, based on the estimated cost communicated by the Central Electricity Authority (CEA) in respect of the transmission system being established by NERGS-I Power Transmission Limited. The BPC has also submitted details of similar instance(s), if any, in the past concerning projects in the North Eastern Region as under:

- a) The subject project is envisaged for North Eastern Region which will have additional unforeseen implementation challenges owing to the difficult terrain, affecting the actual cost for setting up the project. Besides, the cost of transportation of materials to site in the North East Region is also high, which will impact the actual cost of the project.
- b) Also, the project is to be commissioned in limited timeframe i.e., by 31st Dec' 2026 (irrespective of date of transfer of SPV unlike other projects), which might have impacted the tariff quoted by bidders.
- c) The cost estimate arrived by the cost committee seems to be on lower side, as compared to cost as per the National Committee on Transmission (NCT).
- d) BPC appraised the BEC members that the L1 tariff was discovered after 59 rounds of reverse auction and tariff has been reduced by 14.45% from L1 tariff discovered after Initial Price Offer.
- e) In light of the above, Bid Evaluation Committee decided that the quoted prices are in line with prevailing prices and Letter of Intent to be issued to L1 bidder.

- f) Further, the similar instance of North Eastern Region project was encountered in the matter of NER-II Transmission Limited (petition no. 80/TL/2017 & 81/AT/2017) wherein REC Power Development & Consultancy Limited (erstwhile REC Transmission Projects Company Limited) acted as Bid Process Coordinator and the discovered tariff (Rs. 4,316.53 million) was 6.04% higher than the estimated tariff. Also, in the matter of adoption of tariff of Vapi-II North Lakhimpur Transmission Limited (petition no. 599/TL/2020 and 561/AT/2020) wherein PFC Consulting Limited acted as Bid Process Coordinator, the discovered tariff (Rs. 2,565.92 million) was observed to be 45.2% higher than the estimated tariff. In both the above matters of North Eastern Region, the tariffs discovered through the competitive bidding process were adopted by the Commission.

Hearing Dated 12.11.2024

6. During the course of hearing, the representative of the BPC, RECPDCL, submitted that RECPDCL has filed the details/information as directed by the Commission vide RoP dated 10.10.2024. Further, in response to a specific query of the Commission regarding whether any criteria are in place to determine whether to proceed with the award or to initiate re-tendering in instances where the quoted transmission charges significantly exceed the estimated annual transmission charges as per prevailing CERC norms, the representative of the BPC submitted that no such criteria currently exist.

7. Vide RoP dated 12.11.2024, the BPC was directed to inform the reasons for accepting quoted transmission charges much higher than the estimated annual

charges and not exploring the other alternatives in processing the case within a week.

8. BPC, vide affidavit dated 26.11.2024 filed in compliance with the Record of Proceedings dated 12.11.2024, has submitted the reasons for accepting the quoted transmission charges, which are significantly higher than the estimated annual transmission charges, and for not exploring alternative options while processing the case:

- a) The Bidding process has been carried out in accordance with the guidelines for Tariff Based Competitive Bidding for Transmission Service issued by the Ministry of Power, Govt. of India vide resolution No. 15/1/2017-Trans. dated 10th August, 2021. Regarding consideration for award of the project, Clause 7.5 of the said guidelines states that “The bidder with the lowest annual transmission charges discovered after the e-reverse bidding procedure will be considered for the award. The Evaluation Committee shall have the right to reject all price bids if the rates quoted are not aligned to the prevailing prices”. Copy of the guidelines enclosed as Annexure I
- b) The decision of award / rebidding of projects (where the quoted transmission charges in a bid process is more than the estimated Annual Charges as per the prevailing norms) is taken by the Bid Evaluation Committee (BEC) on case-to-case basis after analyzing urgency/necessity of the scheme, competition during e-Reverse Auction and various factors & bottlenecks affecting the execution of the projects, including past trends of the projects awarded in the region.
- c) The subject scheme was notified vide Gazette Notification dated 25th September 2023 by the Central Electricity Authority, Ministry of Power with a

fixed completion schedule of 31st December 2025. Subsequently, NCT in its 17th meeting dated 31.1.2024 recommended the completion schedule of the scheme as 31.12.2026 instead of 31.12.2025. Copy of the Minutes of the 17th NCT meeting is enclosed as Annexure II. The e-Reverse Auction of the project was concluded on 10.5.2024. Considering the fixed SCOD i.e. 31.12.2026, effective time available for completion of the project appeared to be around 30 months from the date of transfer of SPV. Considering North Eastern Region which will have additional unforeseen implementation challenges owing to the difficult terrain, it was felt essential that the bid process be concluded on priority to avoid compression of the implementation time schedule.

d) Further, BEC noted that considering rates from CTUIL cost matrix of March 2023 for 400 KV line and reactor bays (instead of rates of AEGCL as considered by the Cost Committee) the estimated transmission charges works out to be Rs. 285.93 million and the discovered tariff (i.e., Rs. 303.68 million) is 6.21% higher than this estimate. BEC also noted that the project cost was estimated based on cost matrix of March 2023, whereas raw material (copper/aluminum) prices/indices as per IEEMA had increased 10~12% from March 2023 till the bid submission date i.e., 18.4.2024. Finally, it was appraised that the L1 tariff was discovered after 59 rounds of bidding in reverse auction and hence the discovered charges are reflective of competitive price as per market rates.

e) In addition to the above, similar trends were observed in the past for projects of North Eastern Region, wherein the discovered transmission charges were found to be higher than the estimated charges. Information regarding the

same have already been submitted before the Hon'ble commission by BPC in compliance to the previous Records of Proceedings of hearing held on 10.10.2024.

- f) In light of the above, Bid Evaluation Committee decided that the quoted transmission charges are acceptable and recommended BPC to issue Letter of Intent to L1 bidder. Hence, the Letter of Intent was issued to the successful bidder i.e., Techno Electric & Engineering Company Limited on 3.6.2024 by the BPC.

Hearing Dated 30.12.2024

9. During the course of hearing, the learned counsel for the Petitioner primarily reiterated the submissions made in the Petition and the affidavit filed by the Petitioner. The learned counsel also sought liberty to upload a note of submissions in the instant Petition. Accordingly, the Petitioner was directed to file written submissions, which were subsequently submitted on 3.1.2025, reiterating the context and submissions already on record. Therefore, the same is not being reproduced herein for the sake of brevity.

Analysis and Decision

10. We have considered the submissions of the Petitioner, BPC, and CTUIL and perused the documents available on record. Section 63 of the Act provides as under:

“Section 63: Determination of tariff by bidding process: Notwithstanding anything contained in section 62, the Appropriate Commission shall adopt the tariff if such tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government.”

11. The Government of India, the Ministry of Power has notified the “Tariff based Competitive bidding Guidelines for Transmission Service” and “Guidelines for Encouraging Competition in Development of Transmission Projects” (hereinafter

referred to as “the Guidelines”) under Section 63 of the Act vide Resolution No. 15/1/2017-Trans dated 10.8.2021 as amended from time to time. The salient features of the Guidelines are as under:

(a) The Guidelines are applicable for the procurement of transmission services for transmission of electricity through tariff based competitive bidding for selection of the Transmission Service Provider (TSP) for new transmission system on a Build, Own, Operate and Transfer basis.

(b) For procurement of the transmission services required for any inter-State transmission Project, the Central Government shall notify the CTUIL or any Central Government Organization/ Central Public Sector Undertaking or its wholly owned subsidiary (Special Purpose Vehicle) to be the Bid Process Coordinator (BPC) who would be responsible for the coordinating the bid process.

(c) The BPC shall prepare the bid documents in accordance with the Guidelines and obtain approval of the Appropriate Government, or alternatively, the BPC can use the Standard Bid Documents notified by the Ministry of Power. Any material deviation from the Standard Bidding Documents shall be made only with the prior approval of the Appropriate Government. Intimation about initiation of the bidding process shall be sent by the BPC to the Appropriate Commission.

(d) For the procurement of the transmission services under the guidelines, BPC shall adopt a single stage two envelope tender process featuring Request

for Proposal (RfP). The entire bidding process shall be conducted online through electronic medium under e-reverse bidding framework.

(e) The RfP notice should be published in at least two national newspapers, website of the BPC, and preferably in trade magazines also, so as to accord it wide publicity. The bidding shall necessarily be by way of the International Competitive Bidding (ICB). For the purpose of issue of RfP, minimum conditions to be met by the bidder shall be specified in the RfP.

(f) Standard documentation to be provided in the RfP shall include definitions of requirements including brief description of the Project, commissioning milestones to be achieved by the bidders, qualification requirements to be met by the bidders including, minimum net worth, etc. with necessary proof of the same, as outlined in the bid documents, Specified target dates/months for commissioning and commercial operations, Standard Transmission Service Agreement (TSA), agreement(s) under the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations as amended from time to time, period of validity of offer of bidder, TSA proposed to be entered with the SPV including amendments, bid evaluation methodology to be adopted by the BPC, specification regarding bid bond as well as the Contract Performance Guarantee to be furnished by the bidders, proposed indemnification agreement between the TSP and the Nodal Agency, liquidated damages that shall apply in the event of delay in start of providing the transmission services and technical, operational and safety criteria to be met by the bidder/TSP and requirement of obtaining transmission licence from the Appropriate Commission.

(g) The TSP, on the date of acquisition of the SPV from the BPC will enter into a Transmission Service Agreement with the Nodal Agency.

(h) To ensure competitiveness, the minimum number of qualified bidders shall be two. For inter-State transmission system, bids shall be opened in the office of the CEA by a bid committee comprising of at least one member from the CEA and one member from BPC. For inter-State transmission system, CEA shall constitute a committee for evaluation of the bids with at least one representative from the CEA and not less than two representatives from the concerned Regional Power Committees and one independent member. Further, in case project is inter-regional, there shall be at least one representative from every concerned RPC. The technical bids shall be examined to ensure that the bids submitted meet minimum eligibility criteria set out in the bid documents on all the technical evaluation parameters. Only the bids that meet all elements of the minimum technical criteria set out in the bid documents shall be considered for further evaluation on the transmission charges bids. The online initial price bids shall be electronically opened by the bid opening committee in the presence of the bid evaluation committee. The bidder who has quoted the lowest transmission charge as per the evaluation procedure shall be considered for the award.

(i) BPC is required to complete e-reverse bidding after opening of the initial offer within 75 days. The procurer may give extended time frame indicated herein based on the prevailing circumstances, and such alterations shall not be construed to be deviation from these guidelines.

(j) The TSP shall make an application for the grant of a transmission licence to the Appropriate Commission within five (5) working days from the date of execution of the Share Purchase Agreement for acquisition of the SPV.

(k) BPC shall make the final result of evaluation of all bids public. The final TSA, along with the certification by the bid evaluation committee, shall be forwarded to the Appropriate Commission for the adoption of tariff discovered from the quoted annual transmission charges during the e-reverse bidding process in terms of Section 63 of the Act.

12. Therefore, we have to examine whether the Guidelines issued by the Central Government have been followed in the present case in a transparent process of bidding.

13. The Ministry of Power, Government of India, vide its Gazette Notification No. 730 [Avt. III/4/Ext./512/2023-24] dated 26.10.2023 has notified the REC Power Development and Consultancy Limited as a BPC for the purpose of selection of a bidder as the Transmission Service Provider to establish the Inter-State Transmission System for “North Eastern Region Generation Scheme-I (NERGS-I)” on Build, Own, Operate and Transfer Basis through a tariff based competitive bidding process.

14. NERGS-I Power Transmission Limited was incorporated on 13.12.2023 under the Companies Act, 2013 as a wholly owned subsidiary of RECPDCL with the objective to establish the inter-State Transmission System for “North Eastern Region Generation Scheme-I (NERGS-I)” and to act as the Transmission Service Provider after being acquired by the successful bidder. The main objectives of the Petitioner

Company in its Memorandum of Association are as under:

“To plan, promote and develop an integrated and efficient power transmission system network in all its aspects including planning, investigation, research, design and engineering, preparation of preliminary, feasibility and definite project reports, construction, operation and maintenance of transmission lines, sub-stations, load dispatch stations and communication facilities and appurtenant works, coordination of integrated operation of regional and national grid system, execution of turn-key jobs for other utilities/organizations and wheeling of power in accordance with the policies, guidelines and objectives laid down by the Central Government from time to time”.

15. BPC prepared the bidding document (RfP) in accordance with the Standard Bid Documents issued by the Ministry of Power, Government of India.

16. BPC started the process of selection of the successful bidder with the publication of a Global Invitation for Qualification for the selection of a developer on a BOOT basis for the Project. The notice of the RfP was published in National/International newspapers on 20.11.2023 with the last date of submission of response to the RfP as 18.4.2024. Intimation regarding the initiation of the bid process was given to this Commission on 20.11.2023 in accordance with Clause 4.2 of the Guidelines dated 10.8.2021.

17. Factual Matrix of the biddings is as under: -

| S. No. | Events | Date |
|--------|--|--|
| 1 | Publication of RfP | 20.11.2023 |
| 2 | Intimation to the Commission | 20.11.2023 |
| 3 | Technical & Price Bid Submission | 18.4.2024 |
| 4 | Technical Bid Opening | 18.4.2024 |
| 5 | Initial Bid Opening (IPO) | 9.5.2024 |
| 6 | e-Reverse Auction | 10.5.2024 |
| 7 | No. of Bidders participated in the e-Reverse Auction | 2 Participated (mentioned in para 23 below) |
| 8 | Rounds of E-Reverse Auction | 59 rounds |
| 9 | Final Bid Evaluation Committee Meeting | 24.5.2024 |
| 10 | Issuance of Lol | 3.6.2024 |

| | | |
|----|---|----------------|
| 11 | Signing of Agreements & Transfer of SPV | 30.7.2024 |
| 12 | Estimated Cost of the Project | Rs. 214 Crores |

18. The scope of the Project as per the Request for Proposal and the Transmission Service Agreement is as under:

| Sl. No. | Scope of Transmission Scheme | SCOD in months from Effective Date |
|---------|---|------------------------------------|
| 1. | <ul style="list-style-type: none"> ▪ Establishment of new 400 kV switching station (to be upgraded to 400/220 kV level in future) at Bokajan in Assam. <ul style="list-style-type: none"> ○ 420 kV 80 MVAr Bus reactor – 2 nos. ○ 400 kV bus reactor bays: 2 nos. ○ 420 kV, 50 MVAr switchable line reactor: 2 nos. (one in each circuit of Bokajan – New Mariani 400 kV D/c line formed after LILO of both circuits of Misa (POWERGRID) – New Mariani (POWERGRID) 400 kV D/c line at Bokajan) ○ 400 kV line bays: 5 Nos. <i>[4 nos. for termination LILO of both circuits of Misa – New Mariani 400 kV D/c line at Bokajan (LILO under this scheme) and 1 no. of 400 kV line bays at Bokajan (ISTS) switching station for termination of APDCL – Bokajan dedicated transmission line (line is under the scope of M/s APDCL)]</i> <p>Additional space for future expansion:</p> <ul style="list-style-type: none"> ▪ 400/220 kV, 4x500 MVA ICTs along with associated ICT bays at both voltage levels. ▪ 420kV, 2x125 MVAr bus reactor along with associated bays. ▪ 9 nos. of 400 kV line bays (along with space for switchable line reactor) for future lines. ▪ 10 nos. of 220 kV line bays for future lines. ▪ 400 kV bus sectionaliser bay: 1 set. ▪ 220 kV bus sectionaliser bay: 1 set. ▪ 220 kV bus coupler bay: 2 no. ▪ 220 kV transfer bus coupler bay: 2 no. | 31 st December 2026 |
| 2. | LILO of both circuits of Misa (POWERGRID) – New Mariani (POWERGRID) 400 kV D/c line at Bokajan. | |

19. For the purpose of evaluation of the bids, the Bid Evaluation Committee (BEC) comprising of the following was constituted:

| | | |
|----|---|--------------------------------------|
| 1. | Sh. Rajesh Kumar Singh, General Manager, CCGRO-II, SBI | Chairman of the Committee |
| 2. | Sh. Bhanwar Singh Meena Director, PSETD Division, Central Electricity Authority | Member |
| 3. | Sh. B. S. Bairwa Director, PSPA-II Division, Central Electricity Authority | Member |
| 4. | Sh. Anil Kwarani Director, NERPC | Member |
| 5. | Mrs. Manju Rabha General Manager (Non-EAP), AEGCL | Member |
| 6. | Sh. Ajay Mathur Chairman, NERGS-I Power Transmission Limited | Convener- Member of the Committee |

20. Responses to the RfP were received from the four bidders as per details given below:

| Sr. No. | Name of Bidders |
|----------------|--|
| 1. | Power Grid Corporation of India Limited |
| 2. | Techno Electric & Engineering Company Limited |
| 3. | Sterlite Grid 6 Limited |
| 4. | Indigrid 2 Limited & M/s Indigrid 1 Limited - Consortium |

21. The responses of the bidders were opened on 18.4.2024 in the presence of the representatives of the bidders. Based on the recommendations of the Bid Evaluation Committee, the Initial Offers of all four bidders were opened on 9.5.2024 in the presence of the Bid Evaluation Committee. In the BEC meeting held on 9.5.2024, it was noted that the lowest transmission charge from the Initial Offer submitted by the bidders was Rs. 355.00 million, which shall be the initial ceiling for quoting the final offer during the e-Reverse Auction. Accordingly, the rank of the bidders for participation in the e-reverse auction is as under:

| Sr. No. | Name of the Bidder | Quoted Transmission Charges from the Initial Offer (in Rs. Million) | Rank |
|----------------|--|--|-------------|
| 1. | Power Grid Corporation of India Limited | 355.00 | L1 |
| 2. | Techno Electric & Engineering Company Limited | 391.00 | L2 |
| 3. | Sterlite Grid 6 Limited | 410.20 | L3 |
| 4. | Indigrd 2 Limited & M/s Indigrd 1 Limited - Consortium | 420.00 | L4 |

22. As per the provisions of the RfP documents, BEC recommended the four qualified bidders participate in the e-reverse auction stage and submit their final offer.

23. The e-reverse auction was carried out at the MSTC portal on 10.5.2024 after intimating to the bidders regarding the lowest initial price offer. The transmission charges for the bidders (in ascending order) emerged as under:

| Sr. No. | Name of the Bidder | Transmission charges from the Initial Offer (in Rs. Million) | Transmission charges from the Final Offer (in Rs. Million) | Rank |
|----------------|--|---|---|-------------|
| 1. | Techno Electric & Engineering Company Limited | 391.00 | 303.68 | L1 |
| 2. | Power Grid Corporation of India Limited | 355.00 | 304.45 | L2 |
| 3. | Sterlite Grid 6 Limited | 410.20 | Not participated in e-reverse auction | L3 |
| 4. | Indigrd 2 Limited & M/s Indigrd 1 Limited - Consortium | 420.00 | Not participated in e-reverse auction | L4 |

24. Based on the e-reverse bidding, BEC, in its meeting held on 24.5.2024, recommended Techno Electric & Engineering Company Limited, with the lowest transmission charges of Rs. 303.68 million, as the successful bidder.

25. Letter of Intent was issued by the BPC on 3.6.2024 to the successful bidder, i.e., Techno Electric & Engineering Company Limited. In accordance with Clause

12.3 of the Guidelines, the BPC has hosted on the website of RECPDCL, the final result of the evaluation of the bids for the selection of a developer for the Project.

26. In accordance with the provisions of the bid documents and upon the issuance of Lol to the successful bidder (Techno Electric & Engineering Company Limited) and acquisition of SPV (the Petitioner) by the successful bidder, the Petitioner has prayed for the adoption of transmission charges for the Project which has been discovered through the competitive bidding process.

27. In accordance with Clause 2.15.2 of RfP, the selected bidder shall, within 10 days of the issue of the Letter of Intent, accomplish the following tasks:

- a) Provide the Contract Performance Guarantee in favour of the Nodal Agency;
- b) Execute the Share Purchase Agreement and the Transmission Service Agreement;
- c) Acquire, for the Acquisition Price, one hundred per cent (100%) equity shareholding of NERGS-I Power Transmission Limited from REC Power Development and Consultancy Limited, along with all its related assets and liabilities.

28. In accordance with Clause 2.15.4 of RfP, the selected bidder shall, within five working days of the issue of the acquisition of the SPV by the Successful Bidder, the TSP shall apply to the Commission for the grant of a transmission licence and make an application to the Commission for the adoption of transmission charges, as required under Section 63 of the Act.

29. The proviso to Clause 2.15.2 of the RfP provides that "if for any reason attributable to the BPC, the said activities are not completed by the Selected Bidder within the above period of ten (10) days as mentioned in this clause, such period of 10 days shall be extended, on a day to day basis till the end of the Bid validity period". As per the above provision, the selected bidder was required to complete all the activities, including the acquisition of the SPV, by 13.6.2024. Though Lol was issued on 3.6.2024, BPC, vide its letter dated 30.7.2024 in terms of Clauses 2.15.2 of RfP extended the date up to 6.8.2024 for completion of all activities by the successful bidder. The selected bidder furnished the Contract Performance Guarantee in favour of the Nodal Agency (CTUIL) for an amount of Rs. 2.00 Crores on 25.7.2024 and acquired a hundred per cent equity-holding in the applicant company on 30.7.2024 after execution of the Share Purchase Agreement. As per clause 2.15.4 of the RfP, TSP is required to apply to the Commission for the adoption of transmission charges within five working days of the issuance of the acquisition of the SPV to the successful bidder. The successful bidder, namely Techno Electric & Engineering Company Limited, acquired the SPV on 30.7.2024. Accordingly, the TSP has filed the instant Petition through e-filing for the adoption of transmission charges on 6.8.2024.

30. The Petitioner has approached the Commission with a separate application for a grant of transmission licence. The Commission, vide order dated 11.5.2025 in Petition No. 322/TL/2024, on being satisfied that the Petitioner, *prime facie*, qualifies for grant of transmission license as prayed for, directed publication of notices under clause (a) of sub-section (5) of Section 15 of the Act, inviting suggestions/ objections to the proposal of the Commission. Accordingly, notices have been published.

31. In accordance with the Guidelines, BEC has to certify that the tariff has been discovered through a transparent process of bidding and the tariff discovered is in line with prevailing market prices. In the minutes of the fourth Meeting of the Bid Evaluation Committee meeting held on 24.5.2024, the following have been recorded:

“2. The Bid Evaluation Committee had met earlier on 09.05.2024 where the Initial Offers were opened and following was recommended:

- As per provisions of RFP document, following four (4) bidders were qualified to participate in the electronic reverse auction stage and submit their Final Offer:*

| Sr. No. | Name of the Bidder | Transmission Charges from the Initial Offer (in Rs. Million) | Rank |
|----------------|--|---|-------------|
| 1. | Power Grid Corporation of India Limited | 355.00 | L1 |
| 2. | Techno Electric & Engineering Company Limited | 391.00 | L2 |
| 3. | Sterlite Grid 6 Limited | 410.20 | L3 |
| 4. | Indigrid 2 Limited & M/s Indigrid 1 Limited - Consortium | 420.00 | L4 |

- To start electronic reverse auction on 10.05.2024 at 1000 Hrs (1ST) after intimation to all the four (4) qualified bidders regarding lowest initial price offer.*

3. Pursuant to the above, BPC confirmed to BEC that all the above four (4) qualified bidders were informed on 09.05.2024 (duly acknowledged by them) regarding the electronic reverse auction start time and lowest initial offer.

4. The electronic reverse auction started on 10.05.2024 at 1000 Hrs (1ST) on MSTC portal and 59 bids have been received during electronic reverse auction. Accordingly, Levelized Transmission Tariff for each bidder (in ascending order) is as under:

| Sr. No. | Name of the Bidder | Transmission charges from the Initial Offer (in Rs. Million) | Transmission charges from the Final Offer (in Rs. Million) | Rank |
|----------------|---|---|---|-------------|
| 1. | Techno Electric & Engineering Company Limited | 391.00 | 303.68 | L1 |

| | | | | |
|----|--|--------|--|----|
| 2. | Power Grid Corporation of India Limited | 355.00 | 304.45 | L2 |
| 3. | Sterlite Grid 6 Limited | 410.20 | Not participated in electronic reverse auction | L3 |
| 4. | Indigrd 2 Limited & M/s Indigrd 1 Limited - Consortium | 420.00 | Not participated in electronic reverse auction | L4 |

The system generated bid history of electronic reverse auction is enclosed at Annex-1.

5. As per above table, M/s Techno Electric & Engineering Company Limited emerged as the successful Bidder after the conclusion of electronic reverse auction with the lowest annual transmission charges of Rs. 303.68 million which is also the Final Offer.

6. BPC, in their evaluation report (Annexure 2) has confirmed the following:

a) Lowest annual transmission charges of Rs. 303.68 million discovered through electronic reverse auction and the estimated annual transmission charges is Rs. 244.10 million which is computed based on the estimated cost as communicated by cost committee and as per prevailing CERC norms.

b) As per provisions of RFP Document, successful bidder i.e., M/s Techno Electric & Engineering Company Limited has submitted original hard copies of Annexure-3 and Annexure-14 and the same are found to be in order.

c) The entire bid process has been carried out in accordance with the "Tariff based Competitive Bidding Guidelines for Transmission Service" and "Guidelines for encouraging competition in development of the Transmission Projects" issued by Ministry of Power, Govt, of India under Section 63 of the Electricity Act, 2003 as amended from time to time.

7. BEC observed that the discovered tariff is 24.41% higher than the estimated annual transmission charges as per prevailing CERC norms and analysed the reasonability of the discovered tariff. In this regard the following points were deliberated:

a) The subject project is envisaged for North Eastern Region which will have additional unforeseen implementation challenges owing to the difficult terrain, affecting the actual cost for setting up the project. Besides, the cost of transportation of materials to site in the North East Region is also high, which will impact the actual cost of the project.

b) Also, the project is to be commissioned in limited timeframe i.e., by 31st Dec' 2026 (irrespective of date of transfer of SPV unlike other projects), which might have impacted the tariff quoted by bidders.

c) The cost estimate arrived by the cost committee seems to be on lower side, as compared to cost as per the National Committee on Transmission (NCT).

d) BPC appraised the BEC members that the LI tariff was discovered after 59 rounds of reverse auction and tariff has been reduced by 14.45% from LI tariff discovered after Initial Price Offer.

8. After detailed discussions on the evaluation report prepared by BPC (Annexure 2), the Bid Evaluation Committee observed the following:

a) M/s Techno Electric & Engineering Company Limited, with the lowest annual transmission charges of Rs. 303.68 million, is the successful Bidder after the conclusion of the electronic reverse auction.

b) The transmission charges discovered after electronic reverse auction is found reasonable as deliberated under para 7 above.

9. In view of para 8 above, BEC recommended to issue the Letter of Intent (LOI) to M/s Techno Electric & Engineering Company Limited.

10. The certificate by BEC to be forwarded to CERC for adoption of tariff in terms of Section 63 of the Electricity Act, 2003 is attached at Annexure 3."

32. Bid Evaluation Committee (BEC), vide its certificate dated 24.5.2024, certified as under:

"It is certified that:

a. The entire bid process has been carried out in accordance with the "Tariff based Competitive Bidding Guidelines for Transmission Service" and "Guidelines for encouraging competition in development of the Transmission Projects" issued by Ministry of Power, Govt, of India under Section 63 of the Electricity Act, 2003 as amended from time to time.

b. M/s Techno Electric & Engineering Company Limited, with the lowest annual transmission charges of Rs. 303.68 Million, emerged as the successful Bidder after the conclusion of electronic reverse auction.

c. The transmission charges of Rs. 303.68 Million discovered after electronic reverse auction is acceptable."

33. In the light of the discussions in the preceding paragraphs, it emerges that the selection of the successful bidder and the discovery of the annual transmission charges of the Project has been carried out by the BPC through a transparent process of competitive bidding in accordance with the Guidelines issued by the Ministry of Power, Government of India under Section 63 of the Act. BEC has certified that the process is in conformity with the Ministry of Power Guidelines. BEC, in its certificate dated 24.5.2024, has certified that Techno Electric & Engineering Company Limited has emerged as the successful bidder after the conclusion of the e-reverse auction with the lowest annual transmission charges of Rs. 303.68 million. As the minutes of the BEC meeting held on 24.5.2024 would indicate, these annual transmission charges are approximately 24.41% higher than the levelized transmission charges (Rs. 244.10 million) computed as per the prevailing norms based on the Cost Committee's estimated cost of the project of Rs. 136.53 crores. However, while examining the reasonability of the aforesaid tariff, BEC has also deliberated on the aspect that the project is located in the North Eastern Region, which presents significant implementation challenges due to difficult terrain, leading to increased actual costs for setting up the project. Additionally, the high cost of transporting materials to the site in this region further contributes to the overall project expenditure. Moreover, the project is also required to be commissioned within a strict timeframe, i.e., by 31st December 2026, regardless of the date of transfer of the Special Purpose Vehicle (SPV), unlike other similar projects, and this limited execution window may have further influenced the tariffs quoted by the bidders. BEC also observed that the cost estimate provided by the Cost Committee appeared to be on the lower side when compared to the estimates of the National Committee on Transmission (NCT). Also, as appraised by the BPC, the lowest tariff was discovered

after 59 rounds of reverse auction, reflecting a 14.45% reduction from the initial tariff discovered during the Initial Price Offer stage. As the BEC, after having regard to the above aspects, has found the annual transmission charges of Rs. 303.68 million as acceptable, we find it appropriate to approve and adopt the single annual transmission charges of Rs. 303.68 million, subject to the grant of a transmission licence to the Petitioner. The transmission charges shall remain valid throughout the period covered in the TSA.

34. The sharing of the transmission charges by the designated ISTS customers (DICs) shall be governed by the provisions of the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2020, as amended from time to time.

35. Extract copy of this order shall be sent to the Nodal agency, CTUIL.

36. Petition No. 319/AT/2024 is disposed of in terms of the above.

Sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member

sd/-
(Jishnu Barua)
Chairperson