HARYANA ELECTRICITY REGULATORY COMMISSION

Notification

The 6th October, 2010

Regulation No. HERC/ 18 / 2008 / 1st Amendment / 2010:- In exercise of the powers conferred on it by section 181 of the Electricity Act 2003 (Act, 36 of 2003) and all other powers enabling it in this behalf, the Haryana Electricity Regulatory Commission makes the following regulations to amend some of the provisions of the Haryana Electricity Regulatory Commission (Conditions of Transmission Licence) Regulations, 2008 as under:-

1. **Short Title, Commencement and interpretation.**—(1) These Regulations may be called the Haryana Electricity Regulatory Commission (Conditions of Transmission Licence) (1st Amendment) Regulations, 2010.

(2) These regulations shall come into force on the date of their publication in the Haryana Government Gazette.

(3) These regulations shall extend to the State of Haryana.

(4) The Punjab General Clauses Act, 1898 (Act 1 of 1898) as applicable to the State of Haryana shall apply to the interpretation of these regulations.

2. **Amendment to regulation 3.—Existing regulation 3 shall be substituted with the following regulation:**

3. **Conditions of Licence**—(1) There shall be different classes of transmission licence. The class of a licence may either be 'area specific' or 'project specific'. The terms and conditions of licence may be different depending on the class of the transmission licence.

(2) The terms and conditions applicable to the licence classified as 'area specific', with effect from the notified date, shall be as set out in Form – 1 appended to these regulations.

(3) The terms and conditions applicable to the licence classified as 'project specific', with effect from the notified date, shall be as set out in Form – 2 appended to these regulations.

(4) The Commission may from time to time add more classes of transmission licence, if the situation so warrants, and notify different terms and conditions suitable to each class of transmission licence.

3. **Amendment to regulation 4.— Existing regulation 4 shall be deleted and the following regulations 4, 5, 6 & 7 shall be added:**

4. **Miscellaneous.**—(1) All issues arising in relation to interpretation of these regulations including the terms and conditions thereof shall be decided by the Commission and the decision of the Commission on such issues shall be final and binding on the parties.

(2) The Commission may, at the time of grant of transmission licence, waive or modify any of the provisions of these regulations either in the order granting the licence or by providing for specific terms and conditions applicable to a specific class of transmission licence.

5. **Savings.**- (1) Nothing in these regulations shall bar the Commission from adopting a procedure at variance with any of the provisions of these regulations, if the Commission, in view of the special circumstances and for reasons to be recorded in writing, deems it necessary or expedient to do so.

(2) Nothing in these regulations shall, explicitly or implicitly, bar the Commission from dealing with any matter or exercising any power under the Act, and the Commission may deal with such matters, and exercise such powers and functions in such manner as it deems fit.

(3) Nothing in these regulations shall be deemed to limit or otherwise affect the power of the Commission to make such orders as may be necessary to meet the ends of justice or to prevent abuse of process of the Commission.

6. **Power to amend.**— The Commission may, on an application made to it in this regard or on its own, at any time add, modify, delete or amend any provision of these regulations.

7. **Power to remove difficulties.**—If any difficulty arises in giving effect to any of the provisions of these regulations, the Commission may, by general or specific order, take suitable actions that appear to it to be necessary or expedient for the purpose of removing the said difficulty, not being inconsistent with the provisions of the Act.

4. Amendment to condition No. 3 of Part – I of Form – 1.— The existing condition No. 3 of Part – I of Form – 1 shall be substituted with the following :

3. **Term of Licence** .—(1) The Commission, in exercise of power conferred on it by section 14 of the Act, hereby grants a licence to _ ___ __, . _ (name of the applicant) for transmission of electricity in respect of the transmission system details of which are given in schedule -I of the licence subject to the conditions specified in the licence.

(2) This licence shall come into force from_ ____ _. .(date of communication of decision of the Commission granting this licence) and unless revoked shall remain in force for a period of 25 years from the above date.

5. Conditions No. 25 and 26 of Part – V of Form – I are deleted.

By orders of the Commission

Sd/...,

Secretary.

Form-2

[(Regulation 3 (3)]

TRANSMISSION LICENCE

(Project Specific)

Licence granted by the Haryana Electricity Regulatory Commission under Section 14 of the Electricity Act - 2003 (Act 36 of 2003) to _____ (Name and address of the applicant) for carrying on the business of transmission of electrical energy in respect of the transmission system, for the _____ (Name of the project), details of which are given in schedule -1 of the licence, with the powers and upon the terms and conditions specified below:

PART I

PRELIMINARY

1. **Short Title.**– The licence may be called _____ (Name of the Licence) (Licence No. _____)

2. **Definitions.**—In this licence unless the context otherwise requires:

(1) **"Act"** means the Electricity Act, 2003 (36 of 2003) ;

(2) **"annual accounts"** means the accounts of the transmission licensee prepared in accordance with the provisions of the Companies Act, 1956 (1 of 1956) and / or in such other manner as may be directed by the Commission in terms of the provisions of the Act where applicable and/or in accordance with standard accounting practice in any other case;

(3) **"area of activity "** means the area of activity stated in the transmission licence within which the transmission licensee is authorised to establish, operate and maintain transmission lines and associated facilities;

(4) **"auditors"** means the transmission licensee's statutory auditors and in case the transmission licensee is a company auditors holding office in accordance with the requirements of Sections 224 to 234 A or Section 619 as applicable, of the Companies Act, 1956 (1 of 1956), as amended from time to time ;

(5) **"Agreement"** means the **"Transmission Agreement"** its Recitals, the Schedules and any amendments thereto made in accordance with the provisions contained in the Transmission Agreement entered into by transmission licensee with _____ (Name of the utility licensee) on _____ (date of signing of the agreement) and referred as agreement in the licence;

(6) **"authorised"**, in relation to any person, business or activity, means authorised by the licence granted under section 14 of the Act or deemed to be granted under first, second, third and fifth provisos to section 14 of the Act or exemption granted under section 13 of the Act;

(7) **"Commission"** means the Haryana Electricity Regulatory Commission;

(8) **"force majeure"** means events beyond the reasonable control of the licensee, including, but not limited to earthquakes, cyclones, floods, storms, adverse weather conditions, war, terrorist attacks, civil commotion or other similar occurrences that leads to any act that would involve a breach of relevant laws or regulations concerned with electrical safety;

(9) **"generator interconnection facilities"** means electrical lines, transformers, bus bars, switch-gear, plant or apparatus utilized to enable access to a transmission system or distribution system by the generating stations;

(10) **"Indian Electricity grid code"** means the grid code specified by the Central Electricity Regulatory Commission under clause (h) of sub-section (1) of section 79 of the Act;

(11) **"Haryana grid code"** means grid code specified by the Commission under clause (h) of sub-section (1) of section 86 of the Act;

(12) **"holding company"** shall have the same meaning as in section 4 of the Companies Act,1956 (1 of 1956);

(13) **"intervening transmission facilities"** means the electric lines owned or operated by a transmission licensee where such electric lines can be utilized for transmitting electricity for and on behalf of another licensee at his request and on payment of a tariff or charge as determined by the Commission;

(14) **"licence"** means the licence issued under section 14 of the Act under which the licensee is authorized to conduct the licenced business;

(15) **"licensed business"** means the business of establishment and operation of transmission lines and associated facilities as authorized under the licence;

(16) **"major incident"** means an incident associated with the transmission of electricity, which results in a significant interruption of service, substantial damage to equipment, or loss of life or significant injury to human beings, or as otherwise directed by the Commission and shall also include any other incident which the Commission expressly declares to be a major incident;

(17) **"operational control"** means possessing the authority to make operational decisions such as commissioning and utilization of units, service lines, equipment etc;

(18) **"other business"** means any business of the transmission licensee (other than the licensed business) carried out using the assets and associated facilities of the licensed business as per the provisions of section 41 of the Act;

(19) **"performance standards"** means the standards as may be specified by the Commission in pursuance of section 57 of the Act;

(20) **"State Government"** means the Government of Haryana;

(21) **"subsidiary"** shall have the same meaning as defined under section 4 of the Companies Act, 1956 (1 of 1956);

(22) **"transfer"** shall include the sale, exchange, gift, lease, licence, loan, securitization, mortgage, charge, pledge or grant of any other encumbrances or otherwise permitting of any encumbrance to subsist or parting with physical possession or any other disposition or deal;

(23) **"transmission business"** means the authorized business of a transmission licensee to transmit electricity through any system owned or operated by such licensee;

(24) **"transmission licensee"** means the entity, which has been granted a transmission licence or is a deemed licensee under the first, second, third or fifth provisos to section 14 of the Act authorized to transmit electricity;

(25) **"transmission operating standards"** means the standards related to the transmission licensee's operation of its transmission system specified by the Commission for a transmission licensee in the State;

(26) **"transmission planning and security standards"** means the standards related to the adequacy of the transmission licensee's system planning and security of its transmission system as specified by the Commission for a transmission licensee in the State;

(27) **"transmission system"** means the system consisting mainly of extra high voltage electric lines having design voltage of 66 KV or higher, owned or controlled by the transmission licensee, and used for the purposes of the conveyance of electricity between the switchyards of two generating sets or from the switchyard of a generating set to a substation, or between substations, or to or from any external interconnection and includes all equipments up to the interconnection with the distribution system, and includes any plant, apparatus and meters owned or used in connection with the transmission of electricity, but shall not include any part of a distribution system;

(28) **"use of system"** means use of the transmission system by the users for transportation of electricity for any person pursuant to a contract entered into with the transmission licensee;

(29) **"users"** means anyone who uses the transmission system; and

(30) any other words, terms and expressions used and not defined in licence provisions, but defined under the Act, shall have the meaning as assigned to them in the Act.

3. Term of the Licence.—

3.1 The Commission, in exercise of power conferred on it by section 14 of the Act, hereby grants a licence to _____ (name of the applicant) for transmission of electricity from _____ (name of the project) in respect of the transmission system defined in schedule -1 to Form -2 of the licence subject to the conditions specified in the licence.

3.2 This licence shall come into force from _____ (date of communication of decision of the Commission granting this licence) and unless revoked shall remain in force for a period of 25 years from the above date or the date of termination of agreement whichever is earlier.

PART II

GENERAL TERMS AND CONDITIONS OF TRANSMISSION LICENCE

4. Compliance with regulations, codes, orders, guidelines and directions

4.1 The transmission licensee shall comply with the requirements of laws in force and, in particular, the Act, the Indian Electricity Grid Code and Haryana Grid Code, Transmission Operating Standards, Transmission Planning and Safety Standards, rules, regulations, orders and directions issued by the Commission from time to time;

4.2 The transmission licensee shall duly comply with the orders and directions issued in the discharge of their functions by the National Load Despatch Centre, Regional Load Despatch Centre and the State Load Despatch Centre;

4.3 The transmission licensee shall coordinate with Regional Power Committee, Regional Load Despatch Centre/State Load Despatch Centre and Central Transmission Utility/State Transmission Utility, licensees and/or the generating companies, as may be required, in relation to all activities relating to the licensed business;

4.4 The transmission licensee shall pay the licence fee at the rates and within the time period specified under HERC (Fee) Regulation No. HERC/10/ 2005;

4.5 The transmission licensee shall pay to the State Load Despatch Centre such fee as may be specified by the Commission;

4.6 Where the transmission licensee fails, omits or neglects to undertake any transmission activity for four consecutive quarters, the transmission licence shall be subject to revocation in accordance with the provisions of the Act;

4.8 The transmission licensee shall establish adequate communication facilities such as telephone, fax, computer, internet, hotline services, wireless communication system with transmission network. The communication facilities shall be established at its head quarter, branches as well as in other establishments such as Haryana Vidyut Prasaran Nigam Limited (HVPNL) / State Load Despatch Centre (SLDC) etc.

5. Activities of the Transmission Licensee

The transmission licensee shall comply with the provisions of Section 39 and Section 40 of the Electricity Act, 2003 while discharging their duties for transmission of electricity

6. Prohibited Activities

6.1 The transmission licensee shall not, without prior approval of the Commission undertake any transaction to:

(a) acquire by purchase or take over or otherwise acquire the utility of any other licensee; or

(b) acquire or retain any ownership or beneficial interest in the business of a distribution licensee, trading licensee in his area of licensed transmission activity; or

(c) merge its utility with the utility of any other licensee;

(d) assign or transfer its transmission licence to any person, by sale, lease, exchange or otherwise in any manner whatsoever :

Provided, that the transmission licensee will be entitled to utilise the transmission licence as a means of facilitating funding or financing the licensed business, unless otherwise prohibited by any agreement between the parties and approved by the Commission, in the ordinary course of business including loans and credit facilities from banks and financial institutions, subject to the conditions,

(i) that the transmission licensee shall take necessary action in accordance with the provisions of the agreement ;

(ii) that the transmission licensee shall act in a prudent and reasonable manner in such utilisation of the transmission licence; and

(iii) that the transmission licensee shall retain operational control over assets in the transmission system as per terms of the agreement.

6.2 The transmission licensee shall not make use of the assets of the system for a purpose other than transmission of electricity, except in accordance with the provisions made under the agreement for which the licensee shall intimate to the Commission in advance :

Provided further that where the transmission licensee engages in any such other business, the provisions of Haryana Electricity Regulatory Commission (Treatment of Income of Other Business of Transmission Licensees and Distribution Licensees) Regulations, 2007 shall be applicable and implemented by the transmission licensee.

6.3 Wherever prior approval of the Commission is required, the transmission licensee shall submit an appropriate application to Commission disclosing relevant facts. The Commission may, within 30 days of the filing of the application, seek further information in support of the application. The Commission shall ordinarily within 30 days of such further information being submitted by the transmission licensee, and where no such further information is required, normally within 60 days of the filing of the application, allow the arrangement subject to such terms and conditions or modifications as it considers appropriate or reject the same, for the reasons to be recorded in writing.

7. Provision of information to the Commission including major incident reporting

7.1 The transmission licensee shall furnish to the Commission within a reasonable time or as directed any such information, documents and details related to the licensed business or any other business of the transmission licensee, as required under the provisions of Electricity Act, 2003, rules and regulations made thereunder and as the Commission may require from time to time for its own purposes or for the purposes of providing information to the Government of India, the State Government, the Central Electricity Regulatory Commission, Forum of Regulators or the Central Electricity Authority as the case may be;

7.2 The transmission licensee shall duly maintain the minimum information as required under the provision of Regulation No. HERC / 16 / 2007 i.e. HERC (Minimum Information to be maintained and the manner in which such information is to be maintained by the licensee or the Generating Company) Regulations, 2007;

7.3 The transmission licensee shall notify the Commission as soon as possible the occurrence of any major incident affecting any part of its transmission system and in any event by not later than two months from the date of such occurrence,--

(a) submit a report to the Commission giving full details of the facts within the knowledge of the transmission licensee regarding the incident and its cause ;

(b) in the event the report under sub-clause (a) is likely to take more than 2 months from the date of such incident, the transmission licensee shall within one month from such date of the incident submit a preliminary report with such details which the transmission licensee may reasonably furnish and state reasons *interalia* as to why the transmission licensee requires more than 2 months for giving full report of such incident; and

(c) provide copies of the report to all parties concerned with the major incident and to such other persons as the Commission may require.

7.4 The Commission at its own discretion may require the submission of a report to be prepared by an independent person or agency to be nominated by the Commission at the expense of the transmission licensee.

7.5 The transmission licensee shall also undertake such studies as the Commission may direct it to undertake from time to time for the improvement of its transmission business and any other matter concerning the transmission business that the Commission considers necessary in public interest. Alternatively, the Commission may, *suo-motu*, initiate and undertake such studies through consultants at the cost and expense of the transmission licensee which shall be allowed to be recovered by the transmission licensee from _____ (Name of the concerned utility / licensee). Such expenses shall be allowed as pass through in the Aggregate Revenue Requirement / Tariff of the _____ (Name of the concerned utility / licensee).

7.6 The transmission licensee shall duly inform the Commission about any incident restricting it from meeting its obligations under the licence granted to it including any act of omission or commission by a third party and steps taken by the transmission licensee to mitigate the effect of any such incident.

7.7 The Commission may at any time require the transmission licensee to comply with the conditions 7.3 to 7.6 in regard to incidents which the Commission may specifically direct and the transmission licensee shall be required to comply with the same notwithstanding that such incidents are not major incidents :

Provided that the time limits specified in condition 7.3 shall commence from the date the Commission notifies transmission licensee of such requirement.

8. Other Business

The transmission licensee may, with prior intimation to the Commission, engage in any other business, including providing of non discriminatory open access of the surplus capacity of the transmission system, if any, for the optimum utilization of its assets. Where the transmission licensee engages in such other business, the provisions of the agreement of Haryana Electricity Regulatory Commission (Treatment of Income of Other Business of Transmission Licensees and Distribution Licensees) Regulations, 2007 as the case may be shall be applicable. In case of any conflict between the provisions of the agreement and the HERC regulations, the transmission licensee shall refer the matter to the Commission and the decision of the Commission shall be final and binding on the transmission licensee.

9. Investments

9.1 The transmission licensee shall undertake investment in a prudent manner being guided by the duty to build, finance, operate, maintain, and transfer an efficient coordinated and economical transmission system as per provisions of the agreement and shall duly comply with the regulations, guidelines, directions and orders, the Commission may issue from time to time in this regard.

10. Dispute resolution

10.1 The disputes arising out of any agreement or contract shall be resolved in accordance with the provisions of the agreement.

10.2 The Commission shall adjudicate disputes (other than those arising out of agreement) between the transmission licensee and any other licensee or between the transmission licensee and generating companies and refer any dispute for arbitration in pursuance of clause (f) of sub-section (1) of section 86, read with section 158, of the Act and as per the HERC (Conduct of Business) Regulations 2004 (Regulations No. HERC/06/2004)

11. Payment of licence fees

11.1 The transmission licensee shall pay to the Commission the annual license fees at the rates and on the dates as specified in the Haryana Electricity Regulatory Commission (Fee) Regulation No. HERC/10/2005 as amended from time to time.

11.2 Where the transmission licensee fails to pay to the Commission any of the fees due under 11. 1 above by the due date-

(a) without prejudice to other obligations, the transmission licensee shall be liable to pay interest on the outstanding amount as specified Haryana Electricity Regulatory Commission (Fee) Regulation No. HERC/10/2005;

(b) in the event of continued default by the transmission licensee, the Commission may revoke the transmission licence pursuant to section 19 of the Act.

11.3 The transmission licensee shall, in accordance with the provisions of the agreement, if any, be entitled to take into account any fee paid by it as an expense to be charged to the tariffs, but shall not take into account any interest paid thereon.

12. Investigation of certain matters by the Commission and penalty for contravention of conditions of license.

12.1 The Commission may, on being satisfied that a transmission licensee has failed to comply with any of the conditions of the transmission licence or has failed to comply with any of the provisions of the Act or rules or regulations made there under, at any time, by order in writing, direct any person (referred to as "Investigating Authority") specified in the order to investigate the affairs of any transmission licensee and to report to the Commission on any investigation made by such Investigating Authority.

12.2 The Investigating Authority shall conduct the investigation in accordance with the provisions under section 128 of the Electricity Act, 2003.

12.3 *On receipt of investigation report from the Investigating Authority, the Commission may, in accordance with* the provisions of the Electricity Act, 2003 and after giving such opportunity to the transmission licensee to make a representation in connection with the report as it may deem appropriate, by order in writing-

(a) require the transmission licensee to take such actions in respect of any matter arising out of the report as the Commission may think fit; or

(b) cancel the transmission license or take any other action in accordance with the Section 142 and 146 of the Act.

PART - III

TECHNICAL CONDITIONS

13. Standards and Procedures (Transmission Planning, Security Standards and Transmission Operating Standards):

13.1 The transmission licensee shall plan and operate the transmission system, so as to ensure that transmission system is built, financed, operated, maintained and transferred to provide an efficient, economical and coordinated system of transmission, in accordance with the provisions in the Agreement and other related provisions in Haryana Grid Code and the overall standards of performance.

13.2 The transmission licensee shall follow the transmission operating standards and transmission planning and security standards for its transmission system specified by the Commission for a transmission licensee in the State.

13.3 The transmission licensee shall not be in breach of its obligations, except for failure to meet the transmission *planning and security standards or the transmission operating standards due to force majeure, provided that, the* transmission licensee has made reasonable efforts, to comply with the transmission planning and security standards or the transmission operating standards, as the case may be.

13.4 The transmission licensee may, in consultation with the generating companies, the Central Transmission Utility, the State Transmission Utility, the Regional Power Committee and such other persons as the Commission may direct, send a proposal to review the standards and their implementation on each occasion when a review of the grid code

is undertaken. Following any such proposal, the transmission licensee shall send to the Commission:

(a) a report on the outcome of such proposal;

(b) any revision which the transmission licensee proposes to make to such documents (having regard to the outcome of such review); and

(c) any written representations or objections (including those not accepted by the transmission licensee) from the generating companies, the Central Transmission Utility, the State Transmission Utility, the Regional Power Committee and such other persons as the Commission may direct, arising during the consultation process:

13.5 The Commission may, having regard to any written representations and objections received and following such further consultation, as the Commission may consider appropriate, revise the standards in such manner as it may consider appropriate.

13.6 The transmission 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. The transmission licensee shall, if required by the Commission, publish the report in a manner to be determined by the Commission. The copies of this report shall also be furnished by the transmission licensee to all persons applying for the same at the normal cost of photocopying.

13.7 The transmission licensee shall provide to the Commission such information as the Commission may require for the purpose of monitoring the duties and responsibilities of the transmission licensee.

14. Grid code

14.1 The transmission licensee shall ensure due compliance with the Indian Electricity Grid Code and the Haryana Grid Code.

14.2 The review of Haryana Grid Code, if required by the transmission licensee, shall be done in accordance with the procedure specified in it.

15 Co-operation with STU, SLDC and other Licensees

15.1 The transmission licensee shall provide to SLDC, STU and/or to other licensees such information that may reasonably be required by them to perform their functions and exercise their powers under the Act

15.2 The transmission licensee shall comply with the directions of SLDC and STU issued under the Act.

15.3 The transmission licensee shall co-operate with the generating companies, other licensees and with the SLDC for the efficient and coordinated operation of the power system.

PART - IV

Tariff and Expected Revenue Requirement Calculation

16. Tariff and Expected Revenue Requirement Calculation

16.1 The transmission licensee has entered into a transmission agreement with ___ ___ (Name of the licensee / utility) on___ ____ (date of agreement) and the tariff has been determined under Section 63 of the Electricity Act 2003 through a transparent process of bidding in accordance with the guidelines approved by the Commission. The tariff / annuity as per the agreement shall be applicable and the provisions pertaining to determination of tariff by the Commission under section 62 of the Electricity Act, 2003 shall not be applicable for the Transmission system specified in schedule 1.

16.2 Sharing of Income from Open Access and other business shall be regulated as per terms of the agreement. In the absence of such provision in the agreement, the income from other business shall be regulated as per the provisions of Haryana Electricity Regulatory Commission (Treatment of Income of Other Business of Transmission Licensees and Distribution Licensees) Regulations, 2007.

16.3 In case of a conflict between the provisions of the agreement and the HERC regulations, the transmission licensee shall refer the matter to the Commission and the decision of the Commission shall be final and binding on the transmission licensee.

16.4 Tariff for additional capacity / change in scope shall also be governed as per provisions of the agreement.

PART-V

OTHER CONDITIONS

17. The Licensee shall not enter into any other agreement or abuse its dominant position or enter into a collaboration that is likely to cause or causes an adverse effect on competition in the electricity industry. The Commission shall have power to decide whether any agreement or act of the licensee is likely to cause or causes an adverse effect on competition in the electric industry in the State. The decision of the Commission shall be final in this regard.

18. Failure to exercise any power granted to the transmission licensee under the provision of the Act, rules and regulations made thereunder, conditions of the licence and agreement, in a situation where it is warranted, shall be construed as a breach of the conditions of licence.

19. Transfer / Disposal of assets

19.1 The transmission licensee shall follow the procedure laid down in the agreement for transfer or disposal of assets. However, in case no specific procedure has been laid down in the agreement for disposal of assets during the currency of the agreement then the transmission licensee shall follow the procedure laid down in licence provisions 19.2 to 19.11.

19.2 The transmission licensee shall segregate the utilized assets and unutilized, unproductive and un-remunerative assets and reduce asset inventory of unproductive and un remunerative assets.

19.3 The transmission licensee shall maintain 'Fixed Assets Register' and undertake an investigation of amount reflected in the capital works in progress account from time to time to ensure that the completed works are transferred to the 'Fixed Assets Register' as soon as may be, after they are completed.

19.4 The Commission may either require the transmission licensee to carry out physical verification of assets itself or through an independent agency to be nominated by the Commission, at the cost of the transmission licensee which shall be allowed to be recovered from the _ ____ _ _ (Name of the utility / licensee).

19.5 The transmission licensee shall not dispose of or relinquish operational control over any assets, other than land and building, otherwise than in accordance with the paragraphs of conditions 19, if the cost of the assets being disposed of or whose operation control is being relinquished in a single transaction or a series of related transactions exceed Rs. One Crore or such other amount as may be specified by the Commission from time to time.

19.6 (a) The transmission licensee shall give to the Commission not less than three (3) weeks prior written notice of its intention to dispose of scrap of conductor, cables, metal, dirty transformer oil, unserviceable & surveyed off tools & plants, vehicles & batteries. In case, there is any change in quantities of scrap items disposed of at the time of auction, the revised quantities and values may be intimated to the commission within 15 days from the date of auction. However, no new items shall be added in the auction without prior intimation to the Commission.

(b) In the case of individual equipment like power or distribution transformers which are disposed of through NIT, the notice period shall be considered as one (1) month.

(c) To dispose of or relinquish operational control over any other asset the notice period shall be considered as two (2) months. 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 require.

(d) In order to safeguard against any non-reporting of disposal of material by the licensees, they shall be required to supply the detail of material disposed of during a financial year by 30th April of the following FY.

19.7 The transmission licensee may transfer or relinquish operational control over any asset as is detailed in any notice given under 19.6 above where -

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

(b) the Commission does not inform the transmission licensee in writing of any objection to such transfer or relinquishment of operation control within the period referred to in 19.6 above and the transfer is effected by transparent and competitive bidding procedures.

19.8 The transmission licensee may also transfer to relinquish operation control over any asset where -

(a) the Commission has issued directions for the purposes of this licence containing a general consent (whether or not subject to conditions) to -

(1) the transactions of a specified description, and / or

(2) the transfer or relinquishment of operational control over assets of a specified description, and / or

(3) the transfer or relinquishment of operational control is in accordance with any conditions to which the consent is subject to or,

(b) the transfer or relinquishment of operation control in question is mandated under any other law; or

(c) the asset in question was acquired and used by the transmission licensee exclusively or primarily in connection with any other business and does not constitute a legal or beneficial interest in land, or otherwise form part of the transmission system or is not otherwise an asset required for the licensed business.

19.9 Notwithstanding anything contained in this regulation in case of any emergency conditions, the transmission licensee may transfer the assets subject to the conditions that the transmission licensee shall immediately after such a transaction seek ex – post – facto approval of the Commission giving the detailed facts about the situation and the details of the transaction. It shall be the obligation of the transmission licensee to establish to the satisfaction of the Commission of the emergency conditions necessitating the transfer of the assets.

19.10 The transaction shall be undertaken on an 'arms-length basis' and at a value that is fair and reasonable in the circumstances, which for the purpose of this licence, shall mean with respect to any specific transaction, substantially on term that would be obtained between the transmission licensee and a third party unrelated to and unconnected with the transmission licensee.

19.11 The transmission licensee shall also abide by the terms and conditions laid down in the agreement in this regard.

20. The transmission license will be effective only upon production of a no objection certificate from the Central Government in respect of cantonment, aerodrome, fortress, arsenal, dockyard or camp or any building or place in occupation of the Central Government for defence purpose.

Schedule - 1 to Form - 2

(Description of the project and the transmission system for transmission of electricity for the licence granted)