



ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

(Regulatory Commission for the States of Andhra Pradesh and Telangana)
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APERC (PROCEDURE FOR GRANT OF TRANSMISSION LICENSE & GENERAL CONDITIONS OF TRANSMISSION LICENSE) REGULATION, 2014 FOR THE STATE OF ANDHRA PRADESH

Regulation No. of 2014

Introduction:

APERC vide Regulation No.8 of 2004 (Deemed License Condition) has specified that the Licenses issued to APTransco and four Distribution Companies in the state under the Andhra Pradesh Electricity Reform Act, 1998 shall be deemed to have been specified u/s 16 of the Electricity Act, 2003 till the notification of appropriate regulation under the Act. The proviso to section 16 of the Electricity Act, 2003 stipulates that the appropriate Commission shall, within one year from the appointed date, specify any general or specific conditions of license applicable to the licensees referred to in the first, second, third, fourth and fifth provisions of section 14 after the expiry of one year from the commencement of the Act. It was further mentioned in the same regulation that the license granted to APTransco falling under the first proviso contained general conditions of license as well as certain specific conditions mentioned in the individual license granted. It has been stated in the same regulation that the commission is in the process of finalizing the regulation for general conditions of license u/s 16 of the Electricity Act, 2003 and same will take some time for the notification. The Commission therefore decided to make a transitory regulation to be in force till the new regulation is framed.

In exercise of the powers conferred u/s 181(2) read with Sections 14, 15, 16, 17 and 18 of the Electricity Act, 2003, and all powers enabling it in that behalf, the Andhra Pradesh Electricity Regulatory Commission hereby makes the following regulation, namely:-

1. SHORT TITLE, EXTENT AND COMMENCEMENT

- i. This Regulation may be called the Andhra Pradesh Electricity Regulatory Commission (Procedure for grant of Transmission License & General Conditions of Transmission License) Regulation, 2014.
- ii. This Regulation shall be applicable to any person engaged in Intra-State Transmission of electricity, within the territory of the State of Andhra Pradesh.
- iii. This Regulation shall come into force on the date of its publication in the Andhra Pradesh State Gazette.

- iv. The existing Transmission and Bulk Supply License (License No.1 of 2000) issued to APTransco in pursuant to Andhra Pradesh Electricity Reform Act, 1998 and all other powers enabled APERC in that behalf, is deemed to have been issued under this regulation, and is valid up to 31st January, 2030, as Intra State Transmission License with License No.1 of 2014, subjected to the Terms & Conditions contained in this regulation.

2. DEFINITIONS AND INTERPRETATION

In this Regulation, unless the context otherwise requires:

- a) **"Accounting Statement"** means for each financial year, accounting statements comprising a profit and loss account, a balance sheet and a statement of sources and application of funds, together with notes thereto and such other particulars and details and in the manner as the Commission may prescribe from time to time and showing the amounts of any revenue, cost, asset, liability, reserve or provision, which has been either:
charged from the Licensed Business to any Other Business or vice versa together with a description of the basis of that charge; or determined by apportionment or allocation between the Licensed Business and any Other Business of the Transmission licensee together with a description of the basis of the apportionment or allocation.
- The Accounting Statement shall show separately the requirements mentioned above for the Licensed Business and Other Business(es) in which the Licensee may be engaged with the approval of the Commission as provided in Paragraph 5.1.5 of the Licence;
- b) **"Act"** means " Electricity Act, 2003 (36 of 2003);
- c) **"Agreement"** means the agreement, contract, memorandum of understanding, or any other covenant on any aspect relating to the intra- State transmission of electricity, entered into between the transmission licensee, the long-term customers and the State Transmission Utility or the deemed licensee;
- d) **"Annual Accounts"** means the accounts of the 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;
- e) **"Applicant"** means a person who has made an application for grant of transmission licence or, for amendment of transmission licence, as the case may be;
- f) **"Application"** means the application made for grant of transmission licence or, for amendment of transmission licence, as the case may be, and includes annexures, enclosures to such application;
- g) **"Authority"** means the Central Electricity Authority as notified under the Act;

- h) "**Commission**" means the Andhra Pradesh Electricity Regulatory Commission, Regulatory Commission for the States of Andhra Pradesh and Telangana;
- i) "**Deemed Licensee**" means a person, who is deemed to be a licensee for intra-State transmission of electricity under any of the provisos to Section 14 of the Act;
- j) "**Empowered Committee**" means the Empowered Committee referred to in the guidelines issued by Central Government under section 63 of the Act for encouraging competition in Intra State Transmission Projects. The composition of empowered committee/Bid process coordinator shall be decided by the Government of Andhra Pradesh, to keep in place the required institutional framework;
- k) "**Financial Year**" means a period of twelve months commencing on 1st April of a year and terminating on 31st March of the following year;
- l) "**General Conditions**" mean General Conditions of Transmission License as specified in these regulations;
- m) "**Grid Code**" means the State Electricity Grid Code specified by the Commission under clause (h) of sub-section (1) of Section 79 of the Act;
- n) "**Guidelines for Competitive Bidding**" means the guidelines issued by the Central Government from time to time in terms of Section 63 of the Act for development of transmission projects;
- o) "**Intra State Transmission Line (InSTS)**" means any system for conveyance of electricity by transmission lines within the area of the State and includes all transmission lines, sub-stations and associated equipment of transmission licensees within the State;
- p) "**Licence**" means a licence granted by the Commission under Section 14 of the Act to a person to undertake intra-State transmission of electricity;
- q) "**Licensee**" means a person who has been granted a licence, and includes a deemed licensee;
- r) "**Long-Term Customer**" means a long-term customer as defined in the State Electricity Regulatory Commission (Open Access in intra- State Transmission) Regulations, 2005, including statutory amendments and re-enactments thereof;
- s) "**Major Incident**" means an incident associated with the Transmission System of the Intra State Transmission which results in a significant interruption of service, substantial damage to equipment, or loss of life or significant injury to human beings, with the technical characteristics of "significant interruption", "substantial damage", "significant injury" specified in the Grid Code, or Standards of Performance to be approved by the Commission or as otherwise specified by the Commission and shall also include any other incident which the Commission expressly declares to be a major incident;

- t) **"Operational Control"** means possessing the authority to make operational decisions such as commissioning and utilisation of units, service lines and equipment;
- u) **"Other Business"** means business of the Transmission licensee other than the Licensed Business;
- v) **"Project"** means an element or elements of the intra -State transmission system included in the transmission resource plan prepared by the STU and approved by the Commission;
- w) **"Standards"** means the technical standards, safety requirements and grid standards specified by the Central Electricity Authority under Section 73 of the Act;
- x) **"State Owned or Controlled Company"** means a company in which not less than fifty one percent of the paid-up share capital is held or the majority of directors on whose Board are appointed, by the State Government, or by Central Government or Governments, or by any Government company or companies, or by the Central Government and any State Government or Governments and any Government company or companies;
- y) **"State Transmission Utility"** means the State Transmission Utility notified by the State Government under sub-section (1) of Section 38 of the Act;
- z) **"APTransco"** means the Transmission Corporation of Andhra Pradesh Limited, a company incorporated under the Companies Act, 1956, and having its registered office at Vidyut Soudha, Khairatabad, Hyderabad 500 082;
- aa) **"Transmission"** means the transportation of electricity by means of the Transmission System;
- bb) **"Transmission Business"** means the Authorised business in Transmission, whether for its own account or for that of third parties, through any system owned and/or operated by such Transmission licensee;
- cc) **"Transmission Charges"** means the transmission charges approved or adopted, as the case may be, by the Commission for the project;
- dd) **"Transmission Plan"** means the Long-term and/or perspective plan for overall development of Intra State Transmission system prepared by the State Transmission Utility in coordination with perspective plans prepared by Central Electricity Authority or network plan prepared by the Central Transmission Utility in accordance with the National Electricity Policy;
- ee) **"Transmission System"** means the system consisting mainly of extra high voltage electric lines having design voltage of 66 kV and higher, owned or controlled by the Transmission licensee, and used for the purposes of the transportation 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 bays/equipment up to the interconnection with the Distribution System, and 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;

3. ELIGIBILITY FOR GRANT OF INTRA STATE TRANSMISSION LICENSE TO THE ENTITIES OTHER THAN THE STATE TRANSMISSION UTILITY (STU)

3.1 No person shall be eligible for grant of transmission license unless it is-

- (a) Selected through the process under the guidelines for competitive Bidding issued by Ministry of Power
or
- (b) A generating company including a Captive Generating Plant which has established a dedicated transmission line (s) , and intends to use such dedicated transmission lines as main transmission line(s) and as part of the intra-State transmission system (InSTS):
- (c) Any other person identified as project developer in pursuant to the provisions of the Act or any other guidelines / initiatives of the appropriate government.

4. APPLICABILITY OF GENERAL TERMS & CONDITIONS OF LICENSE

- a. The General Terms & Conditions subject to which the licence shall be issued are contained in section 8 of this Regulation and the Transmission licensee shall be bound by such conditions, except to the extent specifically exempted by the Commission by way of an order issued for this purpose.
- b. The General Conditions specified in section 8 of this regulation shall apply to all applicants for grant of Transmission Licence including the deemed Transmission licensees under provisos third and fifth to Section 14 of the Electricity Act 2003.
- c. The General Conditions specified in section 8 of this regulation shall apply mutatis mutandis to the State Transmission Utility (STU), which is a deemed licensee under second proviso of section 14 of the Act.
- d. The Commission may, in addition to the General Conditions, decide on the Specific Conditions subject to which licence shall be issued to the applicant.
- e. Any person intending to apply for a licence shall duly comply with the conditions and requirements laid down by the Commission, in this Regulation.

5. PROCEDURE FOR GRANT OF LICENCE

The procedure for grant of licence to an intra-State transmission entity by the Commission shall be governed by this Regulation read with the provisions of the Conduct of Business Regulations (CBR) issued by the Commission in force. In case of any variations between the two, the provisions of this Regulation shall prevail insofar as the licensing for intra-State Transmission is concerned.

5.1 APPLICATION FOR LICENCE

- a) Any person having met the eligibility criteria mentioned at clause (3) and intending to engage in the business of Transmission in electricity in the State of Andhra Pradesh, shall apply in the format mentioned at Schedule appended to this regulation to the Commission for the grant of licence, accompanied by such fees as may be prescribed in the Andhra Pradesh Electricity Regulatory Commission (Fees) Regulation 2005, and amendments to it from time to time.
- b) The application for Licence shall be made in accordance with the provisions of the Act, and this Regulation and in the form enclosed as Schedule to this Regulation and shall be supported by affidavit of the authorized person.
- c) Every application for grant of a Transmission License shall be signed by or on behalf of the Applicant and shall be addressed to the Secretary of the Commission. The Application shall be filed in five (5) sets.
- d) The application for Licence shall be accompanied by documents and particulars required to be provided as per the Schedule.
- e) The application for grant of Transmission Licence, along with enclosures thereto, shall be submitted to the Secretary of the Commission also on a DVD after taking necessary measures for data protection, virus detection etc.
- f) The application for Licence shall specifically contain the deviations, if any, proposed, from the General Conditions of Licence as contained in clause 8 to this Regulation and reasons in support thereof.
- g) The Applicant shall duly fulfil the conditions of technical requirement, capital adequacy requirement and creditworthiness and other conditions as may be specified by the Central Government from time to time, and further shall agree to discharge such duties as specified in this Regulation or any other relevant Regulation / Guidelines issued by this Commission.
- h) The application, along with all annexures and enclosures thereto, shall be submitted to the Commission in hard copy as well as in electronic form.
- i) Where an application is made in the manner specified above, the Applicant shall immediately forward a copy of the application along with all enclosures to the State Transmission Utility (STU).
- j) The State Transmission Utility (STU) within thirty days after the receipt of the copy of the application as referred above, send its recommendations, if any, to the Commission. Provided that, such recommendations shall not be binding on the Commission.
- k) Any person who has made an application for grant of license shall, within seven days of making such application, publish a notice of his application with such particulars and in such manner as may be specified by the Commission.

5.2 Receipt and Acknowledgment of application: On receipt of the application, the Secretary of the Commission shall note thereon the date of its receipt and shall send to the applicant a numbered acknowledgment duly stating the date of receipt. The Secretary shall also intimate such particulars of the application that need to be published in accordance with clause 5.1 (k) of this regulation.

5.3 Facilitating public inspection of documents etc.:

- a. The applicant shall maintain at his office and at such other place as may be designated by the Commission, the copies of the application and the documents accompanying the application, referred to Schedule, for public inspection and furnish to persons applying for them the copies thereof at a price not exceeding the normal photocopying charges
- b. The applicant shall post complete application along with annexures and enclosures thereto on his website.

5.4 Calling for additional information:

The Commission or its Secretary or any Officer designated for the purpose by the Commission may, upon scrutiny of the application, require the applicant to furnish, within a specified period, such additional information or particulars or documents as the Commission may consider necessary for the purpose of processing the application.

5.5 Publication of notice of application:

- a. The applicant shall within 7 days after obtaining the SR number of the application from the commission, publish a notice of his application along with such particulars as stated in the intimation issued in accordance with clause 5.1(k), in at least two English daily newspapers including one financial newspaper (in English) and two Telugu newspapers (in Telugu) having wide circulation within the State.
- b. The publication shall be headed by a short title corresponding to that given in the application and shall give the addresses of the offices at which the application and the documents accompanying it can be inspected and the copies of same can be purchased and shall also state that any person, desirous of making any representation or objections with reference to the said application, to the grant of licence may do so by letter addressed to the Secretary to the Commission, with a copy to the applicant, within thirty days from the date of publication.
- c. The applicant shall endeavour to publish the aforementioned notice in all the newspapers simultaneously, on the same day. In case the notice is published on different days in different newspapers, the date of last published notice will be deemed to be the date of publication of the notice.

5.6 Objections

- a. Any person intending to object to the grant of the licence shall file objections with the Secretary to the Commission, with a copy to the applicant within thirty (30) days from the date of publication of the notice by the applicant.

- b. The Commission will post all the objections received in response to the said publication, on its website.

5.7 Applicant's response to the objections:

The applicant shall file his comments, if any, to the Commission on the objections or suggestions received in response to the notice, within 45 days from the date of publication of the notice. The applicant can also access the objections through Commission's website.

5.8 Grant of Licence:

- a. The applicant shall within 7 days from the date of publication of the notice as aforesaid submit to the Commission, an affidavit, the details of the notice published along with the copies of the newspapers in which the notice is published.
- b. After the applicant has published the notice of the application and after considering the objections/suggestions received, specific comments if any received from the STU, if any, hearing those who desire to be heard in person, if Commission feels it necessary, the Commission may decide, to grant or refuse the licence and if it decides to grant the licence it may do so on such specific terms and conditions and with such modifications to the general conditions as the Commission may decide.
- c. When the Commission decides to grant the Licence, the Commission shall publish notice informing the name and address of the person to whom it intends to grant the Licence and other details as considered necessary and seek recommendations from the State Transmission Utility (STU).
- d. If the Commission grants the Licence, the Secretary of the Commission shall immediately after issue of a licence, forward a copy of the licence to the State Government, State Transmission Utility, Central Electricity Authority, Central Electricity Regulatory Commission, and to such other persons as the Commission considers necessary.

5.9 Refusal of Licence:

If the Commission is not inclined to grant the Licence, the Commission shall give an opportunity to the Applicant for being heard in person before rejecting the application.

5.10 Date of commencement of licence: The licence shall commence from the date the Commission may direct as the date of commencement of Licence.

6. PROCEDURE FOR REVOCATION OF A LICENCE

- 6.1 The proceedings for revocation of a Licence and/or for issuing any other orders under section 19 of the Act shall be initiated by the Commission by means of an order. The Commission may initiate such proceedings suo-motu or on application of the transmission licensee or on receiving any complaint or information from any person. The Commission may revoke the licence, in any of the following circumstances, namely:-

- a. Where the licensee in the opinion of the Commission, makes willful and prolonged default in doing anything required of it by or under the Act, or the Rules or the regulations framed pursuant to the Act;
- b. Where the licensee breaches any of the terms and conditions of its licence;
- c. Where the licensee fails, within the period fixed in this behalf by its licence or any longer period which the Commission may allow therefor, to show to the satisfaction of the Commission, that it is in a position fully and efficiently to discharge the duties and obligations imposed on him by its licence;
- d. Where in the opinion of the Commission the financial position of the licensee is such that it is unable to fully and efficiently discharge the duties and obligations imposed on it by its licence;
- e. Where licensee has failed or neglected to undertake transmission in electricity;
- f. Where the licensee fails to submit the information as required under these regulations;
- g. Where the licensee breaches any of the terms and conditions of Transmission Service Agreement during the construction or operations phase of the Transmission Project;
- h. When the licensee makes an application for revocation of the licence and the Commission is satisfied that public interest so requires, the Commission may revoke licence, on such terms and conditions as it thinks fit.
- i. If the Commission at any stage is satisfied that the project has been abandoned by the transmission licensee thereby affecting its construction, operation or maintenance, the Commission may direct the State Transmission Utility or any other person found suitable by the Commission, to immediately take over construction, operation or maintenance of the project as an interim measure pending finalization of proceedings for revocation of licence and sale and vesting of the asset.

The Commission shall serve a notice of revocation upon the transmission licensee and fix a date on which the revocation shall take effect and shall simultaneously specify how and by whom the obligations under the licence are to be discharged after such revocation.

- 6.2 The Commission shall give notice of the proceedings for the revocation of the licence to the transmission licensee and to such other person, authority or body as the Commission may consider appropriate.
- 6.3 If the Commission decides to revoke the licence, the Commission shall communicate the order of revocation to the transmission licensee stating the date from which such revocation shall take effect.

- 6.4 The Commission may instead of revoking the licence pass any other order imposing such terms or conditions subject to which the Transmission licensee is permitted to operate thereafter.

Provided that the licence shall not be revoked except after an enquiry by the Commission in accordance with principles of natural justice, and unless the transmission licensee has been given not less than three months' notice in writing stating the grounds for revocation of licence and considering the cause shown by the transmission licensee within the period of that notice against the proposed revocation:

Provided further that the Commission may, instead of revoking the licence, permit the licence to remain in force subject to such further terms and conditions as it thinks fit to impose, and any further terms and conditions so imposed shall be binding upon and be observed by the transmission licensee and shall be of like force and effect as if they were contained in the licence.

7. AMENDMENT OF THE LICENCE

- 7.1 The application for amendment to the terms or conditions of the licence may be made by the Transmission licensee in the form of a petition as provided for in the Conduct of Business Regulations in force, duly accompanied by a statement of the proposed amendments and the applicable fee. The Commission may of its own motion can also make such alterations and amendments in the terms and conditions of licence if the Commission is of the opinion that the public interest so requires:
- 7.2 The applicant shall, within seven days from the date of the application for amendment, publish a notice giving a brief statement of the amendment(s) proposed, the reason for the proposed amendment(s), the effect of the amendment(s) proposed on the discharge of the functions of the Licensee under the Licence granted, the alternate arrangement, if any, proposed for discharge of such functions and such other particulars as the Commission may direct.
- 7.3 The publication under sub-clause (2) above shall give the addresses of the offices at which the application for amendments can be inspected and the copies of documents can be purchased and shall state that every local authority, utility or person, desirous of making any representation with reference to application to the Commission, may do so by letter addressed to the Secretary to the Commission within thirty days from the date of publication.
- 7.4 In the event the Commission proposes to amend the terms or conditions of the Licence granted to a transmission licensee, suo moto, the Commission shall publish a notice of the proposed amendment(s) giving a brief statement of the amendment (s) proposed, the reason for the proposed amendment (s), the effect of the amendment (s) proposed on the discharge of the functions of the Transmission licensee under the Licence granted, the alternate arrangement, if any, proposed for discharge of such functions and such other particulars as the Commission may consider appropriate.

7.5 Unless otherwise decided in writing by the Commission, the procedure specified in this Regulation for grant of licence, insofar as it can be applied, shall be followed while dealing with an application for amendment of the licence.

8. GENERAL TERMS & CONDITIONS OF TRANSMISSION LICENCE

8.1 Obligations of Transmission licensee

8.1.1 The Transmission licensee shall comply with the Regulations, orders and directions issued by the Commission from time to time and shall also act in accordance with the terms and conditions of this Licence, except where the Transmission licensee obtains the approval of the Commission for any deviation there from

8.1.2 The Transmission licensee shall plan and operate the Transmission System, so as to ensure that the Transmission System is capable of providing an efficient, co-ordinated and economical system of Transmission. In particular, the Transmission licensee shall:

- a. plan and develop its Transmission System in accordance with the Transmission System Planning and Security Standards as notified by the authority under the act together with the State Electricity Grid Code as specified by the Commission; and
- b. operate the Licensee's Transmission System in accordance with the Transmission System Operating Standards notified by the authority under the act together with the State Electricity Grid Code as specified by the Commission
- c. Construct the system in accordance with Technical Standards for Construction of Electrical Plants and Electric lines and connectivity to the Grid in accordance with the regulations notified by the authority.
- d. Adopt suitable measures relating to safety as notified by the authority.

8.1.3 The Transmission licensee shall not commence any new provision of services to third parties for the transportation of electricity through the Licensee's Transmission System, except with the general or special approval of the Commission

8.1.4. The Transmission licensee shall not engage in any Other Business without the prior approval of the Commission and if so permitted by the Commission only so long as such activity is likely to result in the gainful employment of the assets and infrastructure comprising the Transmission System and further subject to the following conditions:

- a. the Licensed Business and the conduct thereof by the Licensee is not prejudiced and/or adversely affected in any manner;
- b. the Licensee shall prepare and keep, in respect of Other Business activities, separate accounting records as would be required to be kept in respect of such activities, as if they were carried on by a separate company, so that the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, such Other

Business activities are separately identifiable from those of the Licensed Business;

- c. the Licensee shall comply with such guidelines and regulations that the Commission may specify in regard to (i) the Licensee engaging in Other Business activities and (ii) payment of fair compensation to the Licensed Business for the assets of the Licensed Business utilised for such Other Business activities; and
- d. the Licensee shall not Transfer the Transmission System or any assets utilised in the Transmission Business for the purposes of any Other Business activities, without the prior approval of the Commission.

8.1.5 The transmission licensee shall build the project in a time-bound, efficient, coordinated and economical manner.

8.1.6 The transmission licensee shall, establish, operate and maintain the project in accordance with the prudent utility practices and the agreements.

8.1.7 The transmission licensee shall comply with such directions of the State Load Despatch Centre under section 33 of the Act, or the Regional Load Despatch Centre under sub-section (3) of section 28 or sub-section (1) of section 29 thereof, as may be issued from time to time for maintaining the availability of the project:

8.1.8 The Transmission licensee shall comply with the Standards of Performance regulation issued by the commission under sub-section (2) of section 57 of the Act.

Provided that without prejudice to any other action which may be taken against the transmission licensee under any other law for the time being in force, the Commission, on an application made by the State Load Despatch Centre or the Regional Load Despatch Centre and after hearing the party , on being satisfied that the transmission licensee has failed to maintain the availability of the transmission system may issue such directions to the National Load Despatch Centre or the Regional Load Despatch Centre to take control of the operations of the transmission system of such transmission licensee for such period and on such terms, as the Commission may decide.

8.1.9 The transmission licensee shall strictly comply with all laws in force and, in particular, the Act, the rules and regulations framed pursuant to the Act, the Grid Code, the standards, orders and directions issued by the Commission and the appropriate authority.

8.1.10 The Transmission licensee shall strictly comply with the Investment Guidelines, Load Forecasting & Resource Plan Guidelines, Regulations governing Transmission Tariff, and the guidelines issued with regard to Aggregate Revenue Requirement (ARR) filings, issued by the commission from time to time.

8.1.11 The transmission licensee shall strictly follow the Terms & Conditions for determination of Tariff for Transmission of Electricity regulation issued by the Commission, and its amendments from time to time.

8.1.12 The transmission licensee shall provide non-discriminatory open access to its transmission system for use by any other transmission licensee, including a distribution licensee or an electricity trader, Consumer or generating company or any other person in accordance with the Open Access in intra-state Transmission Regulations issued by the commission as amended from time to time.

8.1.13 The transmission licensee shall pay the licence fee in accordance with the State Electricity Regulatory Commission Payment of Fee Regulation or such other regulations as may be in force from time to time.

8.2 Reporting Requirements

8.2.1 The Transmission licensee shall furnish to the commission without undue delay such information documents and details related to the licenced business or any other business of the transmission licensee as the commission may require for its own purposes or for the purposes of the State Government, Central Government, Authority or Central Electricity Regulatory Commission or any other agency deemed necessary.

8.2.2 The Transmission licensee shall notify the commission as soon as possible of any major incident affecting any part of the Transmission system which has occurred and shall at the earliest possible and in any event no later than two weeks from the date of such major incident, report giving full details of the facts within the knowledge of the transmission licensee regarding the incident and its causes, remedial measures taken to restore the system, likely time required for restoration etc.

8.2.3 The commission at its own discretion may require the submission of a report on any incident or incidents to be prepared by an independent person at the expenses of the transmission licensee to be included as an expense in the determination of Aggregate Revenue requirement (ARR).

8.3 Capital Investments:

8.3.1 The transmission licensee shall not make any investment under any scheme(s) except in an economical and efficient manner and in terms of this license an in accordance with the Regulations, Guidelines, Directions and Orders the commission may issue from time to time.

8.3.2 The Transmission licensee shall promptly notify the commission, major scheme(s) in relation to the Transmission system which the transmission licensee from time to time proposes to implement together with relevant details, including the estimated cost of the such schemes, and break up of different items covered in the estimate, justification and Cost Benefit analysis of the project in accordance with the Investment Guidelines issued by the commission.

8.3.3 For the clarity of above clauses the term “Major Scheme” means any planned investment in or acquisition of transmission facilities, the cost of which, when aggregated with all other related items forming part of the same scheme equals or exceeds Rs.20 crore (Rupees Twenty crore).

8.3.4 The transmission licensee shall make an application to the commission for obtaining the prior approval of the commission for schemes involving major investments, and demonstrate to the satisfaction of the commission that

there is a need to the subject investment and the transmission licensee has examined the technical, economic and environmental aspects of all viable alternatives to the proposal for investing in or acquiring new Transmission asset to meet such need.

9. PROHIBITED ACTIVITIES

9.1 The transmission licensee shall not enter into any contract or otherwise engage in the business of trading of electricity:

9.2 In the conduct of licensed business the Transmission licensee shall not show any undue preference to any person.

9.3 The Commission may pass such orders as it deems fit in accordance with the provisions of the Act and this Regulation if there is a contravention or the likelihood of a contravention of the terms and conditions of licence by the Transmission licensee.

10. ASSIGNMENT OF LICENCE

In case of default by the transmission licensee in debt repayment, the Commission may, on an application made by the lenders, assign the licence to a nominee of the lenders.

11. TERM OF LICENCE

The licence shall unless revoked earlier, continue to be in force for a period of 25 years from the date of issue:

Provided that after expiry of the term of licence, the Commission may grant fresh licence for such further period or periods and on such terms and conditions as the Commission may consider appropriate after an application to that effect is made by the transmission licensee;

Provided further that in case of grant of fresh licence, the procedure for making application for grant of licence contained in these regulations shall be applicable *mutatis mutandis*.

12. CONSEQUENCES OF LATE PAYMENT OR NON-PAYMENT OF LICENCE FEE

Notwithstanding the liability of the transmission licensee to pay the late payment surcharge under the State Electricity Regulatory Commission, Payment of Fee Regulation or any other regulations in force, delay in payment or nonpayment of the licence fee or a part thereof, for a period exceeding 60 days, shall be construed as breach of the terms and conditions of the licence.

13. ACCOUNTS OF THE TRANSMISSION LICENSEE

The licensee shall -

(a) maintain separate accounts for each business, including the business of the undertaking utilizing assets of the project, in such form and containing such particulars as may be specified in accordance with the Companies Act, 1956, as amended from time to time.

(b) prepare from such records, accounting statements for each financial year comprising a profit and loss account, a balance sheet and a statement of source and application of funds together with notes

thereto and showing separately the amounts of any revenue, cost, asset, liability, reserve, or provision which has been either:

- (i) charged from or to any other business together with a description of the basis of that charge; or
 - (ii) determined by apportionment or allocation between the various business activities together with a description on the basis of the apportionment or allocation.
- (c) get the accounting statements prepared in accordance with foregoing clauses, duly certified by the Auditors in respect of each financial year, stating whether in their opinion the statements have been properly prepared and give a true and fair view of the revenues, costs, assets, liabilities, reserves reasonably attributable to the business to which the statements relate.
- (d) The required accounting information by the Commission in such fashion and manner for the purpose of regulatory treatment or information shall be maintained as specified by the commission and shall be submitted as and when required.

14. INSPECTION OF ACCOUNTS

Any person authorized by the Commission shall be entitled to inspect and verify the accounts of the licensee at any reasonable point of time and the licensee shall be under obligation to render all necessary assistance to the person so authorized for inspection of accounts.

15. ISSUE OF ORDERS AND PRACTICE DIRECTIONS

Subject to the provisions of the Act, and this Regulation, the Commission may, from time to time, issue orders and practice directions in regard to the implementation of this Regulation, the procedure to be followed etc., and other matters, which the Commission has been empowered by this Regulation to specify or direct.

16. POWER TO REMOVE DIFFICULTIES

In case of any difficulty in giving effect to any of the provisions of this Regulation, the Commission may remove such difficulty by general or special order, not being inconsistent with the provisions of the Act, as may appear to be necessary for the purpose of removing the difficulty.

(BY ORDER OF THE COMMISSION)

Place: Hyderabad
Date: 04.07.2014

Sd/-
M.D.Manohar Raju
Commission Secretary

SCHEDULE

1. **Form of Application for License**
An application shall be made in the format given herein, accompanied by the information and documents as listed.
2. **Application Format**
[To be addressed to the Secretary, AP Electricity Regulatory Commission]I/We hereby apply for a Transmission Licence under the “AP Electricity Regulatory Commission (Transmission Licence Conditions) Regulations, 2014”. We set out hereunder the relevant particulars in connection with our application and shall provide any other information as required by the Commission.
3. **General Information**
 1. Name to appear on license
 2. Primary Contact
 - a. Name
 - b. Contact Address
 - c. Phone Number
 - d. Fax Number
 - e. E-mail address
4. **Information about the Applicant**
 - a. Full legal name of organization
 - b. Registration number under applicable statute
 - c. Date of incorporation and registration
 - d. Registered office address
 - e. Names of promoters, along with their respective ownership percentages.
5. **Enclosures**
The following information/documents are duly attached:
6. **Incorporation**
 - a. Where the applicant is a company, the Memorandum and Articles of Association;
 - b. Where the applicant is a partnership, the deed of partnership;
 - c. In any other case, applicable deed or charter of incorporation, if any.
7. **Technical Information**
 - a. Detailed list of the Transmission Assets / Network elements (Lines, Cables and Substations) with Single Line Diagrams (SLD), that are supposed to be own and operated by the Transmission Licensee. The Transmission Assets shall be shown on a A.P. geographical map with clear indication of Voltage levels, lengths names of the emanating / terminating buses etc.

- b. Management information (provided in respect of operations, projects, commercial, finance, regulatory, HR and IT functions):
- c. Name of person
- d. Position in the applicant organization
- e. Qualification
- f. Area of expertise
- g. Experience
- h. Sufficient description adequately specifying the actual or proposed location of the system of electric lines and electrical plant by means of which the applicant intends to enable transmission of electricity, indicating which plant and lines are to be constructed and which are existing plant and lines, and the area to which the application relates.
- i. Detailed map or maps of the proposed area of transmission, on a scale of not less than 10 centimeters to a kilometer, or if no such maps are available, of not less than that of the largest scale of ordnance maps available, depicting the proposed intra-State transmission system of the applicant.
- j. List of the whole or any part of any cantonment, aerodrome, fortress, arsenal, dockyard or camp or any building or place in the occupation of the Government for defense purposes located within the proposed area of transmission.
- k. List of streets or parts of streets which are repairable by a person other than the Central Government, State Government or local authority and of railways, tramways, canals and waterways for which the applicant has obtained authorization to undertake works.

8. Financial Information

- a. Most recent three years of Accounting Statements together with Auditors' Reports, if any.
- b. Indicative investment plan and Network rollout plan for the next five years, detailing year-wise and area-wise rollout of the transmission system.

9. Other Enclosures Required

Copy of Receipt for the license application processing fee.

I/We certify that the particulars submitted herewith are true, complete and correct, to the best of my/our knowledge and belief at the time of submission and does not contain any untrue statement of a material fact or omits to state a material fact necessary to make the statement/particulars contained herein not misleading.

Place:
Date:

Signature
Name and Designation
Seal