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ODISHA ELECTRICITY REGULATORY COMMISSION

BIDYUT NIYAMAK BHAWAN

PLOT NO.4, CHUNOKOLI, SHAILASHREE VIHAR, BHUBANESWAR -751021

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WEBSITE: www.orierc.org

PUBLIC NOTICE

Case No. 123 /2026

Hearing of the Application for renewal of the Transmission and Bulk Supply License, 1997 (Case No.02/1997) as amended, insofar as it relates to bulk supply and trading business retained by GRIDCO Ltd. for a further period of twenty (20) years from 01.04.2027 to 31.03.2047 under Clause 3.3 thereof under Sections 14,16,66 & 86 of the Electricity Act,2003 read with applicable provisions of the OER Act,1995 as saved by Section185(3) of the said Act along with relevant provisions of the OERC (Conduct of Business) Regulations, 2004, together with approval of revised conditions of the existing license.

The Commission, vide its interim order dated 06.10.2026, has decided to dispose of the above case through public hearing which shall be held on 10.11.2026 at 11.00 AM through hybrid mode. The petition along with all Annexures submitted by the Applicant in this regard is available in OERC website (www.orierc.org) and also in GRIDCO's website www.gridco.co.in. The interested persons/ organizations/ stake holders/institutions those who are interested to participate in the above proceeding may file their objections/suggestions/comments/ views, if any, on the aforesaid petition of Applicant on or before 27.10.2026 with a copy thereof being served on the petitioner. The Applicant is directed to file its rejoinder/respond to those objections/ suggestions/ comments/ views of the Respondents in shape of affidavit on or before 03.11.2026 with copy to the Respondents. Those who are interested to participate in the public hearing through video conferencing should also indicate their e-mail address to the Commission at OERC e-mail (oerc.vc@gmail.com) by 5.00 PM of 09.11.2026.

By Order of the Commission

Dated: 08.10.2026

Sd/-

SECRETARY

**BEFORE THE HON'BLE ODISHA ELECTRICITY REGULATORY COMMISSION
PLOT NO. 4 CHUNOKOLI, SAILASHREE VIHAR, CHANDRASEKHARPUR,
BHUBANESWAR-751021**

CASE NO. _____ OF 2026

IN THE MATTER OF:

An application for renewal of the Orissa Transmission and Bulk Supply Licence, 1997 (No. 2/97), as amended, insofar as it relates to the bulk supply and trading business retained by GRIDCO Limited, for a further period of twenty (20) years from 01.04.2027 to 31.03.2047 under Clause 3.3 thereof or suitable period, as deemed fit by Hon'ble Commission, read with the applicable provisions of the Orissa Electricity Reform Act, 1995 as saved by Section 185(3), the first and fifth provisos to Section 14 and Sections 16, 66 and 86 of the Electricity Act, 2003, and the relevant provisions of the OERC (Conduct of Business) Regulations, 2004, together with approval of revised conditions of the existing licence.

AND

IN THE MATTER OF:

GRIDCO LIMITED (formerly Grid Corporation of Orissa Limited), a company incorporated under the Companies Act, 1956 and wholly owned by the Government of Odisha, having its registered office at Janpath, Bhubaneswar – 751022

... APPLICANT

AND

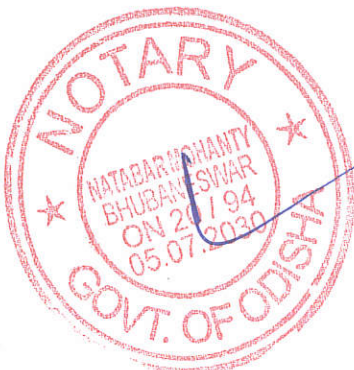
IN THE MATTER OF:

Additional Chief Secretary to Government, Department of Energy, Government of Odisha,
Kharvel Bhawan, Bhubaneswar

... RESPONDENT

The humble Applicant above named

MOST RESPECTFULLY SHEWETH THAT:



Banshu chandra Pattnaik

I. THE APPLICANT

1. The Applicant, GRIDCO Limited (formerly Grid Corporation of Orissa Limited) ("GRIDCO"), was incorporated on 20.04.1995 under the Companies Act, 1956 as a company wholly owned by the Government of Odisha, pursuant to the restructuring of the power sector in the State under the Orissa Electricity Reform Act, 1995 ("the Reform Act"). This Hon'ble Commission has repeatedly recorded that GRIDCO was created under Section 13 of the Reform Act.
2. The Applicant presently –
 - (a) continues the business of bulk procurement, bulk supply and intra-state trading of electricity under Licence No. 2/97, as amended, and its recognised deemed-licensee status. Following the transfer effective from 01.04.2005, OPTCL succeeded to the transmission undertaking and operates as a deemed transmission licensee under the conditions separately determined by this Hon'ble Commission in Case No. 22 of 2006;
 - (b) is the State Designated Entity for procurement of electricity on behalf of the State from sources within and outside Odisha, declared as such by the Government of Odisha vide Notification No. 7947 dated 17.08.2006;
 - (c) supplies electricity in bulk to the four distribution licensees of the State, namely TPCODL, TPNODL, TPSODL and TPWODL ("DISCOMs"), under Bulk Supply Agreements, at the Bulk Supply Price ("BSP") determined annually by this Hon'ble Commission under Section 86(1)(b) of the Electricity Act, 2003. The bulk supply arrangement is continuing from 01.04.1999; the present DISCOMs are successors under the subsequent vesting arrangements;
 - (d) undertakes resource adequacy planning and load forecasting in coordination with the DISCOMs and the system operator under the OERC (Framework for Resource Adequacy) Regulations, 2024, and has executed Power Purchase Agreements aggregating about 10,942 MW of contracted capacity (as of 30.09.2026), with State, Central, independent and renewable generating stations, including procurement of the State's allocated share from hydro stations in Bhutan.
 - (e) is also a GNA holder of 2157 MW and also ensures adequate ISTS corridor availability through OPTCL from time to time.

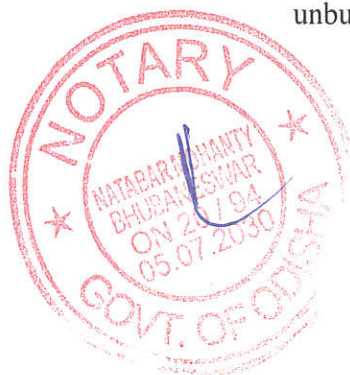


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- (f) sells intermittent surplus power and purchases intermittent power to meet shortfalls through the power exchanges, through bilateral transactions with inter-State traders, and through banking arrangements, within and outside the State;
 - (g) has been designated by the Government of Odisha as the Nodal Agency for implementation of the Odisha Renewable Energy Policy, 2022, vide Notification No. 11757-ENG-HYD-HYDRO-0009/2022/En dated 30.11.2022 and Notification No. 12284/En. dated 15.12.2022;
 - (h) holds 49% of the equity share in each of the four TP-DISCOMs, i.e. TPCODL, TPWODL, TPSODL & TPNODL, on behalf of Govt. of Odisha under the applicable Vesting Order and shareholder agreements, and exercises the corresponding shareholder rights subject to those instruments and applicable law;
 - (i) act as a aggregator of RE power as per Odisha Renewable Energy Policy 2022;
 - (j) act as the designated agency to fulfil RPO/RCO requirement on behalf of the DISCOMs;
 - (k) signed multiple MoUs with REIAs and Think Tanks towards research & development of RE technologies and Energy Transition; and
 - (l) ensures compliance of Vesting Order directions in respect of Residual Utilities and DISCOMs;
3. GRIDCO is the 'State Designated Entity' for execution of PPAs to meet the State's power requirement. GRIDCO is also the deemed trader under the relevant provisions of the Act. Further, as per the provisions of the Vesting Order(s), GRIDCO has executed Bulk Supply Agreements (BSA) with all the four DISCOMs in the State. This petition seeks renewal of the existing Licence No. 2/97, as amended, for GRIDCO's retained bulk supply and trading business, together with amendment of conditions reflecting its present functions.

II. RESTRUCTURING OF THE POWER SECTOR IN ODISHA AND THE EVOLUTION OF THE APPLICANT'S LICENCE

4. Under the Reform Act the functions of the erstwhile Orissa State Electricity Board were unbundled with effect from [01.04.1996]: hydro generation was vested in Orissa Hydro



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Power Corporation Limited (OHPC), while transmission, bulk supply, distribution and retail supply were vested in GRIDCO.

5. By orders dated 31.03.1997 this Hon'ble Commission granted to GRIDCO, under Section 15 of the Reform Act, two licences with effect from 01.04.1997, namely (a) the Orissa Distribution and Retail Supply Licence, 1997 (No. 1/97), and (b) the Orissa Transmission and Bulk Supply Licence, 1997 (No. 2/97) ("Licence No. 2/97"). Clause 3.3 of Licence No. 2/97 provides that the licence "shall come into force on First of April 1997 and unless revoked earlier shall remain in force for 30 years from date of issue and may upon agreement of the Commission and the Licensee, be renewed for another period of 20 years." A copy of Licence No. 2/97, as originally issued, is annexed hereto and marked **Annexure-1**.
6. In furtherance of the reform, four wholly owned subsidiary companies, namely CESCO, NESCO, WESCO and SOUTHCO were incorporated, to take over the business of distribution and retail supply. By orders dated 31.03.1999 in Case Nos. 22, 23, 24 and 25 of 1998, this Hon'ble Commission granted distribution and retail supply licences Nos. 1/99 to CESCO, 2/99 to SOUTHCO, 3/99 to NESCO and 4/99 to WESCO, the then companies. GRIDCO thereby divested the distribution and retail supply business. Copy of the order in Case No. 4 of 1999 is attached at **Annexure-2** here for reference. The text of the licence issued to WESCO is similar to the licences issued to the other three distribution licensees, namely NESCO, SOUTHCO and CESCO.
7. Correspondingly, on GRIDCO's application dated 27.03.1998 under Section 19 of the Reform Act, this Hon'ble Commission by order dated 31.03.1999 in Case No. 21 of 1998 approved an amended Licence No. 2/97 with effect from 01.04.1999, so as to make the licence compatible with the retention by GRIDCO of only the business of transmission and bulk supply. The Commission, among other things –
 - (a) suo motu changed the heading of Condition 5 from "Prohibited Activities" to "Restrictions";
 - (b) redefined "Electricity Operator" to mean "a licensee including Bulk Supplier; or a person who owns or operates a generating station or Authorised person connected to the Transmission System";
 - (c) replaced "Total System" with "Transmission System" for the purpose of reporting major incidents under Condition 9;



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- (d) extended Condition 10 (Disposal of Assets) to the sale of shares and stock, directed that the cost of assets disposed of be aggregated with all other assets forming part of the same overall transaction for the Rs. 30 lakh threshold, and directed that the cumulative sale of shares and stock to a single party be treated as part of the same overall transaction;
- (e) declined GRIDCO's proposal to remove "Distribution and Retail Supply Business" from the definition of "Separate Business", holding that the possibility of a transmission and bulk supply licensee engaging in distribution and retail supply could not be entirely ruled out in future; and
- (f) declined GRIDCO's proposal to omit issues arising under Section 33 of the Reform Act from Condition 13, and instead ordered reference to Section 37(1) of the Reform Act in the matter of arbitration.

A copy of the said order dated 31.03.1999 in Case No. 21 of 1998 is annexed hereto and marked **Annexure-3**.

- 8. The Electricity Act, 2003 ("the Act") came into force on 10.06.2003. The Reform Act is an enactment specified in the Schedule to the Act and continues to operate by virtue of Section 185(3) of the Act to the extent it is not inconsistent with the Act.
- 9. The Act recognises trading in electricity as a distinct licensed activity under Section 12, and mandates the structural separation of trading from transmission. The second proviso to Section 39(1) provides that the **State Transmission Utility shall not engage in the business of trading in electricity**. The proviso to Section 41 provides that a transmission licensee shall not enter into any contract for, or otherwise engage in, the business of trading in electricity. Accordingly, the transmission and bulk supply function, was therefore required by operation of law to segregate into two separate functions.
- 10. Accordingly, the Government of Odisha, in exercise of powers under Section 131 and other relevant provisions of the Act, notified the Orissa Electricity Reform (Transfer of Transmission and Related Activities) Scheme, 2005 vide Notification No. 6892 dated 09.06.2005, the appointed date being notified vide Notification No. 6849 dated 09.06.2005 [appointed date: 01.04.2005, as subsequently amended vide Notification No. 6035 dated 21.06.2006. Under the said Scheme the transmission undertaking of GRIDCO, together with the functions of the State Transmission Utility and of the State Load Despatch Centre, was transferred to and vested in Orissa Power Transmission



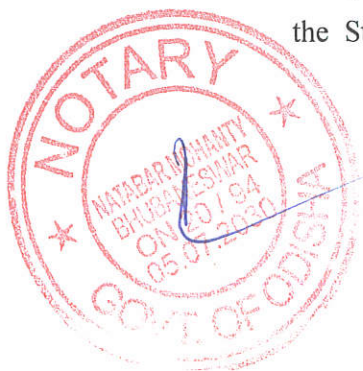
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Corporation Limited ("OPTCL"). GRIDCO retained the business of bulk procurement and bulk supply of electricity.

11. By order dated 27.10.2006 in Case No. 22 of 2006, this Hon'ble Commission determined, under Section 16 of the Act, the licence conditions of OPTCL was made effective from 01.11.2006. The bulk supply business, which remained with GRIDCO and continuing till date. That bulk supply business has been regulated through the annual ARR and BSP proceedings and through the Bulk Supply Agreements.

A copy of the said order dated 27.10.2006 in Case No. 22 of 2006, together with the licence conditions of OPTCL, is annexed hereto and marked **Annexure-4**.

12. By order of the same date, namely 27.10.2006, in Case No. 21 of 2006, this Hon'ble Commission determined the licence conditions of the deemed distribution licensees provides that, the Distribution Licensee shall purchase electricity from GRIDCO (as a bulk supplier) and others as consented to by the Hon'ble Commission.
13. By Notification No. 7947 dated 17.08.2006 the Government of Odisha declared GRIDCO as the 'State Designated Entity' for execution of Power Purchase Agreements with generating companies within or outside the State for procurement of power from thermal, hydro, solar, wind and other sources. A copy is annexed hereto and marked **Annexure-5**.
14. In its ARR and BSP orders dated 18.03.2011 (FY 2011-12) and 23.03.2012 (FY 2012-13), this Hon'ble Commission examined the legal status of GRIDCO at length and concluded that GRIDCO is a deemed trading licensee under the fifth proviso to Section 14 of the Act, that bulk supply by a trader is not repugnant to any provision of the Act, and that the continuance of GRIDCO is sustainable in law and essential in the overall interest of the people of Odisha and of the State power sector in particular. That position has been reiterated in every subsequent ARR and BSP order. Most recently, in the order dated 24.03.2026 in Case Nos. 122 and 123 of 2025, the Hon'ble Commission held: "Therefore, GRIDCO's position under the 5th proviso to Section 14 of the Act is that of a trading licensee carrying on trading of electricity in bulk. Bulk Supply activity by a trader is not repugnant to any of the provisions of the Act, 2003. Such activity is tenable in Law. It is a historical legacy coming down from the period under the Reform Act, 1995 and it continues so long as GRIDCO continues to be the 'State Designated Entity' for execution of PPAs to meet the State's power requirement and bulk supply to the State DISCOMs as per the bulk supply agreement,." In the same order the



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Commission recorded that GRIDCO “acts as a shock absorber for accommodating any surplus/ deficit of power in State so as to provide uninterrupted power supply to ultimate consumers of the State.” Relevant extracts are as given below;

15. The reasoning on which that conclusion rests is set out at paragraphs 277 to 288 of the order dated 18.03.2011, and is directly material to the relief sought in this petition. Having traced the effect of the Transfer Scheme of 2005, this Hon’ble Commission held at paragraph 278:

“In 2005, by virtue of Transfer Scheme OER (Transfer of Transmission Related Activities) Scheme, 2005 under S.131(4) of the Act, the transmission business of GRIDCO was hived off from GRIDCO because of 3rd Proviso to S.41 & 1st Proviso to S.39 of the Act. Thus what remained with GRIDCO was the business of trading in electricity. Ordinarily, GRIDCO would have been required to take a trading licence under S.14(c) of the Act, but because of the 5th Proviso to S. 14 of the Act, GRIDCO shall be deemed to be a licensee under the said Act.”

“Its present activity, after its transmission business was taken over by OPTCL is now confined to bulk purchase of electricity for sale to DISCOMs of Orissa. This satisfies the definition of trading in Sec. 2(71) of the Act. Therefore GRIDCO’s position under the 5th Proviso to Sec. 14 of the Act is doubtless that of a deemed trading licensee, carrying on trading of electricity in bulk.”

At paragraph 279 the Hon’ble Commission held that “the position of the GRIDCO as a (deemed) trading licensee continues to hold good”, and at paragraph 286 that —

“... when transmission function of GRIDCO was transferred to OPTCL under OER (Transfer of Transmission Related Activities) Scheme, 2005, GRIDCO became a pure trader under the Act.” (paragraph 286).”

16. In the distribution segment, the licence of CESCO was revoked with effect from 01.04.2005 and its utility was managed as CESU under a scheme framed by this Hon’ble Commission under Section 22 of the Act; the licences of NESCO, WESCO and SOUTHCO were revoked in [2015]. Following a competitive bidding process under Section 20 of the Act, the four distribution utilities were vested in TPCODL (w.e.f. [01.06.2020]), TPSODL (w.e.f. [01.01.2021]), TPWODL (w.e.f. [01.01.2021]) and TPNODL (w.e.f. [01.04.2021]), with GRIDCO retaining 49% of the equity in each. Under the Vesting Orders the DISCOMs are obliged to procure power primarily from



Dr. Ashutosh Chandra Pattnaik

GRIDCO, and may procure an incremental quantum from alternative sources only where GRIDCO expresses its inability to supply the quantum requisitioned, through a transparent and competitive bidding process and with the prior approval of this Hon'ble Commission.

17. Further, to quote the relevant provisions of the Vesting Order(s), for e.g. Cl. 36 of the Vesting Order of TPWODL in case no. 82 of 2020, Hon'ble Commission has fixed the 'Power Procurement Conditions' for the DISCOM as below; Similar conditions are also directed in respective Vesting Orders;

"xxxxxx....."

(a) GRIDCO, a wholly owned Company of the State Government, is engaged in the business of purchase of electricity in bulk from various generators for supply in bulk to the four distribution utilities in the State. Pursuant to the Government of Odisha notification No. PPD-II-2/05 (pt) 7947, Bhubaneswar dated 17.08.2006, GRIDCO is notified as the war dated 17.08.2006, GRIDCO is isar dated 17.08.2006, GRIDCO is (PPA) for procurement of all forms of power from different Generators. The terms of sale of power by GRIDCO to TPWODL shall be governed under the Bulk Supply Agreement.

(b) In order to fulfil its obligation as the bulk supplier in the State, GRIDCO has signed PPAs to meet the existing as well as future demand of power from the retail supply licensees in the State. ...b)xxxxxxx

(c) If in the opinion of GRIDCO, at any time during the term of license of TPWODL, the PPAs xxxxxxxxxx are insufficient to meet the power purchase requirement of the retail supply licensees, then GRIDCO may sign additional PPAs with prior consultation with TPWODL, other retail supply licensees in the State and prior approval of the Commission. Such consultation shall also be required in case GRIDCO signs any PPAs to procure power from renewable energy sources to fulfil its Renewable Purchase Obligation targets set under the regulations and orders of the Commission.

(d) Till the time GRIDCO expresses its ability to meet the power purchase requirement of TPWODL from the PPAs xxxxxxxxxx and any additional PPAs signed as per clause (c) above, TPWODL shall be obligated to meet the full extent of its power purchase requirement from such PPAs.

..... xxxxxxxxxxxxxx"



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18. The Odisha Renewable Energy Policy, 2022 ("OREP 2022") was notified on 30.11.2022. Under the Policy the Department of Energy, Government of Odisha designated GRIDCO as the Nodal Agency vide Notification No. 12284/En. dated 15.12.2022, responsible for implementation of the Policy and for the development of all renewable energy projects in the State. In that capacity GRIDCO, among other things, prepares the list of identified sites, initiates and conducts the competitive bidding process for the award of projects, submits proposals with recommendations to the Single Window Committee (SWC) and SLSWCA, acts as the renewable energy demand aggregator for the State, monitors RPO and RCO compliance of all obligated entities. Copies of the relevant notifications are annexed hereto and marked as **Annexure-6**.

III. REASON OF THE RENEWAL APPLICATION

19. The initial term of 30 years stipulated in Clause 3.3 of Licence No. 2/97, computed from 01.04.1997 as this Hon'ble Commission itself computed it in Case No. 22 of 2006, is in force till 31.03.2027.
20. The Hon'ble Commission in Case No. 22 of 2006 fixed OPTCL's licence period as 30 years counted from 01.04.1997 (i.e. the date of issue of Licence No. 2/97 to GRIDCO) till 31.03.2027.. OPTCL has accordingly filed before this Hon'ble Commission, on 24.04.2026, an application for extension of its licence conditions.. The Applicant respectfully submits that the present petition and the said application of OPTCL arise from one and the same instrument, namely Licence No. 2/97, and that it would be appropriate for this Hon'ble Commission to consider them together, or at least consistently, so that the entire structure descending from Licence No. 2/97 is settled well before in time.
21. Under the OERC (Conduct of Business) Regulations, 2004 and the consistent directions of this Hon'ble Commission, the Applicant is required to file its application for approval of the Aggregate Revenue Requirement and determination of the Bulk Supply Price for FY 2027-28 on or before 30.11.2026.
22. The Applicant respectfully submits that, the deemed trader status arises from the fact of GRIDCO's creation in pursuance of the Reform Act, which is an enactment specified in the Schedule to the Act, and not from the tenure of any instrument. Nevertheless, a

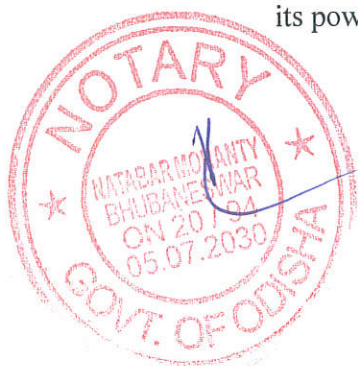


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formal declaration and determination by this Hon'ble Commission is both necessary and expedient, for the following reasons:

- (a) GRIDCO is the counterparty to long-term Power Purchase Agreements for about 10,942 MW of contracted capacity (as of 30.09.2026) and to the Bulk Supply Agreements with the four DISCOMs. GRIDCO is obligated as per such agreements with the Generating companies, lenders, the DISCOMs, the power exchanges, the load despatch centres and cross-border counterparties till vailidity of such agreements.
- (b) Licence No. 2/97 is the only instrument in which terms and conditions were ever laid down for GRIDCO's business.
- (c) A substantial part of Licence No. 2/97 has in any event become obsolete. Its conditions on the Grid Code (Condition 17), central scheduling and despatch (Condition 19), investment in the transmission system (Condition 16), planning and operation of the transmission system (Condition 20), and use of system and connection (Condition 22) now concern OPTCL and the SLDC and cannot lawfully be discharged by GRIDCO at all. Its Condition 14 refers to the Indian Electricity Act, 1910 and the Electricity (Supply) Act, 1948, both since repealed; its Condition 21 refers to Sections 57 and 57A of the Electricity (Supply) Act, 1948; and its Condition 25 refers to Section 41 of the Reform Act.
- (d) The scope of GRIDCO's business has changed substantially since 1997 and since 1999. It now comprises the purchase and sale of power across the market segments of the power exchanges and other platforms, banking and swapping arrangements with other utilities, inter-State transactions, cross-border transactions including the drawal of the State's allocated share from generating stations situated outside India, the procurement of energy storage capacity, the aggregation and sale of renewable energy and the discharge of the renewable purchase and renewable consumption obligations of the State, and statutory-policy functions as the Renewable Energy Nodal Agency. None of this is addressed anywhere in Licence No. 2/97.

23. It is therefore necessary, and in the larger public interest and continuity of bulk power purchase and supply in the State, that this Hon'ble Commission should, in exercise of its powers under Section 16 of the Act, lay down comprehensive licence conditions for



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GRIDCO's business of bulk purchase, supply and trading, as it did in the year 2006 for the other deemed licensees in the State.

IV. GROUNDS

A. The Act requires that bulk supply and trading be held separately from transmission

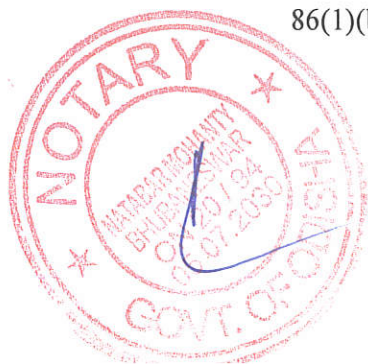
24. Sections 39 and 41 of the Act prohibit the State Transmission Utility and any transmission licensee from engaging in the business of trading in electricity. The Transfer Scheme of 2005 implemented that mandate by vesting the transmission undertaking, the STU function and the SLDC function in OPTCL. The necessary legal corollary is that the trading and bulk supply business, which of necessity remained outside OPTCL, must be governed by its own licence conditions. It cannot be governed by conditions framed in 1997 and 1999 for a composite transmission-and-bulk-supply licensee, nor by the conditions determined for OPTCL, which are expressly conditions for a transmission licensee and which by their Condition 7.4 forbid the licensee from engaging in trading.

B. Trading within the meaning of the Act, and may be regulated by specific conditions

25. "Trading" is defined in Section 2(71) of the Act as the purchase of electricity for resale thereof. GRIDCO is also entrusted with bulk purchase of electricity from generating companies and its supply to the DISCOMs. Conditions under Section 16 of the Act are accordingly the appropriate means by which Hon'ble Commission shall specify, any general or specific conditions to the appropriate licensees. The proposed modified licence conditions in respect GRIDCO are placed at **Annexure-7**.

C. The single-buyer arrangement and the State Designated Entity function must be reflected in the conditions

26. The bulk supply arrangement in Odisha rests on the unbundling & restructuring of the State power sector and responsibilities flown from it as legacy; the designation of GRIDCO by the State Government as the State Designated Entity; the Bulk Supply Agreements between GRIDCO and the DISCOMs; the Vesting Orders of this Hon'ble Commission obliging the DISCOMs to procure power primarily from GRIDCO; and the regulation of the DISCOMs' power procurement by the Commission under Section 86(1)(b). The function of the State's bulk procurer and bulk supplier is by its very nature



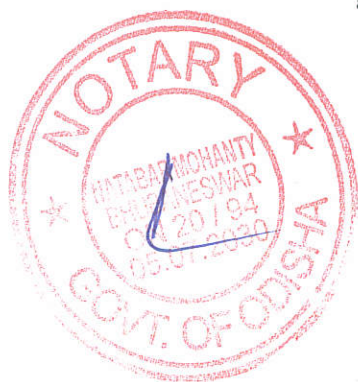
one that is discharged by a single entity: it is the function that permits the aggregation of the State's entire long-term portfolio, the pooling of high-cost and low-cost power, and the absorption of surplus and deficit which this Hon'ble Commission has described as that of a "shock absorber". GRIDCO, a wholly State-owned company, is the entity on which the State Government has conferred that function and which has discharged it since its incorporation. The Applicant accordingly prays that the licence conditions expressly record that role, so that the conditions governing it are specific to GRIDCO.

D. Renewal under Clause 3.3 is available in the alternative

27. Clause 3.3 of Licence No. 2/97 expressly contemplates renewal for a further period of 20 years upon the agreement of the Commission and the Licensee. When determining the conditions of the deemed licensees in the year 2006, this Hon'ble Commission gave effect to the tenure of the pre-2003 licences by computing the period of licence from the original date of grant. On the same principle, the renewal for which Clause 3.3 provides is available to GRIDCO, confined to the business of bulk supply and trading which alone remains with it.

E. Market participation must be enabled, subject always to the jurisdiction of the respective regulators

28. Section 66 of the Act requires the Commission to endeavour to promote the development of a market in power. Efficient management of GRIDCO's surplus and deficit directly reduces the ARR and the BSP and, through them, the retail tariffs of the State. The conditions proposed at **Annexure-7** accordingly enable GRIDCO to participate in –
- (a) all market segments of the power exchanges, and such other platforms as may be introduced from time to time by appropriate Commission.;
 - (b) power banking and other swapping arrangements with other utilities and licensees;
 - (c) inter-State purchase and sale of electricity through power exchanges, in accordance with the Act and the appropriate Regulations ; and
 - (d) cross-border transactions, including the drawal of the State's allocated share from generating stations situated outside India, in accordance with the guidelines issued by the appropriate authority and Commission.



Prashant Kumar

F. The Renewable Energy Nodal Agency functions should be recognised and ring-fenced

29. Under Section 86(1)(e) of the Act the Commission is required to promote the generation of electricity from renewable sources. GRIDCO's role as Nodal Agency under OREP 2022 is integral to the discharge of that mandate in Odisha. Relevant condition of **Annexure-7** therefore both recognises these functions and requires them to be maintained as a Separate Business with separate accounts, so that only such costs towards those functions as this Hon'ble Commission allows are reflected in the Applicant's ARR.

G. Continuity of existing arrangements

30. All Power Purchase Agreements, Bulk Supply Agreements, orders determining the ARR and BSP, regulatory assets, proceedings pending before this Hon'ble Commission, the Appellate Tribunal for Electricity and the Hon'ble Supreme Court, and all other rights and liabilities of GRIDCO, must continue as such without interruption on and after 01.04.2027.

V. THE PROPOSED LICENCE CONDITIONS

31. The proposed licence conditions are annexed hereto and marked **Annexure-7**. They have been drawn on the structure as Part I Preliminary, Part II General Conditions, Part III Specific Conditions.

VI. JURISDICTION, FEE AND UNDERTAKINGS

32. This Hon'ble Commission has jurisdiction to entertain and decide this petition under Sections 14, 16, and 86 of the Act. The petition is filed well in advance of the term of Licence No. 2/97, so as to enable the consultative process contemplated by Sections 16 of the Act.
33. The Applicant undertakes to publish notice of this petition in such newspapers and in such manner as this Hon'ble Commission may direct, to serve copies on such persons as the Commission may direct, and to furnish such further information and documents as may be required.
34. The Applicant has not filed any other petition or application before this Hon'ble Commission or before any other forum seeking the same or a similar relief.



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VII. PRAYER

In the premises aforesaid, it is most respectfully prayed that this Hon'ble Commission may be graciously pleased to:

- (a) renewal of the Licence and Licence terms & conditions of the Applicant;
- (b) record in the said licence conditions the Applicant's role as the 'State Designated Entity' for the bulk procurement of electricity in the State and for bulk supply to the distribution licensees of Odisha, and as the Nodal Agency under the Odisha Renewable Energy Policy, 2022;
- (c) issue such directions as to the publication of this petition and the hearing of objections as the Commission may consider appropriate; and
- (d) pass such other order or orders as this Hon'ble Commission may deem fit and proper in the facts and circumstances of the case.

And for this act of kindness, the Applicant, as in duty bound, shall ever pray.

BY THE APPLICANT

THROUGH

**Chief General Manager (Finance)
GRIDCO Limited**

Bhubaneswar
01.10.2026



**BEFORE THE HON'BLE ODISHA ELECTRICITY REGULATORY COMMISSION
PLOT NO. 4 CHUNOKOLI, SAILASHREE VIHAR, CHANDRASEKHARPUR,
BHUBANESWAR-751021**

CASE NO. _____ OF 2026

IN THE MATTER OF:

An application for renewal of the Orissa Transmission and Bulk Supply Licence, 1997 (No. 2/97), as amended, insofar as it relates to the bulk supply and trading business retained by GRIDCO Limited, for a further period of twenty (20) years from 01.04.2027 to 31.03.2047 under Clause 3.3 thereof or suitable period, as deemed fit by Hon'ble Commission, read with the applicable provisions of the Orissa Electricity Reform Act, 1995 as saved by Section 185(3), the first and fifth provisos to Section 14 and Sections 16, 66 and 86 of the Electricity Act, 2003, and the relevant provisions of the OERC (Conduct of Business) Regulations, 2004, together with approval of revised conditions of the existing licence.

AND

IN THE MATTER OF:

GRIDCO LIMITED (formerly Grid Corporation of Orissa Limited), a company incorporated under the Companies Act, 1956 and wholly owned by the Government of Odisha, having its registered office at Janpath, Bhubaneswar – 751022

... APPLICANT

AND

IN THE MATTER OF:

Additional Chief Secretary to Government, Department of Energy, Government of Odisha,
Kharvel Bhawan, Bhubaneswar

... RESPONDENT



P. K. Patra
ch
Bhubaneswar

AFFIDAVIT

I Shri Baishnab Charan Padhiary, aged about 59 years S/o Late Baban Padhiary, Chief General Manager (Fin.) GRIDCO Ltd. do hereby solemnly affirm and say as follows:

I am the CGM (Fin.) of GRIDCO Ltd., the Applicant in the above matter and am duly authorized to make this affidavit on its behalf.

The statements made in the foregoing Paragraphs of this Application herein are based on information and I believe them to be true.

Bhubaneswar

1st October' 2026

Baishnab Charan Padhiary

DEPONENT



SWORN BEFORE ME

N. Mohanty

N. MOHANTY
NOTARY

Regd. No. ON 20/94
382, Bhoi Nagar,
Bhubaneswar-751022

01-10-2026

ANNEXURE-1

>

ANNEXURE 'B'

THE ORISSA TRANSMISSION & BULK SUPPLY LICENCE 1997 (No. 2/97)

Licence for the Supply of electricity granted by the Orissa Electricity Regulatory commission under [Section 15](#) of the [Orissa Electricity Reform Act 1995](#) (2 of 1996) to GRID CORPORATION OF ORISSA LIMITED, JANPATH BHUBANESWAR - 751 007 (GRIDCO) for carrying out the business of Transmission and Bulk Supply of electrical energy within the Area of Transmission and Bulk Supply and with the powers and upon the terms and conditions specified below.

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PART I: TERMS OF THE LICENCE:

1. Short Title:

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



2. Definition:

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

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

2.3. In this license unless the context otherwise requires:

"Act"	means the Orissa Electricity Reform Act. 1995 (2 of 1996)
"Affiliate"	means in relation to the Licensee, any Holding company or Subsidiary of the Licensee, or any Subsidiary of a Holding Company of the Licensee
"Area of transmission and Bulk Supply"	means the geographic area referred to in Schedule I of this Licence within which any activity Authorised by this licence is allowed
"Auditors"	means the licensee's auditors for the time being holding office in accordance with the requirements of Sections 224 to 234A of the Companies Act 1956 (1 of 1956)
"Authorised"	in relation to any business or activity means authorised by licence granted under Section 15 or exemption granted under Section 16 of the Act
"Bulk Supply"	means the provision of electricity to a Licensee for resale
"Bulk Supplier"	means any person who is Authorised to carry out Bulk Supply
"Bulk Supply Business"	means the Authorised business of a Licensee in Bulk Supply
"Consumer"	means the end or final user of electricity
"Customer"	means any Electricity Operator supplied with electricity for resale

"Distribution"	means the transportation of electricity by means of a Distribution system
"Distribution and Retail Supply Business"	means any Authorised business of the licensee (i) in or ancillary to Distribution (whether for its own account or that of third parties) through any system owned and/or operated by the Licensee and (ii) the Retail Supply of electricity to Consumers
"Distribution code"	means in relation to any Distribution and Retail Supply Licensee, the code covering all material technical aspects relating to connections to the Distribution System owned and/or operated by the Licensee planning conditions to be applied by the Licensee in the development of the distribution System. and (in so far as relevant to the operation and use of the Distribution System) the operation of electric lines and electrical plant connected to the Licensee's Distribution System or the Distribution System of any Licensee
"Distribution System"	means any system consisting of mainly of cables service lines and overhead lines, electrical plant and meters having design voltage of 33 KV and under, owned and/or operated by a Distribution and Retail Supply Licensee and used for the transportation of electricity from a Transmission System or Generating Sets or other points to the point of delivery to Consumers and includes any electrical plant and meters owned and/or operated by the Licensee in connection with the Distribution of electricity. The Distribution system shall not Include any part of a Transmission System. except where used for the Supply of electricity to a single Consumer or group of Consumers
"Electricity Operator"	means any person who owns and/or operates generating plant or who holds a licence under Section 14 of the Act , connected to the Licensee's transmission system and any Bulk Supplier
"Generating Set"	means any plant or apparatus for the production of electricity and shall where appropriate include a generating station comprising of more than one generating unit
"Generator Interconnection Facilities"	means any transformers, busbars, switchgear, plant or apparatus utilised to enable access to a Transmission / Distribution System by the Generating Sets
"Grid Code"	means the code covering all material technical aspects relating to connections to and the operation and use of a Transmission System or (in so far as relevant to the operation and use of a Transmission system) the operation of electric lines and electrical plant connected to the Transmission system or the Distribution System of any Electricity Operator including the Licensee's Transmission system
"Licensee"	means The Grid Corporation of Orissa Limited constituted under Section 13 of the Act
"Licensee's Distribution"	means any Distribution system owned and/or operated by a Distribution and Retail Supply Licensee

System"

"Licensee's transmission System" means the a Transmission system of the Transmission & Bulk supply License

"Operating Standards" means the standards approved by the commission pursuant to Condition 20

"Planning and Security Standards" means the standards approved by the Commission pursuant to Condition 20

"Power Supply Planning Standards" means the standards approved by the Commission pursuant to Condition 20

"Power Supply Planning and Security Standards" means the standards approved by the Commission pursuant to Condition 20

"Regulations" means Regulations issued by the Commission under [Section 54](#) of the [Act](#)

"Retail Supply" means sale of electricity to Consumers

"Separate Business" means each of the Transmission Business, the Bulk Supply Business, the Distribution and Retail Supply Business and any Commission authorised non core activity taken separately from one another and from any other business of the Licensee or any affiliate of the Licensee

"Supplier" means any Electricity Operator who carries out or provides Bulk supply or Retail Supply

"Supply" means the provision of electricity either for resale or directly to Consumers

"Total System" means Generator Interconnection Facilities, the Licensee's Transmission system the Licensee's Distribution system and the Distribution Systems of all Electricity Operators which are located in the Area of Transmission

"Transmission Business" means the Authorised business of a Licensee in Transmission

"Transmission System" means the system consisting of extra high voltage electric lines having design voltage of 66 KV and higher owned and/or operated by a Licensee Authorised to transmit electricity for the purposes of the transportation of electricity from one power station to a substation or to another power station or between sub-stations or to or from any external interconnection including 33/11 KV bays/equipment up to the interconnection with the distribution system, any plant and apparatus and meters owned or used in

connection with the transmission of electricity, but shall not include any part of a Distribution System

"Use of System" means use of the Licensee's Transmission System for the transfer of electricity by any Supplier pursuant to a contract entered into under the terms of Paragraph 20

3. Term of Licence:

3.1. The Commission in exercise of the powers conferred by [section 15](#) of the [Act](#) hereby grants to the Licensee licence for Transmission and Bulk Supply of electricity in the Area of Transmission during the period specified in Paragraph 3.3 subject to the conditions set out in Parts II, III, IV, V and VI of this licence.

3.2. The Conditions are subject to modification or amendment in accordance with their terms, the provisions of conditions 23 and 24 or with the provisions of the Act.

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

PART II: GENERAL CONDITIONS:

4. Regulations:

4.1. The Licensee shall comply with, adhere to, and obey the [Orissa Electricity Regulatory Commission Regulations](#), directions and orders as may be issued by the Commission from time to time.

5. Prohibited Activities:

5.1. In the State of Orissa, neither the Licensee nor any of its Affiliates shall:

- a. purchase or otherwise acquire electricity or sell or otherwise transfer electricity to any person other than pursuant to a licence granted by the Commission except that the Licensee shall be permitted to enter into arrangements for the purchase of ancillary services and sale of power surplus to the need of the State to other State Electricity Boards/Licensee With prior approve al of the Commission; or
- b. own hold any beneficial interest in, or operate, any Generating Set or other sources of production of power without the prior written approval and on such conditions deemed appropriate by the Commission except in a manner incidental to its authorised business; or
- c. own hold any beneficial interest in, or operate, any facilities for the Transmission or Distribution of electricity in the Area of Transmission other than pursuant to a licence granted by the Commission; or
- d. start any non-core activity which is not reasonably incidental to its function as a Licensee, unless specifically authorised by the Commission. Any non-core business so authorised by the Commission will be treated in the same manner as a Separate Business for the purposes of Condition 7

5.2. The Transmission Business, the Bulk Supply Business, and the Distribution and Retail Supply Business shall not be held by or carried on through any Affiliate of the Licensee, unless otherwise permitted by the Commission.

5.3. The licensee shall not guarantee any obligations incurred by an affiliate of the licensee

in respect of a non-core activity. In carrying on the Transmission and Bulk Supply Business, the Licensee shall not make any loan or loans to any other Separate Business or non-core activity of the Licensee.

5.4. The Licensee shall not create or permit to subsist any encumbrance in favour of any other person over any of the Licensee's assets for the purposes of securing any obligation of any other person or of the Licensee in relation to any non-core activity.

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

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

6. Prohibition of Subsidies among Separate Businesses:

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

7. Separate Accounts for Separate Businesses:

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

7.2. The Licensee shall in respect of each Separate Business (whether or not carried on by a separate company):

- a. keep such accounting records as required by the Commission to be kept in respect of each such Separate Business if it were carried on by a separate company, so that the revenues, costs, assets, liabilities, reserves, and provisions of, or reasonably attributable to, each Separate Business are separately identifiable in the books of the Licensee from those of any other Separate Business or other business; and
- b. prepare on a consistent basis from such accounting records:
 1. for each financial year account statements comprising a profit and loss account, a balance sheet and a statement of source and application of funds together with notes thereto and showing separately in respect of each Separate Business the amounts of any revenue, cost, asset, liability, reserve, or provision which has been either:
 - (A) charged from or to any other business (whether or not a Separate Business) together with a description of the basis of that charge, or
 - (B) determined by apportionment or allocation between any Separate Business and an other business (whether or not a Separate Business) together with a description of the basis of the apportionment or allocation, and

2. In respect of the first six months of the first financial year and of each subsequent financial year an interim profit and loss account, and
 - c. provide, in respect of the accounting statements prepared in accordance v, with this Condition 7, a report in respect of each financial Year, by the Auditors, stating whether in their opinion those statements have been properly prepared in accordance with this Condition 7 and give a true and fair view of the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to the Separate Business to which the statements relate, and
 - d. deliver to the Commission a copy of each interim profit and loss account not later than three months after the end of the period to which it relates, and copies of the accounting statements and auditor's report not later than six months after the end of the financial year to which they relate.

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

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

7.5. Accounting statements in respect of a financial year prepared under [sub-paragraph \(b\)\(i\) of Paragraph 7.2](#) shall, unless otherwise approved or directed by the Commission:

- a. keep such accounting records as required by the Commission to be kept in respect of each such Separate Business if it were carried on by a separate company, so that the revenues, costs, assets, liabilities, reserves, and provisions of, or reasonably attributable to, each Separate Business are separately identifiable in the books of the Licensee from those of any other Separate Business or other business; and
- b. state the accounting policies adopted; and
- c. (with the exception of the part of such statement which shows separately the amounts charged, apportioned or allocated and describes the bases of charge or apportionment or allocation respectively), be published with the annual accounts of the licensee in the manner prescribed in the Regulations.

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

7.7. The licensee shall ensure that the accounting statements in respect of each financial year prepared under [sub-paragraph \(b\)\(i\) of Paragraph 7.2](#) and the Auditor's report in respect of each financial year referred to in [sub-paragraph \(c\) of Paragraph 7.2](#) are made available to any person requesting them at a price not exceeding fair copying charges. 

8. Prohibition of Discrimination:

8.1. Subject to Paragraph 8.2 where under the terms of this licence the Licensee provides

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

- a. between any users or classes of users of the Licensee's Transmission system
- b. as between the Licensee (in the use of the Licensee's Transmission System by the Licensee as part of its Bulk supply Business) and any other users or classes of users

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

8.3. Subject to Paragraph 8.4, the Licensee shall not, and shall ensure that any Affiliate of the Licensee shall not, supply or sell or offer to supply or sell electricity to any one Customer on terms as to price or other relevant matters which are materially more or less favourable than those on which it supplies or sells or offers to Supply or sell electricity to comparable Customers.

8.4. Nothing in Paragraph 8.3 shall prohibit the Licensee from selling or supplying electricity to one customer on price or other terms which materially differ from those offered to other customers where such differences reflect different circumstances of supply or sale to such Customers including quantity, load factors, power factor, the level and timing of peak demand, conditions of interruptability. and duration of the agreement, or any other relevant factor.



9. Provision of Information to the Commission:

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

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

9.3. The Licensee shall notify the Commission as soon as possible of any major incident affecting any part of the Total System which has occurred and shall, within 2 months of the date of such major incident:

- a. submit a report giving full details of the facts of the incident and its cause. The Commission at its own discretion may require the submission of a report to be prepared by an Independent person at the expense of the Licensee; and
- b. give copies of the report to the Commission and to all parties involved in the major incident.

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

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



10. Disposal of Assets:

10.1. The Licensee shall not dispose of or relinquish operational control over any land and building of whatever value and any other assets with replacement cost in excess of Rs. 30 lakh otherwise than in accordance with following paragraphs of this Condition 10.

10.2. Save as provided in [Paragraph 10.3](#) the Licensee shall give to the Commission not less than two months' prior written notice of its intention to dispose of or relinquish operational control over any asset. Notice shall not be deemed to have been given until such time as the Licensee has provided to the Commission all such further information as the Commission may require.

10.3. Notwithstanding [Paragraph 10.1](#), the Licensee may dispose of or relinquish operational control over any asset as is specified in any notice given under [Paragraph 10.2](#) if:

- a. the Commission confirms in writing that it consents to such disposal or relinquishment subject to such condition as the Commission may impose; or
- b. the Commission does not inform the Licensee in writing of an objection to such disposal or relinquishment of control Within the notice period referred to in [Paragraph 10.2](#).

10.4. Notwithstanding [Paragraphs 10.1](#) and [10.2](#), the Licensee may dispose of or relinquish operational control over any asset:

1. where:
 - a. the Commission has issued directions for the purposes of this Condition 10 containing a general consent (whether or not subject to conditions) to:
 - (i) transactions of a specified description, and/or
 - (ii) the disposal of or relinquishment of operational control over assets of a specified description; and
 - b. the transaction or the assets are of a description to which such directions apply and the disposal of or relinquishment is in accordance with any conditions to which the consent is subject; or
2. under such contracts agreements executed before the commencement of this Licence; or
3. where the disposal or relinquishment of operational control in question is required by or under any enactment or subordinate legislation.

10.5. In this Condition 10 "Disposal" includes any sale, gift, lease, licence, the grant of any right or possession (or ownership whether immediate or in the future), transfer of ownership loan, security, mortgage, charge or the grant of any other encumbrance or the permitting of any encumbrance to subsist or any other disposition to a third party; and "dispose" shall be construed accordingly.

**11. Payment of Fees:**

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

annual fee of Rs.50 lakh.

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

11.3. Where the Licensee fails to pay to the Government of Orissa any of the fees due under Paragraph 11.1 or 11.2 by the dates specified,:

- a. the Licensee shall be liable to pay to the Government of Orissa interest on the outstanding amount at a simple interest rate of 2% per month, the interest being payable for the period beginning on the day after which the amount becomes due, and ending on the day on which the Government of Orissa receives payment, and
- b. the Licensee shall be subject to the proceedings for the recovery of such fees specified in the Act, and
- c. the Commission may revoke this licence pursuant to [Section 18](#) of the [Act](#) and Condition 12 of this licence.

11.4. The Licensee shall be entitled to reflect any fee paid by it under this Condition 11 in the determination of aggregate revenues made in accordance with Condition 21. 

12. Terms as to Revocation:

The Commission may, provided that the requirements of [Section 18\(4\)](#) of the [Act](#) have been satisfied at any time revoke this licence by not less than 3 months notice in writing to the Licensee:

- a. on the application of the Licensee or with the consent of the Licensee provided in each case that the requirements of [Section 18\(3\)](#) of the [Act](#) have been satisfied; or
- b. if any amount payable under condition 11 is unpaid after it has become due and remains unpaid for a period of 30 days and such other time as the Commission may specify; or
- c. if the Licensee has breached any conditions of this licence and does not comply with an order of the Commission to rectify such breach; or
- d. if the Licensee fails to show to the satisfaction of the Commission within 30 days of a request from the Commission that the Licensee is in a position to full and efficiently discharge the duties and obligations imposed on the Licensee by this licence; or
- e. if, in the opinion of the Commission the Licensee's financial position is such that the Licensee is unable fully and efficiently to discharge the duties and obligations Imposed on the licensee by this licence or
- f. if in the opinion of the Commission the Licensee has committed a willful or unreasonable default in doing anything required of it under the Act, the [Indian Electricity Act, 1910 \(9 of 1910\)](#) or the [Indian Electricity \(Supply\) Act 1948 \(54 of 1948\)](#) or rules made thereunder. 

13. Dispute Resolution:

Notwithstanding anything contained in the Arbitration Law, the Commission shall have the power to act as arbitrator or to nominate an arbitrator or arbitrators to adjudicate and settle disputes arising between the Licensee and any other person who is the holder of a licence pursuant to the Act and issues relating to the Licensee arising under [Section 33](#) of the [Act](#) in accordance with the Act and the Regulations to be prescribed pursuant to the Act. 

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

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

14.2. The Licensee shall provide an Electrical Inspector or person authorised by an Electrical Inspector (hereinafter referred to in this Condition 14 as the "authorised person") with facilities for inspecting and testing the Licensee's works and for the reading, testing or inspection of any instrument. A person appointed by the Licensee may be present at the testing of its works or the reading, testing or inspection of any instruments, but shall not interfere with the reading testing or inspection.

14.3. Prior to the testing of any works of the Licensee by an Electrical Inspector or authorised person reasonable notice of the testing shall be given to the Licensee. The testing shall be carried out at such times as shall (in the opinion of the Electrical Inspector or the authorised person) least interfere with the supply of energy by the Licensee and in such manner as the electrical Inspector or the authorised person may think fit. Except pursuant to an order made for that purpose by the State Government, the Electrical Inspector or authorised person shall not be entitled to have access to, or interfere with, the works of the Licensee at any points other than those at which the Licensee itself has access. The Licensee shall not be responsible for any interruption or irregularity in the supply of energy which may be occasioned by, or required by the Electrical Inspector or the authorised person for the purpose of, any testing pursuant to this Paragraph 14.3. No testing shall take place in respect of any works or part thereof more than once in any period of three months, unless it is pursuant to an order made by the State Government.

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

14.5. Pursuant to [Section 10\(8\)](#) of the [Act](#), the Licensee shall have all the powers for the placing of appliances and apparatus for the transmission of electricity that a telegraph authority possess under the Indian Telegraph Act 1885 (13 of 1885). 

PART III: TECHNICAL CONDITIONS:

15. Power Procurement Procedure:

15.1. The Licensee shall not commence any process to purchase electricity without an authorization granted by the Commission under the terms of this Condition 15.

15.2. The Licensee shall purchase power in an economical and efficient manner under a transparent procurement process as approved by the Commission except for purchases of allocated share of power from Central sector generation and inter-utility exchanges of power under Eastern Region Electricity Board to which such processes as the Commission

may approve, shall apply.

15.3. An authorisation required under Paragraphs 15.1 will be granted when the Licensee has demonstrated to the Commission's satisfaction that:

- a. the additional power is necessary to meet the Licensee's service obligation in accordance with Condition 20,
- b. the licensee has examined the economic, technical, system and environmental aspects of all available alternatives to the proposals for purchasing additional electricity (including arrangements for reducing the level of demand) and such examination has been carried out in a manner approved by the Commission, and
- c. the Licensee will obtain tenders from independent power producers and other parties, specifying the prices and other terms on which they will sell electricity, the obtaining and finalisation of such tenders to be in a manner approved by the Commission.

15.4. The restriction imposed in paragraph 15.1 shall not be applicable for short term (less than six months) purchases provided that the details of such purchases shall be submitted to the Commission for approval within 30 days of effective date of purchase. 

16. Investment:

16.1. The Licensee may not enter into any new arrangements to make a major investment without an authorization granted by the Commission under the terms of this Condition 16. A series of procurement that are not major investments individually but constitute a coherent project when considered in total is deemed to be a major investment for the purposes of this Paragraph 16.1.

16.2. The Commission shall grant an authorization required under Paragraph 16.1 when the Licensee demonstrates to the Commission's satisfaction that

- a. there is a need for the major investment in the Transmission System which the Licensee proposes to undertake;
- b. the Licensee has examined the economic, technical, system and environmental aspects of all available alternatives to the proposals for investing in or acquiring new Transmission System assets and has complied with the provision of Section 29 of the Electricity Supply Act 1948; and
- c. the Licensee will obtain tenders from vendors specifying the prices and other terms on which they will supply equipment or materials or works comprising all or a significant part of a major investment. The general procedure of inviting and accepting tenders shall be in a manner approved by the Commission.

16.3. For the purposes of Paragraphs 16.1 and 16.2 the term major investment shall mean a planned investment or asset procurement of Rs.10 crore or more, involving the acquisition of major transmission facilities and "investment" as used herein, may include the acquisition of the asset through a contract, lease or construction. 

17. Grid Code:

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

- a. cover all material technical aspects relating to connections to and the operation and use of the Licensee's Transmission system including the operation of electric lines and electrical plant connected to the Licensee's Transmission system in so far as relevant to the operation and use of the Licensee's Transmission System; and
- b. be designed so as to permit the development maintenance and operation of an efficient, coordinated and economical system for the transmission of electricity in the State of Orissa.

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

- a. within one month or such other time as the Commission may allow from the commencement of this licence the Licensee submits an Operating Grid Code to the Commission;
- b. the Licensee shall implement and comply with the Operating Grid Code from the date of its submission to the Commission;
- c. within six months of the commencement of the licence, the Licensee shall submit a comprehensive Grid Code (as referred in [Para 17.1](#) above) which must be formulated after consultation with the electricity operators and other affected interested groups to the extent possible;
- d. the Licensee shall be obliged to implement the aforesaid Grid Code in accordance with the amendment/approval of the same by the Commission.

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

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

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

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

comply with any such directions.

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

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

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

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

- a. any one or any group of persons or
- b. the licensee in the conduct of any business other than the Transmission on Business

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



18. Compliance with Distribution Code:

18.1. The Licensee shall comply with the provisions of the Distribution Code of any Electricity Operator Authorised to distribute and supply electricity at retail, in so far as

applicable to it.

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



19. Central Scheduling and Despatch:

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

1. for the matching to the extent possible of output of all Generating Sets contracted to it and any other Bulk Supplier and other sources of supply connected to the Licensee's Transmission System (including a reserve of generation to provide a security margin of generation availability) with forecast demand after taking into account, inter alia:
 - a. unavailability of Generating Sets, and
 - b. constraints from time to time imposed by technical limitations on the Total System or interconnections with other Transmission Systems or any part thereof;
2. consistently with sub-paragraph (a) and in accordance with the Grid Code, for the removal from service of parts of the Licensee's Transmission system for maintenance repair, extension or reinforcement.

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

- a. in ascending order of relevant prices that are offered for the generation of electricity into the Total System, keeping in view the constraints on hydro-electric generation, and
- b. as will in aggregate (and after taking account of electricity delivered to or from the Total System from or to other sources) be sufficient to match at all times (to the extent possible having regard to the availability of Generating Sets) expected demand, taking account of information provided by Electricity Operators together with an appropriate margin of reserve.

19.3. The factors referred to in [Paragraph 19.2](#) include

- a. expected demand (including transmission losses);

- b. economic and technical constraints from time to time Imposed on the Total system or any part or parts thereof;
- c. the dynamic operating characteristics of available Generating Sets; and
- d. other matters provided for in the Grid Code.

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

19.5. In this Condition 19:

- "available" means the state of a Generating Set such that it can respond successfully to a call to service by the entity with authority to despatch the system, and "availability" shall be construed accordingly.
- "central despatch" means the process of scheduling and issuing direct instructions by the Licensee as referred to in [Paragraph 19.2](#).



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

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

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

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

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

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

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

20.6. The Licensee shall not be considered in breach of the requirements of [Paragraph 20.3](#) in circumstances where, for reasons accepted by the Commission, the Licensee has been unable to provide sufficient power.

20.7. Notwithstanding [Paragraph 20.6](#) in all circumstances where the Licensee has not provided sufficient Bulk Supply of power to meet actual demands, the Licensee shall nevertheless use its best endeavours to meet all demands as fully as is reasonably possible.

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

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

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

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

20.11. The Licensee shall on an annual basis or more frequently if requested by the Commission:

- a. forecast the demand for power within the Area of supply in each of the next succeeding 10 years; and
- b. prepare and submit to the Commission for approval such long term (10 years) demand for power or load forecasts for the power system in Orissa. and, in particular, provide to the Commission details of the demand forecasts and the data, methodology and assumptions on which those forecasts are based.

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



21. Basis of Charges:

21.1. The Licensee shall by Thirty First of December of each year, prepare and lodge with the Commission submissions setting out in full detail:

- a. A statement of the Licensee's revenue requirement for the ensuing financial year prepared in accordance with the financial principles provided in Sections 57 and 57 A of the Electricity (Supply) Act, 1948 and in the sixth schedule thereto, with departures therefrom as authorised by the Commission.
- b. A statement of the Licensee's expected revenue for the ensuing financial year, at the prevailing tariff rates.

21.2. If the Licensee desires, or the Commission directs, to amend the current tariff rates and charges, the Licensee shall prepare and lodge with the Commission, its application for such tariff amendments setting out in full the following, provided that no tariff or part of tariff shall be amended more than once in any financial year except for a fuel surcharge adjustment expressly permitted by the Regulation.

- a. amended charges and tariffs which the Licensee proposes to apply from the date specified in the submission (such date to be not less than 90 days after the date of the submission) for the supply of electricity pursuant to the Transmission & Bulk Supply Business, drawing attention to any proposed changes from those applying in the current financial year;
- b. the aggregate revenue which the Licensee expects to be able to recover from the proposed amended tariffs and charges for the supply of electricity, such aggregate revenue figure to relate to the first full financial year after the proposed specified date, where the specified date coincide with the beginning of the financial year, where the specified date does not coincide with the beginning of the financial year the aggregate revenue figure will be calculated at the prevailing tariff rate upto the date of revision and thereafter at the revised rate upto end of the financial year;

The Commission may require comparative data for the current and/or any proceeding year, for purpose of comparison, along with such other data, calculation etc. as the Commission consider necessary, and the licensee shall furnish such data, calculations, comparisons as directed by the Commission.

21.3. The submission submitted to the Commission pursuant to [paragraph 21](#). I shall include a schedule of tariffs for the supply of electricity to customers which:

- a. shall be in accordance with the provisions of [sections 12\(3\)](#) and [26](#) of the [Act](#); and
- b. as far as possible, ensure that the Licensee will be able to recover the total revenue referred to in the submission submitted by the Licensee pursuant to [paragraph 21.1 \(a\)](#). The schedule of tariffs may, subject to the provisions of Condition 8, differentiate by type and size of customers and any other relevant factors.

21.4. Within 90 days of the receipt of submission, under this condition 21 and receipt of information/clarification on the said submission, whichever is later, the commission shall notify the Licensee:

- a. that it approves the submission; or
- b. that it does not approve all or any part of the submission.

Provided however the Commission has had consultations with the Commission Advisory Committee where required.

21.5. Where, in accordance with [paragraph 21.4](#), the Commission notifies the Licensee that it does not approve the whole or part of any submission the Commission may at the same time:

1. require the Licensee to recalculate and lodge the submission in accordance with [paragraph 21.1](#) or [21.2](#) above:

- a. according to such principles or other guidelines or recommendations as the Commission may specify; and
 - b. within such further period as the Commission may specify; and/or
2. propose any modification to the whole or any part of the submission, such modification to be binding on the Licensee which shall revise and lodge the submission under the terms of [paragraphs 21.1](#) and [21.2](#) and in accordance with the proposed modification.

21.6. Following approval by the Commission of any amended charges or tariffs, the Licensee shall publish details of the charges or tariffs in accordance with the requirements of [Section 26\(5\)](#) of the Act. The previously notified tariff and charges shall remain in effect till the amended tariffs and charges take effect.

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

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

- a. revenue realisations;
- b. prosecution for theft;
- c. deterring tampering with meters; and
- d. preventing diversion of electricity;

and all such similar matters affecting the Transmission and Bulk Supply of electricity.



PART IV: CONNECTION AND USE OF SYSTEM CONDITIONS:

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

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

- a. to accept into the Licensee's Transmission System electricity provided by another Bulk supplier pursuant to arrangements authorised by the Commission;
- b. to deliver such quantities as adjusted for losses of electricity to an Electricity Operator who is Authorised to Supply electricity;
- c. that specifies tariff and Use of System charges to be paid by the user, which are in accordance with Condition 21.

22.2. On application made by a person carrying out Retail supply the Licensee shall offer to enter into an agreement with the relevant Electricity Operator for connection to the

Licensee's Transmission System or for modification of such an existing connection and such offer shall make provision for:

- a. the carrying out of works necessary to make the required connection, including the installation of meters;
- b. the carrying out of any necessary` works to reinforce the Licensee's Transmission System
- c. the connection charges to be paid in accordance with Condition 21; and
- d. the completion date and such other terms as are relevant to the circumstances.

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

22.4. The Licensee shall not be obliged pursuant to this [Condition 22](#) to offer to enter or to enter into any agreement if:

- a. to do so is likely to involve the Licensee:
 1. in breach of its duties under [Section 17](#) of the [Act](#); or
 2. in breach of any rules or Regulations relating to safety or standards applicable to the Transmission Business including, the Indian Electricity Rules 1956; or
 3. in breach of the Grid Code; or
 4. in breach of any of the Conditions of this license or,
- b. the person making the application does not undertake to comply with the Grid Code from time to time in force to the extent that it is applicable to that person; or
- c. in the case of persons making application for Use of System under [Paragraph 22.1](#), such person ceases to be a Bulk Supplier.

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

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

- a. such further information as shall be reasonably necessary to enable am person seeking Use of System to identify and evaluate the opportunities available when connecting to and making use of such system; and
- b. a commentary prepared by the Licensee indicating the Licensee's views as to those parts of the Licensee's Transmission System most suited to new connections and

transport of further quantities of electricity.

At the request of an Electricity Operator which wishes to use the Licensee's Transmission System under [Paragraphs 22.1](#) or [22.2](#), the Licensee shall prepare an update to the above statement, incorporating most recent data but specifically including any facility for which any other Bulk Supplier has requested use and connection to the Licensee's Transmission System.

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

PART V: SEPARATION OF FUNCTIONS AND COMPETITION CONDITIONS:

23. Separation of Functions:

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

24. Introduction of Competition in Bulk Supply:

The Commission may, after consultation with all Electricity Operators (including the Licensee in its capacities as operator of the Licensee's Transmission System and as Bulk Supplier) in the Area of Transmission and Bulk supply formulate arrangements for the introduction of competition in the Bulk Supply of electricity in the Area of Transmission and Bulk Supply in accordance with the provisions of this licence The Commission may Issue necessary orders making relevant ant changes in this licence. 

PART VI: PENALTY:

25. Penalty for contravention of provisions of the Licence:

25.1. The Licensee shall be liable for action under Section 41 of the Act in appropriate cases. 

SCHEDULE 1:

Area of Transmission and Bulk Supply:

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

ANNEXURE-2

>

THE ORISSA DISTRIBUTION AND RETAIL SUPPLY LICENCE, 1999

(WESCO)

(NO. 4/99)

(Issued under OERC Order Dt. 31.03.99 in Case No. 25/98)

Western Electricity Supply Company of Orissa Limited
Registered office: Burla, Sambalpur - 768 017, Orissa

Licence for distribution & retail supply of electricity granted by the Orissa Electricity Regulatory Commission under Section 15 of the Orissa Electricity Reform Act, 1995 (2 of 1996) to Western Electricity Supply Company of Orissa Limited.

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SCHEDULE 1

[Area of Supply](#)

Part I: Terms of the Licence

1. Short Title

This licence may be called "**The Orissa Distribution and Retail Supply Licence, 1999 (WESCO)(No.4/99).**"

2. Definitions

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

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

2.3 In this licence, unless the context otherwise requires:

"**Act**" means the [Orissa Electricity Reform Act, 1995 \(2 of 1996\)](#);

"**Affiliate**" means, in relation to the Licensee, any Holding Company or Subsidiary of the Licensee or any Subsidiary of a Holding Company of the Licensee;

"**Area of Supply**" means the geographic area referred to in [Schedule 1](#) of this Licence within which the Licensee is Authorised by this Licence to carry out Distribution and Retail Supply;

"Auditors" means the Licensee's auditors for the time being in accordance with the requirements of Sections 224 to 234A of the Companies Act 1956 (1 of 1956);

"Authorised" in relation to any person, business or activity means authorised by licence granted under Section 15 or exemption granted under Section 16 of the Act;

"Bulk Supplier" means any person who is Authorised to carry out Bulk Supply and functions ancillary to Bulk Supply;

"Bulk Supply" means the supply of electricity to other licensees for distribution by them;

"Consumer" means the end or final user of electricity supplied by the Licensee or by any other Authorised person;

"Distribution" means the transportation of electricity by means of a Distribution System;

"Distribution and Supply Business" means the Authorised business of Distribution and Retail Supply of electricity including activities ancillary to Distribution and Retail Supply;

"Distribution and Retail Supply Licensee" means any person who is licensed to carry out the business of Distribution and Retail Supply in Orissa;

"Distribution Code" refers to and includes [Distribution \(Planning and Operation\) Code](#) and [Orissa Electricity Regulatory Commission Distribution \(Conditions of Supply\) Code, 1998](#) issued by the Commission;

"Distribution System" means any system, consisting mainly of cables, service lines and overhead lines, electrical plant and meters having design voltage of 33 kV and lower and used for the transportation of electricity from a Transmission System or Generating Stations or other points to the point of delivery to end-users taking any supply of electricity at voltage of 33KV and lower, and includes any electrical plant and meters in connection with the distribution of electricity;

"Electricity Operator" means a licensee including Bulk Supplier; or a person who owns or operates a generating station or Authorised person connected to the Transmission System;

"Grid Code" refers to the [Grid Code](#) approved by the Commission;

"Licensee" refers to **Western Electricity Supply Company of Orissa Limited** in this licence;

"Licensee's Distribution System" means any Distribution System owned and/or operated by the Licensee;

"Operating Standards" refer to such standards approved by the Commission in accordance with Condition 20;

"Overall Performance Standards" refer to such standards of overall performance as may be determined by the Commission pursuant to Section 34 of the Act;

"Planning and Security Standards" refer to such standards referred to in Condition 20 approved by the Commission;

"Regulations" refer to regulations issued by the Commission under the Act;

"Retail Supplier" means any person who is Authorised to carry out Retail Supply and functions ancillary to Retail Supply;

"Retail Supply Business" means any business which any Distribution and Retail Supply Licensee is Authorised to carry out including activities ancillary to Retail Supply;

"Retail Supply" means the provision of electricity to Consumers;

"Separate Business" means each of the Distribution and Retail Supply Business, Transmission Business, Bulk Supply Business and any non-core activity authorised from time to time by the Commission each taken separately and any other business of the Licensee or any Affiliate of the Licensee;

"Standards of Performance" refer to such standards of performance as may be determined by the Commission;

"Supplier" means any Electricity Operator who carries out or provides Bulk Supply or Retail Supply;

"Supply" means the provision of electricity by way of Bulk Supply or Retail Supply or both;

"Transmission" means the transportation of electricity at voltage of 66 kV and above;

"Transmission and Bulk Supply Licensee" means any person who is Authorised to act as both Bulk Supplier and Transmission Licensee;

"Transmission Business" means the Authorised business of transmission of electricity;

"Transmission Licensee" means any person who is Authorised to carry out Transmission;

"Transmission System" means the system, consisting of extra high voltage electric lines having design voltage of 66 kV and higher owned and operated by the Transmission and Bulk Supply Licensee for the purposes of the transportation of electricity from one power station to a substation or to another power station or between substations or to or from any external interconnection including 33/11 kV bays/equipment up to the interconnection with any Distribution System, any plant and apparatus and meters owned or used in connection with transmission, and such buildings or part thereof as may be required to accommodate such plant, apparatus, other works and operating staff thereof.

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

3. Terms of Licence

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

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

3.3 This licence shall come into force on First of April 1999 and, unless revoked earlier, shall remain in force for 30 years from the date of issue and may, upon agreement of the Commission and the Licensee, be renewed for a further period up to 20 years.

Part II: General Conditions

4. Regulations

4.1 The Licensee shall comply with, adhere to, and obey the Regulations, and any direction and/or order issued by the Commission thereunder and/or under the Act.

5. Restrictions

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

- (a) purchase or import or otherwise acquire electricity from any person, other than a Bulk

Supplier or a generator with installed capacity of five MW or less; or

(b) provide electricity to any person, other than pursuant to the Distribution and Retail Supply Licence; or

(c) own, hold any beneficial interest or operate any Generating Station or other source of production of power in the Area of Supply except in a manner which, in the opinion of the Commission, is incidental to the Distribution and Retail Supply Business; or

(d) own, hold any beneficial interest or operate any facilities for Distribution and Retail Supply other than pursuant to the carrying out of the Distribution and Retail Supply Business; or

(e) own, hold any beneficial interest or operate any Transmission System in the Area of Supply; or

(f) provide access to third parties for the transportation of electricity through the Licensee's Distribution System; or

(g) start any non-core activity, provided that any non-core activity started by the Licensee shall be subject to Conditions 6 and 7.

5.2 The Distribution and Retail Supply Business shall not be held by or carried out through any other person including an Affiliate of the Licensee, unless otherwise permitted by the Commission.

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

5.4 The Licensee shall not create or permit to subsist any encumbrance in favour of any other person over any of the Licensee's assets for the purpose of securing any obligation of any other person or of the Licensee in relation in either case to any non-core activity.

5.5 For the purposes of Paragraphs 5.1(g), 5.3 and 5.4, the terms "encumbrance" and "non-core activity" shall have the following meanings:

"encumbrance" means any mortgage, charge, right of possession, assignment by way of security, or other form of security interest;

"non-core activity" means any activity of the Licensee or an Affiliate of the Licensee other than that carried out as part of the Distribution and Retail Supply Business or, in the case of an Affiliate of the Licensee, any business of such Affiliate.

6. Subsidies Among Separate Businesses

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

7. Separate Accounts for Separate Businesses

7.1 The first financial year of the licence shall run from the date on which this licence comes into force in accordance with Paragraph 3.3 to Thirty First of March 2000 and thereafter each financial year of the licence shall run from First of April to the following Thirty First of March.

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

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

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

- (i) for each financial year, accounting statements comprising a profit and loss account, a balance sheet and a statement of source and application of funds, together with notes thereto, and showing separately in respect of each Separate Business the amounts of any revenue, cost, asset, liability, reserve or provision, which has been :

either charged from or to any other business (whether or not a Separate Business) together with a description of the bases of that charge;

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

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

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

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

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

7.4 Where, in relation to the accounting statements in respect of a financial year, the Licensee has changed any such bases of charge or apportionment or allocation from those adopted for

the immediately preceding financial year, the Licensee shall, if requested in writing by the Commission, in addition to preparing accounting statements on those bases which it has adopted, prepare such accounting statements on the bases which applied in respect of the immediately preceding financial year.

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

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

- (b) state the accounting policies adopted; and

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

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

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

8. Prohibition of Discrimination and Undue Preference

8.1 Discrimination

Except where directed by the State Government under the terms of Sections 22A and 22B of the Indian Electricity Act, 1910 (9 of 1910) or Section 12(3) of the Act, neither the Licensee nor any of its Affiliates shall make or offer to make any Retail Supply (whether under contract or otherwise), to any one Consumer or group(s) of Consumers on terms which are

materially more or less favourable than those on which it makes or offers to make any Retail Supply to comparable Consumers or group(s) of Consumers. For the purposes of assessing such comparability of Consumers, due regard shall be given to the circumstances of Retail Supply to such Consumers including quantity, load factor, power factor, level and timing of peak demand, conditions of interruptability, location at which Retail Supply is required, date or duration of the agreement, or any other relevant factors.

8.2 Undue Preference

Tariff differentials which do not reflect differences in the circumstances of Retail Supply such as Consumer's load factor or power factor, the Consumer's total consumption of energy during any specific period, or the time at which supply is required shall be phased out by the Licensee over such period as the Commission shall approve.

9. Provision of Information to the Commission

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

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

9.3 The Licensee shall notify the Commission of any major incident affecting any part of the Distribution System including generator interconnection facilities which has occurred and shall,

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

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

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

9.5 Besides taking action for violation of the Conditions, the Commission shall be entitled to require the Licensee to file a report of any major incident in accordance with Paragraph 9.3

above in any situation where the Commission reasonably believes a major incident has occurred but has not been reported by the Licensee.

10. Investment

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

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

- (a) there is a need for the major investment in the Distribution System which the Licensee proposes to undertake; and
- (b) the Licensee has examined the economic, technical, system and environmental aspects of all available alternatives to the proposals for investing in or acquiring new Distribution System assets to meet such need; and
- (c) the Licensee will invite and finalise tenders in accordance with the procedures approved by the Commission for supply of equipment, material and/or services relating to major investment.

10.3 For the purposes of Paragraphs 10.1 and 10.2 the term "major investment" means any planned investment in or acquisition of distribution facilities, the cost of which, when aggregated with all other investments or acquisitions (if any) forming part of the same overall transaction, equals or exceeds Rs. 5 crores.

11. Disposal of Assets

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

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

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

- (a) the Commission confirms in writing that it consents to such disposal or relinquishment, subject to such reasonable conditions as the Commission may impose; or
- (b) the Commission does not inform the Licensee in writing of any objection to such disposal or relinquishment of control within the notice period referred to in Paragraph 11.2.

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

(a) where:

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

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

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

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

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

(c) where the disposal or relinquishment of operational control in question is required by or under any enactment or subordinate legislation or in connection with the fulfilment of any other obligation of the Licensee, the assumption of which was consented to by the Commission.

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

12. Payment of Fees

12.1 Within 30 days after grant of this licence or such other period as may be agreed in writing by the Commission, the Licensee shall pay to the Government of Orissa an initial licence fee of Rs.50 lakhs.

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

12.3 Where the Licensee fails to pay to the Government of Orissa any of the fees due under Condition 12 by the dates specified:

(a) the Licensee shall be liable to pay to the Government of Orissa interest on the outstanding amount at a simple interest rate of 2% per month, the interest being payable for the period beginning on the day after which the amount became due, and ending on the day on which the Government of Orissa receives payment; and

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

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

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

13. Revocation of Licence

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

- (a) on the application of the Licensee or with the consent of the Licensee; provided in each case that the requirements of Section 18(3) of the Act have been satisfied; or
- (b) if any amount payable under Condition 12 is unpaid after it has become due and remains unpaid for a period of 30 days or such longer period as the Commission may specify; or
- (c) if the Licensee has breached any of the Conditions and does not comply with an order of the Commission to rectify such breach; or
- (d) if the Licensee fails to show to the satisfaction of the Commission within 60 days of a request from the Commission that the Licensee is in a position fully and efficiently to discharge the duties and obligations imposed on the Licensee by this licence; or
- (e) if, in the opinion of the Commission, the Licensee's financial position is such that the Licensee is unable fully and efficiently to discharge the duties and obligations imposed on the Licensee by this licence; or
- (f) if, in the opinion of the Commission, the Licensee has committed a wilful or unreasonable default in doing anything required of it under the Act, the Indian Electricity Act, 1910 (9 of 1910) or the Indian Electricity (Supply) Act 1948 (54 of 1948) or any rules made thereunder.

13.2 Where assets of the Licensee used in the Distribution and Retail Supply Business are transferred to another entity pursuant to a sale, purchase or lease of assets, this licence may be amended by the Commission accordingly with regard to the area of supply.

14. Dispute Resolution

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

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

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

15.2 The Licensee shall, before commencing to lay down or place a service line in any street in which a distributing main has not already been laid down or placed, serve upon the local authority (if any) and upon the owner or occupier of all premises abutting so much of the street as lies between the points of origin and termination of the service line to be laid down or placed, 21 days' notice stating that the Licensee intends to lay down or place a service line and confirming that, if, within such 21 days period, the local authority or any one or more of such owners or occupiers shall require, in accordance with Condition 17, that a supply shall be given for any public lamps or to their premises (as the case may be), the necessary distributing main will be laid down or placed by the Licensee at the same time as the service line.

15.3 Where, after distributing mains have been laid down under the provisions of Paragraph 15.2 and the supply of energy through those mains or any of them has commenced, a requisition is made by the Government of Orissa or by a local authority requiring the Licensee to supply, for a period of not less than two years, energy for any public lamps within the Area of Supply, the Licensee shall supply at a tariff approved by the Commission and implemented in accordance with the Act, and, save in so far as it is prevented from doing so by cyclones, floods, storms or other occurrences beyond its control, continue to supply energy for such lamps in such quantities as the Government of Orissa or the relevant local authority, as the case may be, may require. The Government of Orissa or the relevant local authority, as the case may be, may require the Licensee:

(a) to provide the mains and other equipment for public lamps; and

(b) to use for that purpose supports, if any, previously erected or set up by it for supply of energy.

15.4 The Licensee may charge any cost reasonably incurred in carrying out works pursuant to Paragraphs 15.2 and 15.3 to the Government of Orissa or to the relevant local authority, in accordance with a procedure approved by the Commission and in accordance with the requirements of the Act and any rules or Regulations made pursuant to the Act.

15.5 (a) The method of charging the Consumer for supply by the Licensee may be as provided in the Orissa Electricity Regulatory Commission Distribution (Condition of Supply) Code, 1998.

(b) If the Consumer is provided with a meter in pursuance of the provisions of Section 26 Sub-Section (1) of the Indian Electricity Act, 1910, and the Licensee changes the method of charging for the energy supplied by him, the Licensee shall bear the expense of providing new meter or such other apparatus as may be necessary by reason of the new method of charging.

15.6 The Licensee shall establish at his own cost and keep in proper condition sufficient number of testing stations for testing of meters for supply, voltage, frequency and protection devices situated at suitable places and shall supply and keep in proper condition such instruments approved by the Electrical Inspector for testing.

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

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

15.9 The Commission may authorise the Licensee to exercise any power or authority which could be given to the Licensee under the Indian Electricity Act, 1910 (9 of 1910) and/or the Electricity (Supply) Act, 1948 (54 of 1948).

15.10 Pursuant to Section 10(8) of the Act, the Licensee shall have all the powers for the placing of appliances and apparatus for Distribution and Supply which the telegraph authority possesses with respect to placing of telegraph lines and posts under the Indian Telegraph Act, 1885 (13 of 1885).

Part III : Technical Conditions and Consumer Service Obligations

16. Compliance with the Grid Code

16.1 The Licensee shall comply with the provisions of the Grid Code in so far as they are applicable to it.

16.2 The Commission may, on reasonable grounds and after consultation with any affected Electricity Operator, issue directions relieving the Licensee of its obligation under Paragraph 16.1 in respect of such parts of the Grid Code and to such extent as may be specified in those directions.

17. Compliance with Distribution Code

17.1 The Licensee shall comply with the provisions of the Distribution Code.

17.2 (a) The Licensee shall periodically review (including upon the request of the Commission) the Distribution (Planning and Operation) Code and its implementation, where appropriate, in consultation with other Distribution and Retail Supply Licensees. Following any such review, the Licensee shall send to the Commission:

(i) a report on the outcome of such review;

(ii) any proposed revisions to the Distribution (Planning and Operation) Code as the Licensee (having regard to the outcome of such review) reasonably thinks fit for the achievement of the objectives of the Distribution (Planning and Operation) Code; and

(iii) copies of all written representations or objections from Electricity Operators, Consumers and other participants in the electricity industry in the State of Orissa (including any proposals for revisions to the Distribution (Planning and Operation) Code not accepted by the Licensee in the course of the review)

arising during the consultation process.

(b) All revisions to the Distribution (Planning and Operation) Code shall require the written approval of the Commission.

(c) The Licensee shall make available a copy of the Distribution (Planning and Operation) Code in force at the relevant time to any person requesting it within the Area of Supply, at a reasonable price.

(d) The Commission may issue directions relieving the Licensee of its obligations under the Distribution (Planning and Operation) Code in respect of such parts of the Licensee's Distribution System and to such extent as may be specified in those directions.

17.3 Obligation to Connect Consumers :

Subject to the other provisions of this licence, the Licensee shall, on the application of the owner or occupier of any premises within the Area of Supply, provide connection for such owner or occupier to the Licensee's Distribution System for the purposes of providing Supply to such premises as is prescribed in the Regulations i.e., Orissa Electricity Regulatory Commission Distribution (Conditions of Supply) Code, 1998.

Provided that nothing in this paragraph shall require the Licensee to provide a connection to the Licensee's Distribution System in circumstances where:

(i) it is prevented from doing so by circumstances not within its control; or

(ii) to do so would involve a breach of applicable laws or Regulations relating to electrical safety; or

(iii) it is not economically, financially, or technically feasible for the connection to be given.

18. Consumer Service

18.1 Code of Practice on Payment of Bills :

(a) The Licensee shall, within six months after this licence has become effective or such longer period as the Commission may allow, prepare and submit to the Commission for its approval a code of practice (referred to in this Condition as the "Code of Practice") concerning the payment of electricity bills by Consumers including appropriate guidance for the assistance of such Consumers who may have difficulty in paying such bills and in procedures for disconnecting Consumers for non-payment. In granting such approval, the Commission may make such modifications to the Code of Practice as it considers necessary in the public interest.

(b) The Licensee shall, whenever requested in writing to do so by the Commission, review the Code of Practice and the manner of implementation of the same with a view to determining whether any modification should be made to it or to the manner of its implementation.

(c) The Licensee shall submit any proposal for modification to the Code of Practice for approval of the Commission.

(d) The Licensee shall:

(i) draw the attention of Consumers to the existence of the Code of Practice and each substantive revision of it and the procedure for inspection and/or for obtaining a copy of the Code of Practice in its latest form;

(ii) make a copy of the Code of Practice, as revised from time to time, available for inspection by members of the public during normal working hours; and

(iii) provide a copy of the Code of Practice, as revised from time to time, to each new Consumer free of charge and to any other person who requests it, on reasonable charge.

18.2 Complaint Handling Procedure:

(a) The Licensee shall within six months after this licence has become effective or such longer period as the Commission may allow establish a

procedure for handling complaints (referred to in this Condition as the "Complaint Handling Procedure") from Consumers about the manner in which the Licensee conducts the Distribution and Retail Supply Business. The Commission may make such modifications to the Complaint Handling Procedure as it considers necessary in the public interest.

(b) The Licensee shall, whenever requested in writing to do so by the Commission, review the Complaint Handling Procedure and the manner in which it has been implemented, with a view to determining whether any modification should be made to it or to the manner of its implementation.

(c) The Complaint Handling Procedure shall specify the periods within which it is intended that different descriptions of complaint should be processed and resolved.

(d) The Licensee shall submit the Complaint Handling Procedure and any modification to it which the Licensee wishes to make to the Commission for approval.

(e) The Licensee shall:

(i) make a copy of the Complaint Handling Procedure, as revised from time to time, available for inspection by members of the public during normal working hours; and

(ii) provide a copy of the Complaint Handling Procedure, as revised from time to time, to each new Consumer free of charge and to any other person who requests it, on reasonable charge.

18.3 Consumer Rights Statement :

(a) The Licensee shall, within six months after this licence has become effective, or such longer period as the Commission may allow, prepare and submit to the Commission for approval a Consumer rights statement (referred to in this Condition as the "Consumer Rights Statement") explaining to Consumers their rights as customers of the Licensee in its capacity as operator of the Distribution and Retail Supply Business. In granting such approval, the Commission may make

such modifications to the Consumer Rights Statement as it considers necessary in the public interest.

(b) The Licensee shall, whenever requested in writing to do so by the Commission, review the Consumer Rights Statement and the manner in which it has been implemented, with a view to determining whether any modification should be made to it or to the manner of its implementation.

(c) The Licensee shall submit any proposal for modification to the Consumer Rights Statement for approval of the Commission.

(d) The Licensee shall:

(i) make a copy of the Consumer Rights Statement, as revised from time to time, available for inspection by members of the public during normal working hours;

(ii) provide a copy of the Consumer Rights Statement, as revised from time to time, to each new Consumer free of charge and to any other person who requests it on reasonable charge; and

(iii) distribute or make available copies of the Consumer Rights Statement in such other manner as the Commission may specify.

18.4 The Licensee shall comply with the existing Code of Practice on Payment of Bills, Complaint Handling Procedure and Consumer Rights Statement as approved by the Commission and these shall continue until such time the Licensee  such documents are approved by the Commission.

19. Power Supply Security

19.1 Obligations to Supply:

The Licensee shall take all reasonable steps including procurement of adequate quantity of power to ensure that all Consumers receive safe, economical and reliable Supply except where:

(a) the Licensee discontinues supply to certain Consumers under Section 24 of Indian Electricity Act 1910 (9 of 1910), or in accordance with the

code of practice drawn up pursuant to Condition 18; or

(b) the Licensee is obliged to conduct the Distribution and Retail Supply Business as may be directed by the Government of Orissa under Section 22-B of the Indian Electricity Act, 1910 (9 of 1910).

19.2 The Licensee shall, by 31st December of every year;

forecast the demand for power within the Area of Supply for the next five financial years including the year wise breakup; and

provide to the Transmission and Bulk Supply Licensee, and to the Commission details of the demand forecasts for the Area of Supply and the data, methodology, and assumptions on which these forecasts are based.

20. Distribution System Planning and Security Standards, Operating Standards, Overall Performance Standards and Standards of Performance

20.1 The Licensee shall plan and operate its Distribution System so as to ensure that, taking into account Transmission System losses and subject to the availability of adequate generating and transmission capacity, the system is capable of providing Consumers with a safe, reliable, and efficient Supply. In particular, the Licensee shall :

(a) plan and develop its Distribution System in accordance with the planning and security standards promulgated and approved by the Commission, and in accordance with the Distribution (Planning and Operation) Code; and

(b) operate its Distribution System in accordance with the Operating Standards promulgated and approved by the Commission, and in accordance with the Distribution (Planning and Operation) Code.

20.2 The Licensee shall, within six months after this licence is granted, prepare and submit to the Commission for approval the Licensee's proposals for Planning and Security Standards and Operating Standards in accordance with Paragraph 20.1 above. The proposals shall include a statement setting out criteria by which the Licensee's compliance with the standards may be measured. Such criteria shall include the maximum number and type of supply interruptions and deviations from specified power supply quality standards.

20.3 The Planning and Security Standards shall include a statement by the Licensee as to how it proposes to implement the Planning and Security Standards so as to:

(a) ensure a satisfactory degree of standardisation of plant, apparatus, and equipment; and

(b) develop and observe a policy on spare parts.

20.4 The Licensee shall, within three months of the end of each financial year, submit to the Commission a report indicating the performance of the Licensee's Distribution System during the previous financial year against the criteria referred to in Paragraph 20.2. The Licensee shall, if required in writing by the Commission, publish a summary of such report in a manner approved by the Commission.

20.5 The Licensee shall conduct the Distribution and Retail Supply Business in the manner which it reasonably considers to be best calculated to achieve the Overall Performance Standards and Standards of Performance in connection with the promotion of the efficient use of electricity by Consumers.

20.6 Standards of Performance may be framed by the Commission in accordance with Section 33 of the Act, or may be proposed by the Licensee for the Commission's approval. The Licensee's compliance with the Standards of Performance may be measured, in part, by the Licensee's adherence to the Code of Practice on Payment of Bills, Complaint Handling Procedure, and Consumer Rights Statement established in accordance with Condition 18.

20.7 The Licensee shall supply information to the Commission, on an annual basis or more frequently if requested in writing by the Commission, as to the means by which it proposes to achieve the Overall Performance Standards and the Standards of Performance.

Part IV: Tariffs

21. Basis of Charges

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

(a) a statement of the Licensee's revenue requirement for the ensuing financial year, prepared in accordance with the financial principles provided in Sections 57 and 57 A of the Electricity (Supply) Act, 1948 (54 of 1948) and in the sixth schedule thereto, with departures

therefrom as may be authorised by the Commission.

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

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

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

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

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

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

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

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

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

21.5 Any submission to the Commission pursuant to Paragraph 21.3 shall include a—schedule(s) of prices and charges for Distribution and Retail Supply which:

(a) shall be in accordance with the provisions of Section 26 of the Act; and

(b) shall enable the Licensee to recover the total revenue referred to in the submission by the Licensee pursuant to Paragraph 21.1(a). The schedule(s) of prices and charges may, subject to the provisions of Condition 8, differentiate by type and size of customers and any other relevant factors.

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

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

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

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

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

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

(a) revenue realisations;

(b) prosecution for theft;

(c) deterring tampering with meters; and

(d) preventing diversion of electricity;

and all such similar matters affecting Distribution and Retail Supply.

22. Subsidies to Certain Consumers

22.1 The Commission may, allow the Licensee to set tariffs which do not satisfy Paragraph 21.5(b), if the departure is in accordance with the policy of the State Government under Section 12 of the Act subject to the State Government explicitly undertaking to make such compensation to the Licensee for loss of revenue by the Licensee for such departure. Such compensation shall not be less than the difference in the relevant financial year between:

(a) the revenue which the Licensee is entitled to recover under the terms of Paragraph 21.5; and

(b) the revenue received from the tariff consistent with the tariff proposal under the Paragraph 22.1.

as estimated by the Licensee and approved by the Commission.

22.2 Within one month of the end of each financial year, the Licensee shall calculate the difference for such financial year between the revenue calculated pursuant to Paragraph 22.1(a) and the revenue calculated pursuant to Paragraph 22.1(b), and submit such calculation to the Commission for approval. Where, for any financial year:

(a) the actual difference exceeds the estimated difference, the Licensee shall request the Government of Orissa to pay an amount equivalent to the difference between the actual difference and the estimated difference, which shall be due and payable to the Licensee within one month of the Government of Orissa being notified of such request; or

(b) the estimated difference exceeds the actual difference, the Licensee shall, within one month, pay an amount equivalent to the difference between the estimated difference and the actual difference to the Government of Orissa or offset such amount against any other sums due from the Government of Orissa for subsequent financial years under the terms of Paragraph 22.1.

22.3 The Licensee shall, in each case, notify the Commission of the amount paid by the Government of Orissa to the Licensee or, as the case may be, paid by the Licensee to the Government of Orissa or offset by the Licensee against other sums due from the Government of Orissa.

Part V: Competition Conditions

23. Introduction of Competition in Bulk Supply

23.1 The Commission may, after consultation with the Licensee, introduce competition in Bulk Supply and issue necessary orders modifying or amending the Conditions of this licence.

Part VI : Penalties

24. Contravention of Licence Conditions

24.1 In case of contravention of licence Conditions the Licensee shall be liable for penal action under the relevant provisions of the Act.

SCHEDULE 1

Area of Supply

The Area of Supply shown in the map shall comprise the entirety of the region known as the Western Zone, comprising electricity distribution circles of Burla, Rourkela and Bolangir existing as on date, excluding any cantonment, aerodrome, fortress, arsenal, dockyard or camp or any building or place in occupation of the Central Government for defence purposes.

ANNEXURE-3

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

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

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

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SCHEDULE - 1

[Area of Transmission and Bulk Supply](#)

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

Part I: Preliminary

1. Short Title

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

2. Definitions

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

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

2.3 In this licence unless the context otherwise requires:

2.3 In this licence unless the context otherwise requires:

"Act"	means the Orissa Electricity Reform Act, 1995 (2 of 1996) ;
"Affiliate"	means in relation to the Licensee, any Holding Company or Subsidiary of the Licensee, or any Subsidiary of a Holding Company of the Licensee;
"Area of Transmission and Bulk Supply"	means the geographic area referred to in Schedule 1 of this licence within which the Licensee is Authorised by this licence to carry out Transmission and Bulk Supply;
"Auditors"	means the Licensee's auditors for the time being in accordance with the requirements of sections 224 to 234A of the Companies Act, 1956(1 of 1956);
"Authorised"	in relation to any person, business or activity means authorised by licence granted under Section

	15 or exemption granted under Section 16 of the Act;
"Bulk Supply"	means the supply of electricity to other licensees for distribution by them;
"Bulk Supplier"	means any person who is Authorised to carry out Bulk Supply and functions ancillary to Bulk Supply;
"Bulk Supply Business"	means the Authorised business of Bulk Supply of electricity including activities ancillary to Bulk Supply;
"Consumer"	means the end or final user of electricity supplied by the Distribution and Retail Supply Licensee or by any other Authorised person;
"Customer"	means any Electricity Operator supplied with electricity for resale and includes any Distribution and Retail Supply Licensee;
"Distribution"	means the transportation of electricity by means of a Distribution System;
"Distribution and Retail Supply Business"	means the Authorised business of Distribution and Retail Supply of electricity including activities ancillary to Distribution and Retail Supply;
"Distribution Code"	refers to and includes <u>Distribution (Planning and Operation) Code</u> and <u>Orissa Electricity Regulatory Commission Distribution (Conditions of Supply) Code, 1998</u> , issued by the Commission;
"Distribution System"	means any system, consisting mainly of cables, service lines and overhead lines, electrical plant and meters having design voltage of 33 kV and lower and used for the transportation of electricity from a Transmission System or Generating stations or other points to the point of delivery to end-users taking any supply of electricity at voltage of 33kV and lower and includes any electrical plant and meters in connection with Distribution;
"Electricity Operator"	means a licensee including Bulk Supplier; or a person who owns or operates a generating station or Authorised person connected to the Transmission System;
"Generator Inter-connection Facilities"	means any transformers, busbars, switchgear, plant or other apparatus utilised in order to connect any Generating station to the Transmission System and/or any Distribution System;
"Grid Code"	refers to the <u>Grid Code</u> approved by the Commission;
"Licensee"	refers to The Grid Corporation of Orissa Limited;

"Power Supply Operating Standards"	refer to power supply operating standards approved by the Commission pursuant to Condition 20;
"Power Supply Planning and Security Standards"	refer to power supply planning and security standards approved by the Commission pursuant to Condition 20;
"Regulations"	refer to regulations issued by the Commission under the Act;
"Retail Supply"	means the provision of electricity to Consumers;
"Separate Business"	means each of the Transmission Business, the Bulk Supply Business, Distribution and Retail Supply Business and any non-core activity authorised from time to time by the Commission, each taken separately and from any other business of the Licensee or any Affiliate of the Licensee;
"Supplier"	means any Electricity Operator who carries out or provides Bulk Supply or Retail Supply;
"Supply"	means the provision of electricity by way of Bulk Supply or Retail Supply or both;
"Total System"	means the Generator Interconnection Facilities, the Transmission System and the Distribution Systems of all Electricity Operators which are located in the Area of Transmission and Bulk Supply;
"Transmission"	means the transportation of electricity at voltage of 66KV and above;
"Transmission Business"	means the Authorised business of transmission of electricity including activities ancillary to Transmission;
"Transmission Licensee"	means any person who is Authorised to carry out Transmission and Bulk Supply;
"Transmission Operating Standards"	refer to Transmission Operating Standards approved by the Commission pursuant to Condition 20;
"Transmission Planning and Security Standards"	refer to Transmission Planning and Security Standards approved by the Commission pursuant to Condition 20;
"Transmission System"	means the system consisting of extra high voltage electric lines, having design voltage of 66KV and higher owned and/or operated by the Licensee for the purposes of the transportation of electricity from one power station to a substation or to another power station or between substations or to or from any external interconnection including 33/11 kV bays/equipment up to the interconnection with the Distribution System, any plant and apparatus and meters owned or used in connection with Transmission, and such buildings

"Use of System"

or part thereof as may be required to accommodate such plant, apparatus, other works and operating staff thereof;

Means use of the Transmission System for the transfer of electricity by any Supplier pursuant to a contract entered into under the terms of Condition 22.

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

3. Terms of Licence

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

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

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

Part II: General Conditions

4. Regulations

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

5. Restrictions

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

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

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

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

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

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

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

5.4 The Licensee shall not create or permit to subsist any encumbrance in favour of any other person over any of the Licensee's assets for the purposes of securing any obligation of any other person or of the Licensee in relation to any non-core activity.

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

"ancillary services"

means black start, reactive power, frequency control and such other services as any Electricity Operator may be required to have available as ancillary services pursuant to the Grid Code or any agreement with the Licensee primarily for the purpose of securing stability of operation on the Transmission System;

"encumbrance"	means any mortgage, charge, right of possession, assignment by way of security or other form of security interest;
"non-core activity"	means any activity of the Licensee or an Affiliate of the Licensee other than that carried out as a part of the Transmission Business and/or the Bulk Supply Business.

6. Subsidies among Separate Businesses

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

7. Separate Accounts for Separate Business

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

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

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

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

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

together with a description of the basis of that charge

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

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

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

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

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

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

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

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

7.5.2 state the accounting policies adopted; and

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

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

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

8. Prohibition of Discrimination

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

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

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

8.2 Nothing in Paragraph 8.1 shall prohibit the Licensee from providing Use of System services to any user on price or other terms which materially differ from those offered to other users, where such differences reflect different circumstances of service

including load factor, power factor, the level and timing of peak demand and any other relevant factors.

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

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

9. Provision of Information to the Commission

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

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

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

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

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

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

9.5 Besides taking action for violation of the Conditions, the Commission shall be entitled to require the Licensee to file a report of any major incident in accordance with Paragraph 9.3 above in any situation where the Commission reasonably

believes a major incident has occurred but has not been reported by the Licensee.

10. Investment

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

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

- (a) there is a need for the major investment in the Transmission System which the Licensee proposes to undertake; and
- (b) the Licensee has examined the economic, technical, system and environmental aspects of all available alternatives to the proposals for investing in or acquiring new Transmission System assets to meet such need; and
- (c) the Licensee will invite and finalise tenders in accordance with the procedures approved by the Commission for supply of equipment, materials and/or services relating to major investment.

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

11. Disposal of Assets

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

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

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

- (a) the Commission confirms in writing that it consents to such disposal or relinquishment subject to such conditions as the Commission may impose; or
- (b) the Commission does not inform the Licensee in writing of any objection to such disposal or relinquishment of control within the notice period referred to in Paragraph 11.2.

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

(a) where:

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

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

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

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

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

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

11.5 For purpose of this Condition, the term "disposal" means any sale including sale of shares and stock, gift, lease, licence, the grant of any right of possession (or ownership whether immediate or in the future), transfer of ownership, grant of any encumbrance (as defined in Paragraph 5.5) or the permitting of

any encumbrance to subsist or any other disposition to a third party, the cost of which, when aggregated with all other assets (if any) forming part of the same overall transaction equals or exceeds Rs.30 lakhs, and "dispose" shall be construed accordingly. The cumulative sale of shares and stock to a single party shall be considered to form part of the same overall transaction.

12. Payment of Fees

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

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

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

(a) the Licensee shall be liable to pay to the Government of Orissa interest on the outstanding amount at a simple interest rate of 2% per month, the interest being payable for the period beginning on the day after which the amount becomes due, and ending on the day on which the Government of Orissa receives payment; and

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

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

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

13. Revocation of Licence

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

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

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

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

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

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

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

14. Dispute Resolution

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

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

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

15.2 The Licensee shall provide, any Electrical Inspector or any person authorised by an Electrical Inspector (each such person being hereinafter referred to in this Condition 15 as an "Inspector") facilities for inspecting and testing the Licensee's works and for the reading, testing or inspection of any

instrument. A person appointed by the Licensee may be present at the testing of its works or the reading, testing or inspection of any instruments, but shall not interfere with the reading, testing or inspection.

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

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

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

Part III: Technical Conditions

16. Power Procurement Procedure

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

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

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

- (a) the additional electrical capacity and/or energy is necessary to meet the Licensee's service obligation in accordance with Condition 20;
- (b) the Licensee has examined the economic, technical, system and environmental aspects of all available alternatives to the proposals for purchasing additional electrical capacity and/or energy (including arrangements for reducing the level of demand) and such examination has been carried out in a manner approved by the Commission; and
- (c) the Licensee will obtain tenders from independent power producers and other parties, specifying the prices and other terms on which they will sell electrical capacity and/or energy, the obtaining and finalisation of such tenders to be in a manner approved by the Commission.

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

17. Grid Code

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

- (a) cover all material technical aspects relating to connections to and the operation and use of the Transmission System including the operation of electric lines and electrical plant connected to the Transmission System in so far as relevant to the operation and use of the Transmission System; and
- (b) be designed so as to permit the development, maintenance and operation of an efficient, co-ordinated and economical system for Transmission in the State of Orissa.

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

- (a) within one month or such other time as the Commission may allow from the commencement of this licence the Licensee shall submit an Operating Grid Code to the Commission;
- (b) the Licensee shall implement and comply with the Operating Grid Code from the date of its submission to the Commission;
- (c) within six months of the commencement of the licence, the Licensee shall submit a comprehensive Grid Code (as referred to in Paragraph 17.1 above) which must be formulated after consultation with Electricity Operators and other affected interested groups to the extent possible;
- (d) the Licensee shall be obliged to implement the aforesaid Grid Code in accordance with the amendment/approval of the same by the Commission.

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

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

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

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

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

(a) connection conditions specifying the technical, design and operational criteria to be complied with by the Licensee and by any person connected or seeking connection with the Transmission System or by any generator who is connected with or seeks connection with the Transmission System;

(b) an operating code specifying the conditions under which the Licensee shall operate the Transmission System and under which Electricity Operators shall operate their plant and/or Distribution Systems in relation to the Transmission System, in so far as necessary to protect the security and quality of supply and safe operation of the Transmission System under both normal and abnormal operating conditions;

(c) a planning code specifying the technical and design criteria and procedures to be applied by the Licensee in the planning and development of the Transmission System;

(d) a scheduling and despatch code specifying the system for the scheduling and despatch of generating units;

(e) procedures relating to the co-ordination of outages for scheduled maintenance of Generating Sets and transmission and distribution circuits;

(f) a metering code setting out requirements and procedures for metering; and

(g) a protection code setting out the requirements and co-ordination of protection system.

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

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

(a) any Customer or groups of Customers; or

(b) the Licensee in the conduct of any business other than the Transmission Business.

17.9 The Commission may (following consultation with the Licensee) issue directions relieving the Licensee of its

obligations to implement or comply with the Grid Code in respect of such parts of the Transmission System and/or to such extent as may be specified in the directions.

18. Compliance with Distribution Code

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

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

19. Central Scheduling and Despatch

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

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

(i) unavailability of Generating Stations
; and

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

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

19.2 Taking account of the factors referred to in Paragraph 19.3, the Licensee shall schedule and issue direct instructions for the despatch of such Generating Stations and other sources of power

as are at such times available to generate electricity and which are subject to despatch instructions:

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

(b) as will in aggregate (and after taking account of electricity delivered to or from the Total System from or to other sources) be sufficient to match at all times (to the extent possible having regard to the availability of Generating Stations) expected demand, taking account of information provided by Electricity Operators together with an appropriate margin of reserve.

19.3 The factors referred to in Paragraph 19.2 include:

(a) expected demand (including transmission losses);

(b) economic and technical constraints from time to time imposed on the Total System or any part or parts thereof;

(c) the dynamic operating characteristics of available Generating Stations; and

(d) other matters provided for in the Grid Code.

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

19.5 In this Condition 19:

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

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

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

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

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

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

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

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

(b) the Commission may otherwise specify.

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

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

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

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

should include the number and type of deviations from the Bulk Supply reliability and quality standards specified in Paragraph 20.4(a).

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

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

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

20.11 The Licensee shall,

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

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

Part-IV: Tariffs

21. Basis of Charges

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

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

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

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

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

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

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

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

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

revised tariff up to the end of the relevant financial year;

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

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

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

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

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

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

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

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

(a) revenue realisations;

(b) prosecution for theft;

(c) deterring tampering with meters;

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

Part V: Connection and Use of System Conditions

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

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

- (a) to accept into the Transmission System electricity provided by another Bulk Supplier pursuant to arrangements authorised by the Commission;
- (b) to deliver such quantities as adjusted for losses of electricity to an Electricity Operator who is licensed to carry on Bulk Supply and/or Retail Supply;
- (c) that specifies tariff and Use of System charges to be paid by the user, which are in accordance with Condition 21.

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

- (a) the carrying out of works necessary to make the required connection, including the installation of meters;
- (b) the carrying out of any necessary works to reinforce the Transmission System;
- (c) the connection charges to be paid in accordance with Condition 21; and
- (d) the completion date and such other terms as are relevant to the circumstances.

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

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

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

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

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

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

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

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

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

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

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

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

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

At the request of an Electricity Operator which wishes to Use of System under Paragraphs 22.1 or 22.2, the Licensee shall prepare an update to the above statement, incorporating most recent data but specifically including any facility for which any other Bulk Supplier has requested Use of System and connection to the Transmission System.

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

Part VI: Separation of Functions and Competition Conditions

23. Separation of Functions

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

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

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

Part VII Penalties

25. Contravention of Licence Condition

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

SCHEDULE-1

Area of Transmission and Bulk Supply

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

ANNEXURE-4

ORISSA ELECTRICITY REGULATORY COMMISSION BIDYUT NIYAMAK BHAVAN, UNIT – VIII BHUBANESWAR – 751012

**Present : Shri D.C. Sahoo, Chairperson
Shri S.K. Jena, Member**

CASE NO. 22 OF 2006

Date of hearing : 15.09.2006
Date of order : 27.10.2006

IN THE MATTER OF: Determination of Licence Conditions u/s 16 of the Electricity Act, 2003 in favour of M/s Orissa Power Transmission Corporation Ltd. (OPTCL) the deemed Transmission Licensee u/s 14 of the aforesaid Act.

ORDER

The Orissa Electricity Regulatory Commission (the Commission) vide its order dated 31.03.1997 issued licence No.2/97 to Grid Corporation of Orissa (GRIDCO), Janpath, Bhubaneswar to carry out the Business of Transmission & Bulk Supply in the State of Orissa under the provisions of the Orissa Electricity Reform Act, 1995. Under the said License, M/s GRIDCO had been carrying out both the Transmission and Bulk Supply as its licensed activity in the State. Further, this licence was amended vide order dated 31.03.1999 in case No. 21/98.

- 1.1 The Electricity Act, 2003 (Act) has come into force since June 10, 2003. The Govt. of Orissa has drawn up a Transfer Scheme under section 131 and other relevant provisions of the Act, and vested assets and personnel of the transmission activity of GRIDCO to a newly incorporated Govt. Company, namely, Orissa Power Transmission Corporation Limited (OPTCL). Under second provisos of Sec 14 of the Act and as per the provisions of Government of Orissa's aforesaid Transfer Scheme, OPTCL has become a Deemed Transmission Licensee.
- 1.2 Under section 16 of the Act, the Commission has legal obligation to lay down general or specific conditions which shall apply to the OPTCL as a Deemed Transmission Licensee.

- 1.3 The Commission in its Conduct of Business Regulations, 2004 (Appendix 4-B) has specified the General Conditions for Transmission Licensees operating in the State of Orissa. In exercise of powers conferred under Clause 18.2 of Appendix 4B (General Conditions for Transmission Licensee) of the OERC (Conduct of Business) Regulations, 2004, the Commission has modified some of the Clauses of the aforesaid General Conditions. Such General Conditions with modifications have been laid down in Part II of the aforesaid draft licence conditions.
- 1.4 Furthermore, the Commission lays down at Part III of these draft licence conditions the Specific Licence Conditions for OPTCL.
2. Having thus prepared the draft licence conditions for the aforesaid deemed licensee, the Commission decided to finalise the same through a consultative public hearing. For this purpose, the Commission initiated a suo motu proceeding and a case was registered as case No. 22/2006. The Commission directed the deemed licensee to offer its views/comments on the draft licence conditions so also the licensee was directed to publish the public notice in the leading widely circulated newspapers in order to invite suggestions/objections/comments from the general public. The text of the aforesaid public notice and the draft license conditions also made available in the Commission's website www.orierc.org. The said public notice was published in Oriya (Samaj dated 16th and 17th July, 2006) and daily English (New Indian Express dated 16th and 17th July, 2006) in compliance with the aforesaid order of the Commission,. By the said public notice, interested persons/Institutions / Organisations had liberty to offer their views/suggestions/objections on the aforesaid draft license conditions on or before 31.07.06.

- 2.1 Compliance to orders of the Commission, the Sr. General Manager (R&T), OPTCL submitted the comments/suggestions/views of OPTCL. No response had been received from any person / institutions in this regard.
3. The Commission fixed the hearing on 15.09.2006 at 11.00 AM and accordingly served a notice to OPTCL vide letter no 1346 dated 30.08.2006. The MD, OPTCL was directed to appear before the Commission personally or through his authorized representative or duly constituted attorney on the date and time fixed above.
 - 3.1 The matter was heard by the Commission on the scheduled date and time. Sri B.K. Sahoo, Director (Engg.), the authorized officer of the Commission presented the matter in the capacity of petitioner. Sri U.K. Panda Director, Finance (I/C), on behalf of OPTCL was present. The hearing was concluded.
4. The Commission carefully considered the valuable suggestions/views/comments submitted by the deemed transmission licensee i.e. OPTCL on the draft licence conditions and decisions taken in this respect are as follows:
 - 4.1 OPTCL suggested adding "Ltd." at the end of condition 1.1 which has been agreed by the Commission.
 - 4.2 OPTCL suggested the following definition for "Force Majeure" at 3.1(q)
"Force Majeure" means any event which is beyond the control of the licensee which the licensee could not be foresee or with a reasonable amount of diligence could not have foreseen or which could not be prevented and which substantially affect the performance by the licensee including but not limited to:
 - (a) Acts of God, natural phenomena including but not limited to floods, droughts, earthquake, cyclone, storms, adverse weather condition and epidemics:

- (b) Acts of any Government domestic or foreign including but not limited to war, declared or undeclared, hostilities, priorities, quarantines, embargoes;
- (c) Terrorist attack, riots or civil commotion;
- (d) Grid's failure not attributable to the licensee; and
- (e) Other similar occurrence that leads to any act that would involve a breach of relevant laws or regulations connected with electrical safety.

The above definition has been adopted from the OGC and reproduced as such. The Commission agreed with the above alteration.

- 4.3 OPTCL argued that both the conditions 3.2 & 3.3 carry the same meaning. Hence 3.3 should be retained and 3.2 be deleted.

The Commission accepted this suggestion.

- 4.4 OPTCL suggested to replace clause 4.2 with following Para -
 "These Licence Conditions may be modified or amended in accordance with the provisions of relevant Regulations and in accordance with the provisions of the Act."

The Commission had accepted the above suggestion.

- 4.5 OPTCL requested the Commission to examine clause 7.3(d) based on the provisions under CEA (Grid Connectivity) Regulations, 2004 and modify/delete the same. The Commission observed that the above regulation is still in draft stage and has not yet been specified by CEA. Further, it appears that this provision in the licence conditions does not contradict any of aforesaid draft regulations of CEA. Hence the Commission does not vie with the idea of modifying and deleting condition 7.3(d) at this moment.

- 4.6 OPTCL sought an amendment in the second Para of condition no. 7.9 by replacing "60 days" with "30 days". The Commission do not accept it inasmuch as it providing for maximum time limit. Furthermore, if this has to be decided through hearing, 30 days as suggested may not be adequate.

- 4.7 OPTCL has suggested a correction in condition no. 8.2 by replacing the word “distribution” by the word “transmission”, as it was patently a typographical error. The Commission had accepted it.
- 4.8 In clause (b) (iii) of Condition no. 8.3, it has insisted to make seven months in place of six months inline with Income Tax Act. The Commission had accepted this suggestion.
- 4.9 OPTCL suggested to incorporate the words “by the Institute of Chartered Accountants of India” in between words “Accounting Standards issued” and “or Rules” in last sentence of the Condition no. 8.4. The Commission accepted these suggestions as it has become general accounting practice to follow the standards prescribed by the Institute.
- 4.10 OPTCL proposed replacing Para at Condition no. 8.7 as below-
“The references to costs or liabilities of, or reasonably attributable to Licensed Business or Other Business shall be construed as including taxation, and capital liabilities”
The Commission do not agree with this proposal because cost and liability invariably excludes taxation.
- 4.11 OPTCL suggested to delete the words “under Section 128 of the Act” at the end of Condition 9.2. The Commission accepted it and amended accordingly.
- 4.12 OPTCL has requested for six months in place of three months in condition 9.9 for submission of Business Plan. The Commission had accepted this suggestion.
- 4.13 OPTCL suggested the following amendments / corrections in 1st proviso of condition 10.12.
(a) “10%” to be replaced with “20%”.
(b) The word “Distribution” to be replaced with “Transmission”.
(c) The word “reallocation” to be replaced with “allocation”.

The Commission accepted (b) and (c) and rejected (a) above as 20% deviation could be a substantially higher amount for EHT works.

- 4.14 OPTCL sought an amendment in condition 11.1 by replacing “60 days” with “30 days”. The Commission did not accept it because it is the maximum time limit and wherever this has to be decided through hearing, 30 days may not be adequate.
- 4.15 In Condition 12.2(a), OPTCL suggested an amendment of reducing the rate of interest from 1.5% to 0.5%. The Commission decided to peg the interest rate down to 1.25% to bring it at par with delayed payment surcharge of 1.25% per month as approved in the last tariff order.
- 4.16 In condition 13(1), OPTCL pointed out the typographical error and suggested to replace the word “luicence” with the word “licence”. Correction of typographical error was accepted.
- 4.17 “In conditions 16.3(b) and 16.5, OPTCL wanted to delete the words “the State Transmission Utility” and argued to incorporate words “Orissa Grid Co-ordination Committee” after the words “Eastern Regional Power Committee”. This is because OPTCL is also the STU and “Orissa Grid Co-ordination Committee” is also a committee created by OGC for maintaining Grid discipline.

The Commission had accepted the suggestion, but the word “Orissa” is taken out from the above suggestion because the OGC has the provision of “Grid Co-ordination Committee” not “Orissa Grid Co-ordination Committee”.

- 4.18 In condition 18.2 (c), OPTCL has proposed to insert the words “and stabilization charges in case of CGS” after the words “the connection charges” The Commission rejected the proposal.
- 4.19 Pursuant to the OERC (Terms and Conditions of Open Access) Regulation, 2006, the concerned distribution licensee may invoice a long-term open access customer in respect of the charges as set out in these regulations and the open access customer must pay those charges in

accordance with the procedures set forth in the open access agreement between the licensee and the customer:

In case of short-term customers, the SLDC shall invoice the customer on behalf of the concerned licensee(s) and the customer shall pay the charges to the concerned licensee(s) directly.

These provisions contradict the condition 19.6 of the licence condition. Hence, OPTCL requested the Commission to examine this condition and do necessary changes.

The Commission verified and found the discrepancy in condition 19.6. Hence, the Commission decided to delete condition 19.6 and subsequent serial no is corrected as 19.6.

4.20 In condition 20.1, OPTCL has pointed out typographical error i.e. the word “too” to be replaced with the word “to”. The correction of typographical error had been accepted.

4.21 In condition 20.2, OPTCL has suggested inserting “without prior approval of the Commission” in the beginning of the Para. The Commission accepted it but rewrote the 1st sentence as below.

“With prior approval of the Commission, the licensee shall guarantee any obligations incurred by an Affiliate of the licensee in respect of a non-core activity.”

4.22 In condition 20.3, OPTCL has suggested inserting “without prior approval of the Commission” in the beginning of the Para.

The Commission did not accept it because it is not at all allowed even with a permission from the Commission.

4.23 At the end of Para at condition 22.2, OPTCL suggested to add the word “etc”. The Commission accepted it but at the same time the word “and” needed to be replaced with “,”.

- 4.24 In Condition 23.1, OPTCL argued to make “100 Crore” in place of “10 Crore”. The Commission did not agree to it because there could be number of investments in between 10 to 100 Crore. Similarly in condition 24.1, OPTCL wanted to raise the limit of 30 lakh to 100 lakh which has been rejected by the Commission.
5. In the draft licence conditions at Condition No.4.1, the terms of the licence was mentioned as 25 years from 1st April 2005. The Commission examined this aspect and observed that it is not compatible to the provisions of the Act. Since the same licence has been continuing and this being determination of licence conditions only as per the Act, the Commission decides that the period of licence shall be 30 years which shall be counted from 1st April, 1997, the date of issue of licences no. 2/97 to M/S-GRIDCO to carryout the bulk supply and transmission activity in the state of Orissa. OPTCL is a successor of GRIDCO to carryout the transmission activity in Orissa under the Govt. of Orissa Scheme, 2005. Hence, the aforesaid licence condition has been modified accordingly.
6. In the light of the above observation, the Commission approves the Licence Conditions for Deemed Transmission Licensees i.e. OPTCL which is attached to this order and shall be treated as a part of this order. The said licence conditions shall be effective from 1st November, 2006.
7. The licence conditions determined by the Commission by this order shall override the licence conditions determined by the Commission vide its order dt.31.03.1999 passed in case Nos. 21/98.
8. OPTCL is directed to keep its licence conditions in its websites and make available the copy of the said licence conditions to the interested persons on payment of reasonable charge. Further, the deemed transmission licensee is directed to publish a public notice in one English and two Oriya dailies having largest circulation in the State of Orissa for two consecutive days, informing the general public about the licence conditions approved by the Commission which is available in the licensee’s website and copy of the same may be obtained from its Corporate office on payment of reasonable charges.

The copy of this order and the text of the licence conditions of the aforesaid deemed transmission licensee may be communicated to Deptt. of Energy, Govt. of Orissa, Central Electrical Authority, Govt. of India, by the Commission's Secretary.

(S.K.Jena)
MEMBER

(D.C.Sahoo)
CHAIRPERSON

LICENCE CONDITIONS
OF
ORISSA POWER TRANSMISSION
CORPORATION LIMITED
(OPTCL)

**(A Deemed Transmission Licensee under Sec. 14 of the
Electricity Act, 2003)**

Registered Office: Janpath, Bhubaneswar – 751 022, Orissa

INTRODUCTION

The Orissa Electricity Regulatory Commission (the Commission) vide its order dated 31.03.1997 passed in case No.2/97,(amended in 1999) under the provisions of the Orissa Electricity Reform Act, 1995 had issued Licence to Grid Corporation of Orissa (GRIDCO), Janpath, Bhubaneswar to carry out the Business of Transmission & Bulk Supply in the State of Orissa. Under the said License M/s GRIDCO had been carrying both the Transmission and Bulk Supply as its licensed activity in the State.

The Electricity Act, 2003 (Act) has come into force since June 10, 2003. The Govt. of Orissa has drawn up a Transfer Scheme under section 131 and other relevant provisions of the Act, and vested assets and personnel of the transmission activity of GRIDCO to a newly incorporated Govt. Company namely Orissa Power Transmission Corporation Limited (OPTCL). Under fifth proviso of Sec 14 of the Act read with the provisions of Government of Orissa's aforesaid Transfer Scheme, OPTCL became a Deemed Transmission Licensee. Under section 16 of the Act, the Commission has legal obligation to lay down the license conditions of the OPTCL as a Deemed Transmission Licensee. The Commission in its Conduct of Business Regulations, 2004 (Appendix 4-B) has specified the General Conditions for Transmission Licensees operating in the State of Orissa. In exercise of powers conferred under Clause 18.2 of Appendix 4B (General Conditions for Transmission Licensee) of the OERC (Conduct of Business) Regulations, 2004, the Commission has modified some of the Clauses of the aforesaid General Conditions. Such General Conditions with modifications have been laid down in Part II of these licence conditions.

Furthermore the Commission lays down at Part III the Specific Licence Conditions for OPTCL.

PART I: PRELIMINARY

1. Short Title

- 1.1 These License Conditions may be called “The Licence Conditions of Orissa Power Transmission Corporation Limited” (A Deemed Licensee under Section 14 of the Electricity Act, 2003), which are applicable to Orissa Power Transmission Corporation Ltd.
- 1.2 These licence conditions shall come into force from 1st November 2006.

2. Area of Operation of Licensed Activity (Area of Supply)

The Area of operation of Licensed Activity of the Licensee shall comprise the State of Orissa excluding any cantonment, aerodrome, fortress, arsenal, dockyard or camp or any building or place in occupation of the Central Government for defence purposes.

3. Definitions

- 3.1 Unless the context otherwise requires in these Licence Conditions;
- (a) **“Accounting Statement”** means for each financial year, accounting statements for the Licensed Business comprising a profit and loss account, a balance sheet and a statement of sources and application of funds, together with notes thereto as detailed under the Companies Act, 1956 (1 of 1956) and such other particulars and details in the manner as the Commission may direct from time to time. If the Transmission Licensee engages in any business or activity in addition to the Licensed Business, the accounting statements shall comply with the regulations of the Commission dealing with the treatment of Other Business of Transmission Licensees and show separately the amounts of any revenue, cost, asset, liability, reserve or provision, which has been either:
 - (b) charged from the Licensed Business to any Other Business or vice versa together with a description of the basis of that charge; or
 - (c) 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.
 - (d) **“Act”** means the Electricity Act, 2003 (36 of 2003)
 - (e) **“Annual Accounts”** means the accounts of the Transmission Licensee prepared in accordance with Condition No.8 and/or in such other manner as may be directed by the Commission in terms of the provisions of the Act;

- (f) **"Ancillary Services"** means black start, reactive power, frequency control and such other services as any Electricity Operator may be required to have available as ancillary services pursuant to the Orissa Grid Code or any agreement with the Licensee primarily for the purpose of securing stability of operation on the Transmission System
- (g) **"Area of Activity"** means the area of activity stated in condition no. 2 of these Licence Conditions within which the Transmission Licensee is authorised to establish, operate and maintain transmission lines;
- (h) **"Auditors"** means the Transmission Licensee's auditors holding office in accordance with the requirements of Sections 224 to 234A or Section 619 as appropriate, of the Companies Act 1956 (1 of 1956);
- (i) **"Authorised"**, in relation to any Person, business or activity, means authorised by licence granted under Section 14 of the Act or deemed to be granted under the first second third and fifth proviso to Section 14 of the Act or exemption granted under Section 13 of the Act and the regulations of the Commission;
- (j) **"Commission"** means the Orissa Electricity Regulatory Commission;
- (k) **"Distribution"** means the conveyance of electricity by means of a Distribution System;
- (l) **"Distribution System"** means the system of wires and associated facilities between the delivery points on the transmission lines or the generating station connection and the point of connection to the installation of the consumer;
- (m) **"Distribution Code"** means the Code governing all material technical aspects relating to connections to and the operation and use of the Distribution System as approved by the Commission;
- (n) **"encumbrance"** means any mortgage, charge, right of possession, assignment by way of security or other form of security interest;
- (o) **"Existing Transmission System Planning and Security Standards"** means the Transmission Licensee's standards for system planning and security of the Transmission System as of the date of the grant of Transmission Licence and in the event of a new Transmission business such standards applicable to the other or previous Transmission Licensees in the State;

- (p) **“Existing Transmission System Operating Standards”** means the Transmission Licensee’s standards for operating the Transmission System as of the date of the grant of the Transmission Licence and in the event of a new Transmission business such standards applicable to the other or previous Transmission Licensees in the State;
- (q) **“Force Majeure”** means any event which is beyond the control of the licensee with a reasonable amount of diligence could not be foreseen or which could not be prevented and which substantially affect the performance by the licensee including but not limited to:
- (i) Acts of God, natural phenomena including but not limited to floods, droughts, earthquake, cyclone, storms, adverse weather condition and epidemics;
 - (ii) Acts of any Government domestic or foreign including but not limited to war, declared or undeclared, hostilities, priorities, quarantines, embargoes;
 - (iii) Terrorist attack, riots or civil commotion;
 - (iv) Grid’s failure not attributable to the licensee; and
 - (v) Other similar occurrence that leads to any act that would involve a breach of relevant laws or regulations connected with electrical safety.
- (r) **“Generator Interconnection Facilities”** means electrical lines, transformers, bus-bars, switch-gear, plant or apparatus utilised to enable access to a Transmission System or Distribution System by the Generating Set(s);
- (s) **“Holding Company”** shall have the same meaning as in Section 4 of the Companies Act, 1956;
- (t) **“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;
- (u) **“Licence”** means the licence under section 14 of the Act under which the Licensee is authorised to conduct the Licensed Business;
- (v) **Licensee** means Orissa Power Transmission Corporation Limited (OPTCL).
- (w) **“Licensed Business”** means the business of Transmission of electricity as authorised under the licence;

- (x) **“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;
- (y) **“Non-core Activity”** means any activity of the Licensee or an Affiliate of the Licensee other than that carried out as a part of the Transmission Business
- (z) **“Operational Control”** means possessing the authority to make operational decisions such as commissioning and utilisation of units, service lines and equipment;
- (aa) **“Orissa Grid Code (OGC)”** means the Orissa grid code specified by the Commission, covering all material technical aspects relating to connections to and the operation and use of a Transmission System, or (in so far as relevant to the operation and use of a Transmission System) the operation of electric lines and electrical plant connected to the Transmission System, the Distribution Systems, or the system of any Supplier;
- (bb) **“Other Business”** means business of the Transmission Licensee other than the Licensed Business on its non core activity;
- (cc) **“Performance Standards”** means the standards as may be determined by the Commission pursuant to section 57 of the Act;
- (dd) **“Person”** shall include any company or body corporate or association or body of individuals, whether incorporated or not, or artificial juridical person;
- (ee) **“Regulations”** means the regulations made by the Commission, under the provisions of the Act or the State Act;
- (ff) **“Specific Conditions”** means the conditions in addition or in variation to the General Conditions, which the Commission lays down, specifically for a transmission Licensee at Chapter III.
- (gg) **“State Act”** means the Orissa Electricity Reform Act, 1995;
- (hh) **“State Government”** means the Government of the State of Orissa;

- (ii) **“Subsidiary”** shall have the same meaning as in section 4 of the Companies Act 1956 (1 of 1956);
- (jj) **“Transfer”** shall include the sale, exchange, gift, lease, licence, loan, securitisation, mortgage, charge, pledge or grant of any other encumbrance or otherwise permitting of any encumbrance to subsist or parting with physical possession or any other disposition or dealing;
- (kk) **“Transmission Business”** means the Authorised business of a Transmission Licensee to Transmit electricity, whether for its own account or for that of any other Person, through any system owned and/ or operated by such Licensee;
- (ll) **“Transmission Licensee”** means the entity, which has been granted a Transmission Licence or is a deemed Licensee under the first, second, third or fifth proviso of Section 14 of the Act authorized to transmit electricity;
- (mm) **“Transmission Operating Standards”** means the standards related to the Transmission Licensee's operation of its Transmission System approved by the Commission;
- (nn) **“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 approved by the Commission;
- (oo) **“Transmission System”** means the system consisting mainly of extra high voltage electric lines, owned or controlled by the Transmission Licensee, and used for the purposes of the conveyance of electricity from one power station to a sub-station or to another power station or between sub-stations, or to or from any external interconnection including 33/11 kv bays/equipment up to the interconnection with the Distribution System, and any plant, apparatus and meters owned or used in connection with the transmission, and such buildings or plants thereof as may be required to accommodate such plant apparatus, other works and operating staff thereof;
- (pp) **“Use of System”** means use of the Transmission System for the transportation of electricity for any person pursuant to a contract entered into with the Transmission Licensee;
- (qq) **“Users”** means anyone who uses the Transmission System;

3.2 Words, terms and expressions used in these Licence Conditions which are not defined in these Conditions or in the Electricity Act, 2003 have the meaning as usually are understood in electrical industry.

- 3.3 References in these Licence Conditions to Paragraphs, Conditions, Parts and Schedules shall, unless the context otherwise requires, be construed as references to conditions, paragraphs and parts of, and schedules to, these Licence Conditions.

4. Terms of Licence

- 4.1 Unless the licence of the licensee revoked earlier, the licensee will carry its licenced activity for a period of 30 years from 1st April 1997.
- 4.2 These Licence Conditions may be modified or amended in accordance with the provisions of relevant Regulations and in accordance with the provisions of the Act.

PART II: GENERAL CONDITIONS

5. The General Conditions for the Licensee as specified by the Commission in Appendix 4B of the OERC (Conduct of Business) Regulations, 2004 after necessary modifications (In exercise of powers conferred under Clause 18.2) shall be General Conditions as given below:

6. Compliance with Laws, Rules and Regulations

- 6.1 The Licensee shall duly comply with the provisions of the Act, Rules, Regulations including Policies, Notifications, Circulars and Orders made there under; and the provisions of all applicable laws and orders, directions issued by the Commission from time to time. The licensee shall also comply with Distribution Code to the extent it is applicable to it.
- 6.2 The Licensee shall act in accordance with this General Conditions except where the Licensee is exempted from any provisions of these general conditions at the time of the grant of licence or otherwise specifically obtains the approval of the Commission for any deviation there from.
- 6.3 The Licensee shall duly comply with the order and directions of the National Load Despatch Centre, Regional Load Despatch Centre and the State Load Despatch Centre and other statutory authorities issued in the discharge of their functions under the Act or the State Act.

7. Activities of the licensee

- 7.1 The Licensee shall duly discharge the duties of the Transmission Licensee as provided under section 40 of the Act.

- 7.2 The Licensee shall provide non discriminatory open access to the Transmission System for use of the Licensees, and Generating Company including the Captive Generating Plant and the Consumer subject to availability of transmission capacity in the transmission lines and in the case of use of such Transmission System for supply of electricity to consumer subject to payment of surcharge to meet the current level of cross subsidy as envisaged in section 40 read with sub-section (2) of section 42 of the Act .
- 7.3 The Licensee shall not without the prior approval of the Commission:
- (a) undertake any transaction to acquire by purchase or takeover or otherwise, the utility of any other Licensee;
 - (b) merge his utility with the utility of any other licensee
 - (c) acquire any beneficial interest in any Generating Company of Generating Station,, or
 - (d) transmit electricity to any Person in the State of Orissa, not authorised to by the Commission.
- 7.4 The Transmission Licensee shall not engage in the business of electricity Trading directly or indirectly or associate in the business of an electricity trader or the Distribution Licensee.
- 7.5 The Licensee shall provide to the other licensees Intervening Transmission Facilities to the extent of surplus capacity available, in his Transmission System and in the event of any dispute as to the availability of the surplus capacity the same shall be determined by the Commission. The charges and terms and conditions for the intervening facilities may be mutually agreed between the Licensees and in the event of any disagreement the same shall be decided by the Commission.
- 7.6 In the event the Licensee engages in any Other Business, the same shall be subject to the following conditions:
- (a) the Licensed Business and the conduct thereof by the Transmission Licensee is not prejudiced and/or adversely affected in any manner by reason of the Other Business;
 - (b) a proportion of the revenue, as may be directed by the Commission, derived from such Other Business shall be utilized for reducing the charges for Transmission and Wheeling;
 - (c) the Licensee shall prepare and keep, in respect of the 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;
 - (d) the Licensed Business does not subsidize in any way such Other Business nor creates Encumbrance on its transmission assets in any way to support such Other Business; and

- (e) the Licensee shall not transfer any assets utilised in the Transmission System for the purposes of Other Business activities without the prior approval of the Commission.
- 7.7 The Licensee shall seek approval of the Commission before making any loans to, or issuing any guarantee for any obligation of any Person, except when made or issued for the purposes of the Licensed Business. Loans to employees pursuant to their terms of service and trade advances in the ordinary course of business are excluded from the requirement to seek such approval.
- 7.8 The Licensee may engage any of its Subsidiaries or Holding Company or a Subsidiary of such Holding Company of the Licensee to provide any goods or services to the Licensee in connection with the Licensed Business, subject to the following conditions that:
 - (a) the transaction will be on an arms-length basis and at a value that is fair and reasonable in the circumstances;
 - (b) the transaction will be consistent with any Regulations framed by the Commission relating to the provision of goods and services with respect to Licensed Business; and
 - (c) the Licensee will give 15 days' notice with details of such arrangement, to the Commission prior to commencement of such arrangement.
- 7.9 In all other cases of engagement of such Subsidiary or Holding Company or a subsidiary of the Holding Company, prior permission of the Commission will be required. Where such prior permission is required, the Licensee will file a suitable application with the 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 generally within 30 days of such further information being submitted by the Licensee, and where no such further investigation is required, generally 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 reasons recorded in writing in the order to be issued by the Commission.
- 7.10 The Licensee shall not at any time assign his licence or transfer his utility, or any part thereof, by sale, lease, exchange or otherwise without the prior approval of the Commission. To obtain the approval of the Commission as aforesaid, the Licensee will file a suitable application with the Commission disclosing relevant facts in that behalf and the Commission shall dispose such application expeditiously.

8 Accounts

- 8.1 Unless otherwise permitted by the Commission the financial year of the Licensee for the purposes of these Conditions and matters relating to the Licensed Business shall run from the first of April to the following thirty-first of March.
- 8.2 The Licensee shall maintain separate accounts for each such business undertaking to ensure that transmission business neither subsidises in any way such business undertaking nor encumbers its transmission assets in any way to support such business..
- 8.3 The Licensee shall, in respect of the Licensed Business and any Other Business:
- (a) keep such accounting records as would be required to be kept in respect of each such business so that the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to the Licensed Business are separately identifiable in the books of the Transmission Licensee, from those of Other Business in which the Transmission Licensee may be engaged; and
 - (b) prepare on a consistent basis from such accounting records and deliver to the Commission the Accounting Statements; namely;
 - (i) in respect of the first six months of each financial year, a Half Yearly profit and loss account, cash flow statement and balance sheet together with such supporting documents and information as the Commission may prescribe from time to time such statements and documents to be published in the manner directed by the Commission;
 - (ii) in respect of the Accounting Statements prepared, an Auditor's report for each financial year, stating whether in their opinion these statements have been properly prepared in accordance with this clause and give a true and fair view of the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to such businesses to which the statements relate; and
 - (iii) a copy of each Half Yearly profit and loss account not later than three months after the end of the period to which it relates, and copies of the Accounting Statements and Auditor's report not later than seven months after the end of the financial year to which they relate.

- 8.4 The Licensee shall not normally change the basis of charge or apportionment or allocation of revenues or expenses in relation to the preparation of the Accounting Statements in respect of a financial year from those applied in respect of the previous financial year, without prior intimation to the Commission. Any change, if proposed, in the basis of charge or apportionment of revenues or expenses shall be consistent with the provisions of the Companies Act, 1956, the Accounting Standards issued by Institute of Chartered Accountants of India or Rules and any guidelines issued by the Commission in this regard.
- 8.5 Where, in relation to the Accounting Statements in respect of a financial year, the Licensee has changed the basis of charge or apportionment or allocation from those adopted for the immediately preceding financial year, the Licensee shall, if directed by the Commission, (in addition to preparing Accounting Statements on those basis which it has adopted), prepare and deliver to the Commission such Accounting Statements on the basis which it applied in respect of the immediately preceding financial year.
- 8.6 Accounting Statements under clause 8.3 above shall, unless or otherwise approved or directed by the Commission:
- (a) be prepared and published with the Annual Accounts of the Licensee, in the manner provided herein;
 - (b) state the accounting policies adopted;
 - (c) be prepared in accordance with generally accepted Indian accounting standards; and
 - (d) be prepared in the form as the Commission may stipulate from time to time;
- 8.7 The references to costs or liabilities of, or reasonably attributable to Licensed Business or Other Business shall be construed as excluding taxation, and capital liabilities which do not relate principally to such Business and interest thereon.
- 8.8 The Licensee shall ensure that the Accounting Statements in respect of each financial year prepared under clause 8.3 and the Auditor's report in respect of each financial year are publicised in such manner as the Commission may direct and are made available to any person requesting them at a price not exceeding the reasonable cost of duplicating them.

9 Provision of information to the Commission

- 9.1 The Licensee shall furnish to the Commission without undue delay such information, documents and details related to the Licensed Business or any Other Business of the Licensee, as the Commission may require from time to time for its own purposes or for the purposes of the Government of India, State Government, the Central Commission and/or the Central Electricity Authority, the State Transmission Utility and the State Load Despatch Centre.

- 9.2 The Licensee shall duly maintain the information as the Commission may direct.
- 9.3 The 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 48 hours of such occurrence:
- (a) submit a report to the Commission giving full details of the facts within the knowledge of the Licensee regarding the incident and its cause.
 - (b) in the event the report under sub-clause (a) is likely to take more than two months from the date of such incident, the Licensee shall within one month from such date of the incident submit a preliminary report with such details which the Transmission Licensee can reasonably furnish and state reasons as to why the Licensee requires more than two months for giving full report of such incident; and
 - (c) give copies of the report to all parties concerned with the Major Incident and to such other Persons as the Commission may direct.
- 9.4 The decision of the Commission as to what is a Major Incident shall be final. The Commission may by order, after providing an opportunity of hearing direct the Licensee to provide such amount of compensation as the Commission may direct to persons' who suffer substantial injury or to the heirs of those who lose their lives as a result of such major incident where a Major Incident has been caused by any act of commission, omission or negligence on the part of any of the employees or agents of the Licensee.
- 9.5 The Commission at its own discretion may require the submission of a report to be prepared by an independent person at the expense of the Licensee.
- 9.6 The 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 the public interest to avoid the occurrence of any such major incident.
- 9.7 The Licensee shall duly inform the Commission about any incident restricting it from meeting its obligation under his licence granted including any act of omission or commission by others and steps taken by the Licensee to mitigate the effect of such incident.

- 9.8 The Commission may at any time require the Licensee to comply with the provisions of clauses as to incidents which the Commission may specifically direct and the Licensee shall be obliged to comply with the same notwithstanding that such incidents are not Major Incidents; provided that the time limits specified shall commence from the date that the Commission notifies Licensee of such requirement.
- 9.9 The Licensee shall submit a Business Plan to the Commission for approval within six months of these licence conditions coming in to force for such period as the Commission may direct and shall update such plan annually. The Business Plan shall contain year wise load growth, year wise Transmission loss reduction proposal along with specific action plan, metering plan for metering interface points, investment plan, treatment of previous losses, debt restructuring plan, cost reduction plan, projected profit and loss account, projected balance sheets, projected cash flow statements and projected important financial parameters.

The licensee will duly implement the aforesaid Business Plan approved by the Commission.

- 9.10 The Commission may require the Licensee to intimate by the end of first quarter of each financial year the progress made in implementing the Business Plan of the previous financial year with the comparison of actual implementation vis-à-vis the Plan as approved by the Commission. The licensee shall post the accounting statements in respect of each financial year along with their auditor's comments on their web-site.

10 Investments

- 10.1 Unless otherwise directed by the Commission, the licensee shall obtain prior approval of the Commission for making investment in the licensed business if such investment is above the limits laid down at licence condition no. 23.1.
- 10.2 The Licensee shall duly comply with the Regulations, guidelines, directions and orders the Commission may issue from time to time in regard to the investments to be made in the Transmission Business.
- 10.3 The Licensee shall submit to the Commission Investment Plans as a part of the business plan under clause 9.9 above giving details of investment schemes to be undertaken during the concerned period for the approval of the Commission. The Licensee shall demonstrate to the satisfaction of the Commission that:

(a) there is a need for such Investments in the Transmission System; and

(b) the Transmission Licensee has examined the economic, technical, system and environmental aspects of all viable alternatives to the

proposal for investing in or acquiring new Transmission System assets to meet such need;

10.4 In the application for investment approval, the licensee shall furnish the following information or particulars:

- (a) A detailed project report containing examination of an economic technical system and environmental aspects of the investment together with the outline of the working to be undertaken, the salient features and particulars demonstrating the need for investment;
- (b) The project cost together with the cost benefit analysis;
- (c) Whether the investment is in a new project or for expansion or up-gradation of an existing system;
- (d) Sanctions and statutory clearances required for execution of the project and status of such sanctions and statutory clearances;
- (e) Phasing of investment over the financial years and Commissioning schedule;
- (f) The manner in which investments will be capitalised for the purposes of inclusion in the revenue requirements of the Licensee;
- (g) Constraints which the Licensee may face in making the investments or in the implementing the project including constraints on information available;
- (h) Resource mobilisation and financial plans for meeting the investment;
- (i) Process for inviting and finalizing tenders for procurement of equipment, material and /or services relating to investment, in accordance with a transparent tendering procedure as may be approved by the Commission; and
- (j) Such other particulars as the Commission may from time to time direct.

10.5 The licensee shall cooperate with the Commission's staff, consultants and experts to enable them to discharge their functions and to submit a report to the Commission on the outcome of their findings.

10.6 The licensee shall intimate, by the end of the first quarter of each financial year -

- (a) the annual investment plan with details of investment schemes to be carried out during the financial year and
- (b) the progress made in implementing the annual investment plan of the previous financial year with the comparison of actual implementation vis-à-vis the plan as approved by the Commission for the concerned period.

10.7 The Licensee shall make the investments in a prudent manner being guided by the duty to build, maintain and operate an efficient, co-ordinated and economical Transmission System in the State.

- 10.8 The Licensee shall not undertake schemes involving Major Investments, not covered under the Investment Plan approved by the Commission under clause 10.3 above without the prior approval of the Commission, and for such approval the Licensee shall demonstrate to the satisfaction of the Commission the factors mentioned in clause 10.3 above.
- 10.9 The licensee shall invite and finalise tenders for procurement of equipment, material and/or services relating to major investment, in accordance with a transparent tendering procedure as may be directed by the Commission.
- 10.10 For the purposes of this clause 10, the term "Major Investment" means any planned investment in or acquisition of Transmission facilities, the cost of which, when aggregated with all other investments or acquisitions (if any) forming part of the same overall transaction, equals or exceeds an amount contained in the specific conditions 23.1 applicable to the licensee or otherwise decided by the Commission from time to time by a general or special order.
- 10.11 The Licensee shall be entitled to make Investment in the Transmission Business other than those covered under clauses 10.3 and above but for the purposes of considering such Investment while determining the tariff, the Licensee shall satisfy the Commission that the Investment was required for the Transmission Business and such investment was made in an efficient, co-ordinated and economical manner.
- 10.12 The Licensee shall submit to the Commission along with the "Expected Revenue Calculations" filed under section 62 of the Act, the highlights of the annual investment plan consisting of the schemes to be framed by the Commission under section 61 of the Act, the approval granted by the Commission to the Licensees for the investments under this clause and the actions and inactions on the part of the Licensees in complying with the terms contained in this clause.

Provided that if any unforeseen contingencies required reallocation of funds within the schemes listed in the annual investment plan, the Licensee may do so to the extent such reallocation up to a limit of 10 % of the overall investment plan and 25 % of the approved amount in respect of each item/work of the investment plan. The Transmission Licensee shall give due intimation of such allocation to the Commission within 7 days of making the investment.

Provided also that if on account of unforeseen circumstances the Transmission Licensee is required to make investment in a scheme, which does not find a place in the annual investment plan, the Licensee may do so if the same is not a major investment and subject to the conditions contained in clause 10.11 above.

11. Transfer of assets

The Licensee shall not, in a single transaction or a set of related transactions, transfer or relinquish Operational Control over any asset whose book value at the time of the proposed Transfer exceeds the amount decided by Commission in the Specific condition 24 applicable to the Licensee or otherwise by a general or special order, without complying with the conditions 11 and 24.

- 11.1 The Licensee shall give to the Commission prior written notice of its intention to transfer or relinquish Operational Control over any asset whose value exceeds the amount decided by the Commission as per condition 11.1 above and the Licensee shall disclose all relevant facts in the communication to the Commission. The Commission may, within 30 days of the receipt of the notice, seek further information in support of the transaction and shall, generally within 30 days of such further information being submitted by the Licensee, and where no such further information is sought by the Commission as above, within 60 days of the filing of the application, approve the Transfer arrangement subject to such terms and conditions or modifications as is considered appropriate or reject the same, for reasons recorded in writing in the order to be issued by the Commission.
- 11.2 The Licensee may transfer or relinquish Operational Control over any asset as is detailed in any notice given under condition 11.2 where:
- (a) the Commission confirms in writing that it consents to such transfer or relinquishment of Operational Control subject to such conditions as the Commission may impose; or
 - (b) the Commission does not inform the Licensee in writing of any objection to such Transfer or relinquishment of Operational Control within the notice period referred to in condition 11.2 and the transfer is effected by transparent and competitive bidding Procedures.
- 11.3 The Licensee may also Transfer or relinquish Operational Control over any asset where:
- (a) the Commission has issued directions for the purposes of this clause 8 containing a general consent (whether or not subject to conditions) to:
 - (i) the transactions of a specified description, and/or
 - (ii) the Transfer or relinquishment of Operational Control over assets of a specified description, and/or
 - (iii) the Transfer or relinquishment of Operational Control is in accordance with any conditions to which the consent is subject, or
 - (b) the Transfer or relinquishment of Operational Control in question is mandated under any other law; or
 - (c) the asset in question was acquired and used by the 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.

- 11.4 The Licensee will be entitled to utilise the assets as a means of facilitating financing its investment requirement or including collateral for debt financing, securitisation of receivables subject to the conditions:
- (a) that the Licensee will inform the Commission about such arrangements at least 15 days prior to the effective date of the relevant agreements;
 - (b) the Licensee acts in a prudent and reasonable manner in such utilisation of assets; and
 - (c) the Licensee retains the Operational Control over assets in the Transmission System.

12 Payment of licence fees

- 12.1 Within such period as the Commission may direct, the Licensee shall pay to the Commission the Licence Fees, initial and also periodic, mentioned in the Specific condition 25. in such manner as the Commission may direct in the said Specific Condition.
- 12.2 Where the Licensee fails to pay to the Commission any of the fees due under condition 12.1 by the due dates:
- (a) without prejudice to other obligations, the Licensee shall be liable to pay interest on the outstanding amount at a simple interest rate of 1.25 percent per month, the interest being payable for the period beginning on the day after which the amount became due, and ending on the day on which the payment is made to the Commission; and
 - (b) in the event of continued default by the Licensee, the Commission may revoke the Licence.
- 12.3 In the determination of aggregate revenues to be charged to the tariff, the Licensee shall be entitled to take into account any fee paid by it under this Condition excluding the interest for delayed payment as an expense and payment of penalty, fines and charges paid by the licensee.

13. Revocation of licence

- (1) During the continuance of the licence period, the Commission after making an enquiry, and for the public interest may revoke the licence of

the licensee for the grounds mentioned in sub-sections (1) (a),(b),(c), (d) and Sub-section (2) of Section 19 of the Act.

- (2) The Commission may also revoke the licence of the licensee for the breach of the following licence conditions.
- (a) Where the licensee fails to pay the Commission any of the fees due under condition 12 of these licence conditions.
 - (b) Where the licensee fails to implement its Business Plan submitted under condition 9.9 of these conditions.
 - (c) Where the licensee fails to comply with the provisions of condition 10.2 of these licence conditions with regard to investment to be made in the Transmission Business

14. Amendment of license conditions

14.1 On the request of the Licensee or otherwise, Commission at any time, in the public interest, may modify/amend these Licence Conditions in exercise of powers under Section 18 of the Act. For any such alteration or amendment, before any alterations or amendments in the Transmission License are made , the following

- (a) where the Licensee has made an application under Section 18, sub-section (1) of the Act proposing any alteration or amendment in the Conditions of License, the Licensee shall publish a notice of such application with such particulars and in such manner as may be directed by the Commission;
- (b) in the case of an application proposing alterations or modifications in the area of activity comprising the whole or any part of any cantonment, aerodrome, fortress, arsenal, dockyard or camp or of any building or place in the occupation of the Central Government for defence purposes, the alterations or modifications shall be made only with the consent of the Central Government;
- (c) where any alterations or amendments in a license are proposed to be made otherwise than on the application of the Licensee, the Commission shall publish the proposed alterations or amendments with such particulars and in such manner as the Commission consider to be appropriate;
- (d) The Commission may give reasonable opportunity of hearing to the licensee and other affected persons on such proposed amendments/modifications.

- (e) the Commission shall not make any alterations or amendment unless all suggestions or objections received within thirty days from the date of the first publication of the notice have been considered by the Commission.

15. Dispute resolution

- 15.1 The Commission shall be entitled to act as arbitrator or nominate person(s) as arbitrator(s) to adjudicate and settle disputes between the Licensee and any other licensees or between the Licensee and a generating company in pursuance of clause (f) of sub-section (1) of section 86 read with Section 158 of the Act and the Conduct of Business Regulations of the Commission.

16. Transmission Planning and Security Standards; Transmission Operating Standards

- 16.1 The Licensee shall plan and operate the Transmission System, so as to ensure that Transmission System built, operated and maintained to provide an efficient, economical and co-ordinated system of Transmission, in accordance with the Orissa Grid Code and the Overall Performance Standards.
- 16.2
 - (a) The Licensee shall make arrangements, within such time as the Commission may direct, to meet the Power Supply Planning and Security Standards and Power Supply Operating Standards.
 - (b) The Security Standards are such standards as:
 - (i) will ensure that the Licensee conducts its planning security so that transmission of electricity will meet levels of reliability and quality proposed by the Licensee and approved by the Commission; or
 - (ii) the Commission may otherwise direct from time to time.
 - (c) The operating standards are such levels of operational security as approved by the Commission from time to time.
- 16.3
 - (a) The Licensee shall, within such time as the Commission may direct or otherwise submit to the Commission the existing planning and security standards and the operating standards for its Transmission System and the existing planning and security standards and operating standards relating to generation capacity connected to its Transmission System being followed by the Transmission Licensee. Such existing standards, with such modification as the Commission may direct, shall continue to remain in effect until the new standards approved by the Commission.

- (b) The Licensee shall, within such time as the Commission may direct or otherwise, prepare, in consultation with the Suppliers, Generating Companies, Central Transmission Utility, Eastern Regional Power Committee, Grid Co-ordination Committee and such other person as the Commission may direct, and submit to the Commission for approval the Licensee's proposal for Transmission Planning and Security Standards and Transmission Operating Standards, in accordance with these General Conditions.
 - (c) The Transmission Planning and Security Standards and Transmission Operating Standards, submitted by the Licensee pursuant to this condition 16, with such modifications as the Commission may require, shall take effect from such dates as the Commission may direct.
- 16.4 The Licensee shall not be in breach of its obligations, if the failure to meet the Transmission Planning and Security Standards or the Transmission Operating Standards is due to Force Majeure, provided that, the Licensee has used its reasonable efforts, to comply with the Transmission Planning and Security Standards or the Transmission Operating Standards, as the case may be.
- 16.5 The Licensee shall, in consultation with Suppliers, the Generating Companies, the Central Transmission Utility, the Eastern Regional Power Committee, Grid Co-ordination Committee and such other persons as the Commission may order, review the standards and their implementation Following any such review, the Licensee shall send to the Commission:
- (a) a report on the outcome of such review; and
 - (b) any revision which the Licensee proposes to make to such documents from time to time (having regard to the outcome of such review); and
 - (c) any written representations or objections (including those not accepted by the Licensee) from Suppliers, the Generating Companies, the Central Transmission Utility, the State Transmission Utility, the Eastern Regional Power Committee, Grid Co-ordination Committee and such other persons as the Commission may order arising during the consultation process;
- 16.6 The Commission may, having regard to any written representations and objections received and following such further consultation as the Commission may consider appropriate, issue directions requiring the Licensee to revise the standards in such manner as may be stated in the directions. The Licensee shall duly carry out the revisions directed by the Commission

- 16.7 The Licensee shall within three 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 Licensee shall, if required by the Commission, publish the reports in a manner to be determined by the Commission. The copies of this report shall also be furnished by the Licensee to all persons applying for the same at the normal cost of photocopying.
- 16.8 The Licensee shall, upon request by the Commission, provide to the Commission such information as the Commission may require under or for the purpose of monitoring the duties and responsibilities of the Licensee under this condition 16.

17. Orissa Grid Code

- 17.1 The Licensee shall ensure due compliance with the Indian Electricity Grid Code, and the Orissa Grid Code (OGC) in operation.
- 17.2 The Commission may, on reasonable grounds and after consultation with any affected Generating Companies, the Licensee, the State Transmission Utility, the State Load Despatch Centre and Electricity Traders, issue directions relieving the Licensee of its obligation in respect of such parts of the Orissa Grid Code and to such extent as may be decided by the Commission.

18. Connection and use of system

- 18.1 The Licensee shall make such arrangements for non discriminatory open access to the use of his Transmission System by Users subject however to the availability of the adequate transmission capacity in accordance with Open Access Regulations notified by the Commission and further subject to the User agreeing to pay all applicable charges including the transmission charges and surcharges wherever applicable.
- 18.2 On application made for grant of a connection by any person intending to use the Transmission System the Licensee shall offer to enter into an agreement with such person for connection to the Transmission System or for modification of such an existing connection and such offer shall make provision for:
- (a) carrying out of works necessary to make the required connection, including the installation of meters;
 - (b) carrying out of any necessary works to reinforce the Licensee's Transmission System;
 - (c) the connection charges to be paid as directed by the Commission; and
 - (d) the completion date and such other terms as are relevant to the circumstances.

- 18.3 The Transmission Licensee shall offer terms for agreements in accordance with conditions 18.1 or 18.2 as soon as practicable to the intended Users of the System. The Licensee shall not be obliged to offer to enter into any agreement if
- (a) the adequate transmission capacity is not available in the Transmission system, provided that the existence or absence of such available capacity shall be subject to determination by the State Transmission Utility and in case of any dispute pertaining to the same on such determination the same shall be subject to the decision of the Commission;
 - (b) it is likely to result in breach of its duties under the Act or the State Act; or
 - (c) it is likely to result in breach of any Rules or Regulations relating to safety or Standards applicable to the Transmission Business including, the prevailing Rules;
 - (d) being in breach of any provisions of the Orissa Grid Code or
 - (e) the person making the application does not undertake to comply with the Orissa Grid Code from time to time in force to the extent that it is applicable to that Person; or
 - (f) the person making the application does not undertake to pay the applicable charges, surcharges, adjustment for losses of electricity in the Transmission Systems determined by the Commission.
- 18.4 If, after a period which appears to the Commission to be reasonable for the purpose, the Licensee has failed to enter into an agreement with any intending user of the Transmission System, the Commission may at the request of such intending user settle such terms in dispute between the Licensee and that person and, the Licensee shall forthwith enter into and implement such agreement in accordance with its terms as settled by the Commission.
- 18.5 The Licensee shall prepare and submit to the Commission on an annual basis, a statement showing in respect of each of the five succeeding financial year's forecasts of circuit capacity, power flows and loading on the Transmission System under standard planning criteria, together with:
- (a) such further information as shall be reasonably necessary to enable any person seeking Use of System to identify and evaluate the opportunities available when connecting to and making use of such system; and

- (b) a statement prepared by the Licensee indicating its views as to those parts of its Transmission System most suited to new connections and transport of further quantities of electricity.
- 18.6 At the request of a person or a Supplier who wishes to use the Transmission System, the Licensee shall prepare an update to the above statement; incorporating most recent data but specifically including any facility for which any other person or a Supplier has requested use of and connection to the Transmission System.
- 18.7 The Licensee may make a charge for any statement given or sent to persons seeking Use of System, of an amount reflecting the Licensee's reasonable costs of providing such a statement.
- 18.8 The Licensee is entitled to undertake all activities necessary, related or incidental to the conduct of the Transmission Business, which would include laying and operating appropriate communication network to implement information technology based solutions like remote metering etc. for the Licensed Transmission Business.

19. Expected revenue calculation and tariffs

- 19.1 The Licensee shall calculate the expected revenue from charges which it is permitted to recover, in accordance with the provisions of the Act, the State Act, the Regulations of the Commission, the tariff terms and conditions and other guidelines, orders and directions issued by the Commission from time to time.
- 19.2 The Licensee shall file the Expected Revenue Calculation and the application containing tariff proposals in the manner provided in the Conduct of Business Regulations in complete shape and consistent with the Regulations under section 61 read with Section 64 of the Act.
- 19.3 Unless otherwise provided in any order or direction made by the Commission the Licensee shall every year, not later than 30th November, submit to the Commission (i) a Statement with full details of its expected aggregate revenues and cost of service for the ensuing financial year (including financing costs and its proposed return on equity) for its Licensed Business, in accordance with the provisions of the Act and the regulations, guidelines and orders issued by the Commission from time to time and (ii) the annual investment plan giving specific details of the investment which the Licensee proposes to make in the ensuing financial year and which the Licensee desires to be covered under the revenue requirements in the ensuing financial year with appropriate references to schemes, if any, already approved by the Commission of which such investments form a part. The Licensee shall prepare and submit to the Commission the Statement and the investment details referred to in the

above separately for each of its Licensed Businesses and Other Businesses.

- 19.4 The Licensee shall along with the Expected Revenue Calculation or at such other time and periodicity, the Commission may specifically permit to file the application containing tariff proposals and the revision to the existing tariffs approved by the Commission to match the revenue requirements of the Licensee
- 19.5 The amount that the Licensee is permitted to recover from its tariffs is the amount that the Commission determines and approves in accordance with the provisions of the Act, State Act and the Regulations of the Commission
- 19.6 The Licensee may apply to the Commission to amend its tariffs in accordance with the Act and applicable Regulations and directions of the Commission.

PART III : SPECIFIC CONDITIONS

20. Restrictions

- 20.1 In addition to the restrictions as stated under conditions 7.3, 7.4 and 7.10, following restrictions are to be adhered to by the Licensee. Neither the Licensee nor any of its Affiliates shall, without the prior written consent of the Commission:
 - (a) own, hold any beneficial interest in, or operate, any facilities for Transmission & Distribution in the Area of Transmission other than pursuant to a licence granted to the Licensee or the relevant Affiliate by the Commission; or
 - (b) start any non-core activity which is not reasonably incidental to the functions of transmission which it is authorised to carry on pursuant to his licence, unless specifically authorised by the Commission. Any non-core activity so authorised by the Commission shall constitute a Separate Business for the purpose of conditions 7.6 and 8.2 of these licence conditions.
- 20.2 With prior approval of the Commission, the Licensee shall guarantee any obligations incurred by an Affiliate of the Licensee in respect of a non-core activity. In carrying out the Transmission Business, the Licensee shall not incur any loan or loans for the purposes of any other Separate Business or non-core activity of the Licensee.
- 20.3 The Licensee shall not create or permit to subsist any encumbrance in favour of any other person over any of the Licensee's assets for the

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

21. Subsidies among Other Businesses

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

22. Prohibition of Discrimination

22.1 Subject to condition 22.2, where under the terms of these Licence Conditions the Licensee provides Use of System or connection services, the Licensee shall not (unless authorised by the Commission or pursuant to condition 21 unduly discriminate in respect of price or other terms:

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

(b) as between the Licensee (in the use of the Transmission System by the Licensee and any other users or classes of users of the Transmission System.

22.2 Nothing in condition 22.1 shall prohibit the Licensee from providing Use of System services to any user on price or other terms which materially differ from those offered to other users, where such differences reflect different circumstances of service including load factor, power factor, the level, timing etc.

23. Investment

23.1 For the purposes of condition 10.10, the term "Major Investment" means any planned investment in or acquisition of Transmission facilities, the cost of which, when aggregated with all other investments or acquisitions (if any) forming part of the same overall transaction, equals or exceeds Rs.10 crore.

24. Disposal of Assets

24.1 The Licensee shall not dispose of or relinquish operational control over any assets with replacement cost in excess of Rs.30 lakh otherwise than in accordance with condition 11 of these Licence Conditions.

24.2 For purpose of this Condition, the term "disposal" means any sale including sale of shares and stock, gift, lease, licence, the grant of any right of possession (or ownership whether immediate or in the future), transfer of ownership, grant of any encumbrance or the permitting of any encumbrance to subsist or any other disposition to a third party, the cost

of which, when aggregated with all other assets (if any) forming part of the same overall transaction equals or exceeds Rs.30 lakh, and "dispose" shall be construed accordingly. The cumulative sale of shares and stock to a single party shall be considered to form part of the same overall transaction.

25. Payment of Annual Licence Fees

- 25.1 With reference to Condition 12 of the General Conditions the Licensee shall pay initial Annual Licence fee of Rs 50 lakh to the Commission for the beginning of Financial Year (FY 05-06).
- 25.2 For each subsequent financial year that his licence remains in force, the Licensee shall, by 10th April of every year, be liable to pay to the Commission an annual licence fee of Rs.50 lakh for each ensuing financial year.
- 25.3 All licence fees (including interest if is due under General Condition 12.2) will have to be deposited in "The Orissa Electricity Regulatory Commission Fund" operated under the Commission.
- 25.4 (a) The Licensee shall be subject to the proceedings for the recovery of such fees specified in the Act; and
- (b) The Commission may review the amount of licence fee in every three years.

26. Compliance with Distribution Code

- 26.1 The Licensee shall comply with the provisions of the Distribution (Planning and Operation) Code of any Distribution Licensee, in so far as applicable to it.
- 26.2 The Commission may (following consultation with any Distribution Licensee, which is directly affected thereby) issue directions relieving the Licensee of its obligation under condition 26.1 in respect of such parts of the above Distribution (Planning and Operation) Code.

27. Basis of Charges

- 27.1 The Licensee shall by the time specified in the OERC (Conduct of Business) Regulations, 2004 prepare and lodge with the Commission submissions setting out in full detail.
- (a) a statement of the Licensee's revenue requirement for the ensuing financial year, prepared in accordance with the aforesaid Regulations read with Sections 61 of the Act.

- (b) a statement of the Licensee's expected revenue for the ensuing financial year, at the prevailing tariff.
- 27.2 In accordance with Section 64 of the Act, an application in complete shape for determination of Annual Revenue Requirement (ARR) and calculation of tariff shall be made by the Licensee, setting out in full the following,
 - (a) all filings for Annual Revenue Requirement as per annual schedule, by 30th November of every year, indicating the manner in which the gap, if any, between the charges which it is permitted to recover and the expected revenue calculated shall be filled up;
 - (b) a new or amended tariff proposed by the Licensee indicating the date of implementation drawing attention to the proposed changes. Such date shall be not less than 120 days from the date of the submission of the Tariff proposal with all information, data, calculations etc. as required.
 - (c) the aggregate revenue which the Licensee expects to be able to recover from the proposed new or amended tariff, such aggregate revenue figure shall relate to the first full financial year after the proposed specified date, where the specified date coincides with the beginning of the financial year and, in addition where the specified date does not coincide with the beginning of the financial year, the aggregate revenue figure to be calculated at the prevailing tariff up to the date of revision and thereafter at the revised tariff up to the end of the relevant financial year;

Provided that no tariff or part of tariff shall be amended more than once in any financial year.
- 27.3 The Commission may require comparative data for the first six months of the current and preceding full financial year, for the purposes of comparison, along with such other data, calculation etc. as the Commission considers necessary, and the Licensee shall furnish such data, calculations, comparisons as directed by the Commission.
- 27.4 Subject to the provisions of the Act and the Regulations, Commission shall within one hundred and twenty days from receipt of an application for determination of tariff and after considering all suggestions and objections received from the public, notify the Licensee either
 - (i) that it accepts the Licensee's calculation on (a) and (b) , and (c) of Condition 27.2; or
 - (ii) that it does not consider the Licensee's calculation to be in accordance with the prescribed methodology or procedure and will propose an alternative calculation which the Licensee shall accept. ; or
 - (iii) reject the application
- 27.5 Following approval by the Commission of any new or amended tariff, the Licensee shall publish details of the same in accordance with the requirements of the Act. The previously notified tariff shall remain in effect till the new or amended tariff takes effect.

- 27.6 The Licensee shall ensure that all amounts due to other Users in respect of the electricity generated or supplied or other goods or services provided by them shall be paid promptly

28. Contravention of Licence Condition

In case of any contravention of any Licence Conditions (General/Specific) by the Licensee, the Licensee shall be liable for penal action under Sections 19, 24, 128, 129 & 142 of the Act and under other relevant provisions of the Act, Rules, Regulations, and Notifications.

29. Functions of STU and SLDC

Subject to the notification of the State Govt. under section 39 of the Act, read with OER (Transfer of Transmission and Related Activities) Scheme , 2005, the licensee shall act and discharge its function as State Transmission Utility (STU) and also discharge the functions of State Load Dispatch Centre (SLDC).

30. Miscellaneous

- 30.1 All issues arising in relation to interpretation of these Conditions and as to the terms and conditions thereof shall be a matter for the determination of the Commission and the decision of the Commission on such issues shall be final.

ANNEXURE-5

Government of Orissa
Department of Energy

RESOLUTION

7947 // Ehubaneswar, the 17/8/06



121
8.05
M. (pp)
Memo No. FPD-II-2/05(pt)

Sub:- Purchase of Power from Generators/
Developers of the Power Projects by the
State designated entity.

As per the provision of the Government Resolution No.6603 Dt. 3rd June 2005 of Energy Department to facilitate sale of power to the State Grid, the Developers (hydel/bio-mass sources) generating renewable energy in the State should submit their proposal for sale of power to the EIC, Electricity-cum-PCEI, Orissa, Ehubaneswar who will examine the same and recommended to the State Government for purchase of Power. The proposal will be endorsed to a state designated entity for execution of Power purchase Agreement with the Developer of the Project.

It has now been resolved that, GRIDCO will be the State designated entity for execution of Power Purchase Agreement with the Developers generating energy like hydro power, wind power, power from agricultural waste etc. alongwith thermal power.

This will be effective from the date of issue of the Resolution.

ORDIR:- Ordered that this Resolution be published in the Orissa Gazette.

By order of the Governor

B.S. Panda

Joint Secretary to Govt.

Memo No. 7948 // Dated., 17/8/06

Copy forwarded to the Director, Printing Stationary and Publication, Orissa Cuttack with request to publish the above Resolution in the next issue of Orissa Gazette and 100 (One hundred) printed copies to this Department.

Joint Secretary to Government.

Memo No. 7949 // Dated., 17/8/06

Copy forwarded to the CMD, GRIDCO/Director (Operation) OHPC/EIC Electricity-cum-PCEI/O M.D. OPEC/ All Sections/Officers of Energy Department for information.

Joint Secretary to Government.

DGM(F)
PS

- 01 -



ANNEXURE-6

GOVERNMENT OF ODISHA ENERGY DEPARTMENT

NOTIFICATION

No. 12284 / En., Bhubaneswar, dt. 15th December, 2022
ENG-HYD-HYDRO-0009-2022

Sub: Notification of GRIDCO Ltd as the Nodal Agency for implementation of Odisha Renewable Energy Policy, 2022.

The Odisha Renewable Energy Policy, 2022 was notified vide Resolution No.11757-ENG-HYD-HYDRO-0009/2022/En., dated 30-11-2022 to promote development of clean energy projects in the State and accelerate adoption of clean energy.

2. Para 25.2 of the Odisha Renewable Energy Policy, 2022, stipulates Department of Energy to designate a Nodal Agency for implementation of the Renewable Energy Policy, 2022 and facilitate development of all renewable energy projects in the State.
3. After careful consideration, GRIDCO Ltd is hereby designated as the Nodal Agency under Para 25.2 of the Odisha Renewable Energy Policy, 2022. The Nodal Agency shall discharge the roles & responsibilities as prescribed in Para 25.3 of the Policy.

By order of the Governor

15/12/2022

✓Principal Secretary to Government

Memo No. 12285 / En., Dated 15/12/2022

Soft copy in word format forwarded to the Deputy Director, Printing, Stationery and publication, Odisha, Madhupatana, Cuttack (deputydirectorpp@rediffmail.com) / Special Secretary, C&T(Commerce) Department, Gazette Cell (emailcommerce.addlsec.odisha@gmail.com) with a request to publish the Notification in the next issue of Odisha Gazette and to supply 10 copies to this Department.

FA-cum-Additional Secretary to Govt.

Memo No. 12286 / En. Dated 15/12/2022

Copy forwarded to P.S. to Hon'ble Chief Minister/ P.S. to Hon'ble Minister, Energy, Industry, MS&ME/ OSD to Chief Secretary/ Sr. P.S. to DC-cum-Additional Chief Secretary/ OSD to Principal Secretary, Energy/ OSD to Principal Secretary, Industries / P.S. to Principal Secretary, Finance for kind information of Hon'ble Chief Minister, Hon'ble Minister, Chief Secretary, DC-cum-Additional Chief Secretary, Principal Secretary, Energy Principal Secretary, Industries and Principal Secretary, Finance respectively.

FA-cum-Additional Secretary to Govt.

P.T.O

Memo No. 12287 / En., Dated 15/12/2022

Copy forwarded to the Chairman & Managing Director, OPTCL Bhubaneswar / Managing Director, GRIDCO / EIC(Elect.)-cum-PCEI(O), Bhubaneswar / Secretary, OERC, Bhubaneswar / Managing Director, OHPC/ Managing Director, OPGC, Bhubaneswar / CE, OREDA / MD&CEO, OCPL, Bhubaneswar / CEO, GEDCOL / CEOs, TPCODL/ TPWODL/TPNODL/TPSODL for information.

FA-cum-Additional Secretary to Govt.

Memo No. 12288 / En., Dated 15/12/2022

Copy forwarded to all Department / all Heads of Department / all Collectors for information.

FA-cum-Additional Secretary to Govt.

Memo No. 12289 / En., Dated 15/12/2022

Copy forwarded to the All Officers of Energy Department / All Sections of Energy Department for information.

FA-cum-Additional Secretary to Govt.

ANNEXURE-7
LICENCE CONDITIONS
FOR THE BULK SUPPLY AND TRADING OF ELECTRICITY
OF GRIDCO LIMITED

Registered Office: Janpath, Bhubaneswar – 751022, Odisha

INTRODUCTION

The Odisha Electricity Regulatory Commission (the Commission), by its order dated 31.03.1997, issued Licence No. 2/97 to Grid Corporation of Orissa Limited, now GRIDCO Limited, to carry out the business of Transmission and Bulk Supply in the State. That licence was amended by the Commission's order dated 31.03.1999 in Case No. 21 of 1998, upon GRIDCO divesting itself of the distribution and retail supply business.

The Electricity Act, 2003 came into force on 10.06.2003. In compliance with Sections 39 and 41 of the Act, the Government of Odisha framed the Orissa Electricity Reform (Transfer of Transmission and Related Activities) Scheme, 2005, under which the transmission undertaking of GRIDCO, together with the functions of the State Transmission Utility and of the State Load Despatch Centre, was vested in Orissa Power Transmission Corporation Limited (OPTCL). The licence conditions of OPTCL as a deemed transmission licensee were determined by the Commission by its order dated 27.10.2006 in Case No. 22 of 2006. OPTCL is functioning as a deemed transmission licensee, with effect from 01.11.2006. The bulk supply business, which remained with GRIDCO and continuing till date. That bulk supply business has been regulated through the annual ARR and BSP proceedings and through the Bulk Supply Agreements

Under the said Scheme the transmission business was hived off, and what remained with GRIDCO was the business of trading in electricity. In its order dated 18.03.2011 in the proceedings for the Aggregate Revenue Requirement and Bulk Supply Price for FY 2011-12, the Commission examined the resulting legal position at paragraphs 277 to 288, and held at paragraph 278:

“In 2005, by virtue of Transfer Scheme OER (Transfer of Transmission Related Activities) Scheme, 2005 under S.131(4) of the Act, the transmission business of GRIDCO was hived off from GRIDCO because of 3rd Proviso to S.41 & 1st Proviso to S.39 of the Act. Thus what remained with GRIDCO was the business of trading in electricity. Ordinarily, GRIDCO would have been required to take a trading licence under S.14(c) of the Act, but because of the 5th Proviso to S. 14 of the

Act, GRIDCO shall be deemed to be a licensee under the said Act. ... Its present activity, after its transmission business was taken over by OPTCL is now confined to bulk purchase of electricity for sale to DISCOMs of Orissa. This satisfies the definition of trading in Sec. 2(71) of the Act. Therefore GRIDCO's position under the 5th Proviso to Sec. 14 of the Act is doubtless that of a deemed trading licensee, carrying on trading of electricity in bulk."

At paragraph 279 the Commission held that "Bulk supply activity by a trader is not repugnant to any provision of the Act. Such activity is tenable in law", and that GRIDCO "has indubitably a legally valid existence as a trader".

GRIDCO Limited continues to carry on the business of bulk procurement, bulk supply and trading of electricity in the State as a deemed licensee under the fifth proviso to Section 14 of the Act and relevant provisions of the respective Vesting Order(s) and Bulk Supply Agreements (BSA) executed with all the four State DISCOMs and by virtue of its status as the 'State Designated Entity (SDE)' to execute PPAs. Under Section 16 of the Act the Commission has the obligation to lay down the general or specific conditions applicable to such a licensee.

The General Conditions laid down in Part II below are drawn from the General Conditions specified by the Commission in the OERC (Conduct of Business) Regulations, 2004, with such modifications as are necessary for a licensee carrying on bulk purchase, bulk supply and trading. Part III lays down the Specific Conditions for GRIDCO Limited.

PART I: PRELIMINARY

1. Short Title and Commencement

- 1.1 These Licence Conditions may be called "The Licence Conditions for the Bulk Purchase, Bulk Supply and Trading of Electricity of GRIDCO Limited", being the conditions applicable under Section 16 of the Electricity Act, 2003 to GRIDCO Limited, a deemed licensee under the fifth proviso to Section 14 of that Act.
- 1.2 These Licence Conditions shall continue as part of the original licence conditions issued by OERC vide Licence No.2/97.

2. Area of Operation of the Licensed Activity (Area of Supply)

- 2.1 The area of operation of the Licensed Activity shall comprise the State of Odisha.
- 2.2 Nothing in Condition 2.1 shall restrict the purchase or sale of electricity by the Licensee outside the State or cross-border, or its participation in the inter-State markets and/or cross-border transactions, in accordance with Conditions 25 and 26 and applicable

Regulations of the Central Commission, unless otherwise the Central Act/guidelines prescribe any further additional conditions.

3. Definitions

3.1 Unless the context otherwise requires, in these Licence Conditions –

- (a) “Act” means the Electricity Act, 2003 (36 of 2003);
- (b) “Affiliate” means, in relation to the Licensee, any Holding Company or Subsidiary of the Licensee, or any Subsidiary of a Holding Company of the Licensee;
- (c) “Ancillary Services” means the services necessary to support the grid operation in maintaining power quality, reliability and security of the grid, including reserves, frequency control and reactive power support, as specified in the Regulations of the Central Commission or of the State Commission;
- (d) “Auditors” means the Licensee’s auditors for the time being holding office in accordance with the requirements of the Companies Act, 2013;
- (e) “BSE” means Bombay Stock Exchange.
- (f) “Bulk Supply” means the sale or supply of electricity by the Licensee in bulk to a Distribution Licensee or any other entity in the State;
- (g) “Bulk Supply Agreement” means an agreement between the Licensee and a Distribution Licensee or any other entity for Bulk Supply, as approved or recognised by the Commission;
- (h) “Bulk Supply Business” means the business of procurement of electricity by the Licensee for, and the Bulk Supply of electricity by the Licensee to, the Distribution Licensees of the State or any other entity;
- (i) “Bulk Supply Price” or “BSP” means the price at which the Licensee supplies electricity in bulk to the Distribution Licensees or any other entity, as determined by the Commission;
- (j) “Central Commission” means the Central Electricity Regulatory Commission;
- (k) “Commission” means the Odisha Electricity Regulatory Commission;
- (l) “Cross-border Transaction” means the import of electricity into, or the export of electricity from, India, undertaken in accordance with the guidelines and Regulations governing cross-border trade of electricity issued by the Central Government, the Central Electricity Authority or the Central Commission;

- (m) “Deviation Settlement Mechanism” means the mechanism for settlement of deviations from schedule specified in the Regulations of the Central Commission or of the Commission, as applicable;
- (n) “Distribution Licensee” means a licensee authorised by the Commission to operate and maintain a distribution system for supplying electricity to the consumers in its area of supply in the State;
- (o) “Electricity Derivative” means a financially settled contract the underlying of which is the price of electricity, traded on a recognised stock exchanges under the Regulation of the Securities and Exchange Board of India;
- (p) “Encumbrance” means any mortgage, charge, right of possession, assignment by way of security or other form of security interest;
- (q) “ERLDC” means Eastern Region Load Despatch Centre.
- (r) “ERPC” means Eastern Region Power Committee.
- (s) “Financial Statement” has the meaning assigned to it in Section 2(40) of the Companies Act, 2013, and for the purposes of these Licence Conditions means, for each financial year, the financial statements for the Licensed Business comprising a profit and loss account, a balance sheet, a cash flow statement and a statement of changes in equity, together with notes thereto, and such other particulars and in such manner as the Commission may direct from time to time;
- (t) “Force Majeure” means any event which is beyond the control of the Licensee, which the Licensee with a reasonable amount of diligence could not have foreseen or which could not have been prevented, and which substantially affects the performance by the Licensee, including but not limited to – (i) acts of God and natural phenomena, including floods, droughts, earthquake, cyclone, storms, Kala Baisakhi, adverse weather conditions and epidemics; (ii) acts of any Government, domestic or foreign, including war, whether declared or undeclared, hostilities, priorities, quarantines and embargoes; (iii) terrorist attack, riots or civil commotion; (iv) grid failure not attributable to the Licensee; and (v) any other similar occurrence;
- (u) “Grid Codes” means the Indian Electricity Grid Code specified by the Central Commission and the Odisha Grid Code specified by the Commission, as amended from time to time;
- (v) “Hedging” means entering into an Electricity Derivative for the purpose of reducing the price risk arising from an actual or reasonably forecast physical

purchase or sale of electricity by the Licensee, and not for the purpose of speculation;

- (w) “Licensed Business” means the business of Bulk Purchase, Bulk Supply and of Trading of electricity authorised under these Licence Conditions.
- (x) “Licensee” means GRIDCO Limited;
- (y) “NLDC” means National Load Despatch Centre.
- (z) “Nodal Agency Functions” means the functions, duties, responsibilities and powers assigned or entrusted to the Licensee by the State Government or the Central Government, as the Nodal Agency including Odisha Renewable Energy Policy, 2022, or under any other policy, scheme, programme, notification, order or direction of the State Government or the Central Government, as may be applicable from time to time.
- (aa) “Non-core Activity” means any activity of the Licensee or of an Affiliate of the Licensee other than that carried on as part of the Licensed Business;
- (bb) “NSE” means National Stock Exchange.
- (cc) “Other Business” means any business of the Licensee other than the Licensed Business and the Nodal Agency Functions;
- (dd) “Over the Counter (OTC) Platform” means an electronic platform for the exchange of information amongst buyers and sellers of electricity, where contracts are transacted outside the power exchanges directly or through a trading licensee.
- (ee) “Person” includes any company, body corporate, association or body of individuals, whether incorporated or not, or artificial juridical person;
- (ff) “Place of Business Operation” generally means at existing office at Janpath, Bhubaneswar.
- (gg) “Power Exchange” means an electronic platform registered as a power exchange under CERC Power Market Regulations, 2021 and amended from time to time and any other Regulations introduced by the Commission from time to time;
- (hh) “Regulations” means the Regulations made by the Central or State Commission under the provisions of the Act or of the State Act;

- (ii) “Resource Adequacy” means the planning, assessment and procurement of adequate generation capacity, storage capacity and other available resources, as may be required to meet the forecasted electricity demand of the State, including the requisite reserve margin, as per the standards specified by the appropriate authority;
- (jj) “SEBI” means Securities Exchange Board of India
- (kk) “Separate Business” means any business other than the licensed business i.e. the Nodal Agency Functions or any Other Business, taken separately from one another and from any other business of the Licensee or of any Affiliate of the Licensee;
- (ll) “SLDC” means the State Load Despatch Centre established under Section 31 of the Act;
- (mm) “Specific Conditions” means the conditions, in addition to or in variation of the General Conditions, laid down by the Commission specifically for the Licensee in Part III;
- (nn) “State Act” means the Orissa Electricity Reform Act, 1995;
- (oo) “State Designated Entity” means the entity designated by the Government of Odisha, by Notification No. 7948 dated 17.08.2006 or any subsequent notification, for the procurement of electricity on behalf of the State;
- (pp) “State Government” means the Government of the State of Odisha;
- (qq) “STU” means the State Transmission Utility notified under Section 39 of the Act;
- (rr) “Trading” has the meaning assigned to it in Section 2(71) of the Act;
- (ss) “Trading Business” means the business of the Licensee in the purchase and sale of electricity otherwise than by way of Bulk Supply
- (tt) “Transfer” includes sale, exchange, gift, lease, licence, loan, securitisation, mortgage, charge, pledge, the grant of any other encumbrance or the permitting of any encumbrance to subsist, parting with physical possession, and any other disposition or dealing.
- (uu) “Vesting orders” means Order dt. 26.05.2020 in Case No.11/2020, dt. 28.12.2020 in Case No. 82/2020, dt. 28.12.2020 in Case No. 83/2020 and Order dt. 25.03.2021 in Case No. 9/2021 of the Hon’ble OERC.

- 3.2 Words, terms and expressions which are not defined herein but defined in the Electricity Act, 2003 or in the Regulations of the Appropriate Commission shall have the same meaning as assigned to them in the Act or such Regulation for the purpose of this licence conditions.
- 3.3 References in these Licence Conditions to Conditions, Paragraphs, Parts and Schedules shall, unless the context otherwise requires, be construed as references to the conditions, paragraphs, parts of and schedules to these Licence Conditions.

4. Term of Licence

- 4.1 The Licensee shall carry on the Licensed Business for an extended period of 30 years till 31st March, 2057, in continuation of Licence No. 2/97, unless revoked.
- 4.2 These Licence Conditions may be modified or amended in accordance with the provisions of the relevant Regulations and in accordance with the provisions of the Act.

PART II: GENERAL CONDITIONS

5. General Conditions

- 5.1 The General Conditions for the Licensee, being the General Conditions specified by the Commission in the OERC (Conduct of Business) Regulations, 2004 with such modifications as the Commission considers necessary for a licensee carrying on bulk supply and trading, shall be as given below.

6. Compliance with Laws, Rules and Regulations

- 6.1 The Licensee shall duly comply with the provisions of the Act, the rules, Regulations, policies, notifications, circulars and orders made thereunder, the provisions of all applicable laws and orders, and the directions issued by the State/Central Commission and appropriate authority from time to time.
- 6.2 The Licensee shall act in accordance with these Licence Conditions, except where the Licensee is exempted from any provision hereof or otherwise specifically obtains the approval of the Commission for any deviation therefrom.
- 6.3 The Licensee shall act as a Bulk Supplier to the Distribution Licensees and to any other entity as per the original licence, as well as a deemed Trading Licensee, as held by the Commission at paragraphs 278 to 280 of the Bulk Supply Price Order dated 18.03.2011. The Commission there held that “GRIDCO’s position under the 5th Proviso to Sec. 14 of the Act is doubtless that of a deemed trading licensee, carrying on trading of electricity in bulk”; that “Bulk supply activity by a trader is not repugnant to any provision of the Act. Such activity is tenable in law”; and that the Commission

“proceeds on the footing that GRIDCO has indubitably a legally valid existence as a trader”.

- 6.4 In undertaking transactions on any Power Exchange, with any Electricity Trader or through any other avenues, the Licensee shall comply with the applicable Regulations of the appropriate Commission.

7. Activities of the Licensee

- 7.1 The Licensee is authorised, and shall duly discharge its duties, to –

- (a) procure electricity on a long-term, medium-term and short-term basis from generating companies, licensees, Electricity Traders and other sources, within and outside the State, as the State Designated Entity;
- (b) make Bulk Supply to the Distribution Licensees of the State under the Bulk Supply Agreements, at the BSP determined by the Commission and the bulk supply of emergency power to captive generating plants as approved by the Commission;
- (c) buy and sell electricity within and outside the State, including trading of power, in all market segments as introduced from time to time, alongwith cross-border transactions subject to Conditions 25 and 26 of this Licence Conditions, as permitted under relevant provisions of the Act and Regulations.
- (d) enter into banking, swap and other exchange arrangements with other utilities and licensees;
- (e) procure energy storage capacity, including battery energy storage systems, pumped storage or any other storage technology;
- (f) procure, aggregate and sell renewable energy, including the supply of green energy to obligated entities as per the Regulations and Orders of the Commission, and deal in Renewable Energy Certificates and such other instruments as are permitted by law;
- (g) enter into Electricity based Derivative products, subject to Condition 20.3; and
- (h) discharge the Renewable Energy Nodal Agency Functions, subject to Condition 27.
- (i) discharge any other functions as assigned by the appropriate Commission or any other authority from time to time.

- 7.2 The Licensee shall not at any time assign its licence or transfer its utility, or any part thereof, by sale, lease, exchange or otherwise, without the prior approval of the Commission.

8. Accounts

- 8.1 Unless otherwise permitted by the Commission, the financial year of the Licensee for the purposes of these Licence Conditions shall run from the first of April to the following thirty-first of March.
- 8.2 The Licensee shall maintain separate accounts for each Separate Business, so as to ensure that the Licensed Business neither subsidises any other Separate Business nor encumbers its assets in any way to support any other Separate Business.
- 8.3 The Licensee shall, in respect of the Licensed Business, the Nodal Agency Functions and any Other Business –
- (a) keep such accounting records as would be required to be kept in respect of each such business as if it were carried on by a separate company, so that the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, each such business are separately identifiable in the books of the Licensee; and
 - (b) prepare on a consistent basis from such accounting records and deliver to the Commission the Financial Statements, namely – (i) in respect of the first six months of each financial year, a half-yearly profit and loss account, cash flow statement and balance sheet, together with such supporting documents and information as the Commission may prescribe, not later than three months after the end of the period to which they relate; (ii) an Auditors' report for each financial year stating whether in their opinion the Financial Statements have been properly prepared in accordance with this Condition and give a true and fair view of the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, the businesses to which they relate; and (iii) copies of the Financial Statements and the Auditors' report not later than eight months after the end of the financial year to which they relate.
- 8.4 The Licensee shall not normally change the basis of charge, apportionment or allocation of revenues or expenses in relation to the preparation of the Financial Statements in respect of a financial year from those applied in respect of the previous financial year. Any change proposed shall be consistent with the Companies Act, 2013, the Indian Accounting Standards notified thereunder and any guidelines issued by the Commission in this regard.

- 8.5 The Licensee shall separately disclose in its Financial Statements, in such form as the Commission may direct, (a) details of the Trading Business, segregated between sales and purchases; and (b) any gain or loss arising from trading business.
- 8.6 The Licensee shall ensure that the Financial Statements and the Auditors' report in respect of each financial year are publicised in such manner as the Commission may direct, are posted on its website, and are made available to any person requesting them at a price not exceeding the reasonable cost of duplicating them.

9. Provision of Information to the Commission

- 9.1 The Licensee shall furnish to the Commission, without undue delay, such information, documents and details relating to the Licensed Business, the Nodal Agency Functions or any Other Business as the Commission may require from time to time for its own purposes or for the purposes of the Government of India, the State Government, the Central Commission, the Central Electricity Authority.
- 9.2 The Licensee shall duly maintain such information as the Commission may direct.
- 9.3 The Licensee shall notify the Commission, as soon as possible and in any event not later than three months of its occurrence, of any material event affecting the Licensed Business, including –
- (a) any default in payment by the Licensee to a generating company, transmission licensee or Power Exchange, or by a Distribution Licensee to the Licensee, in excess of such amount or for such period as the Commission may specify;
 - (b) the termination, suspension or material amendment of any Power Purchase Agreement or Bulk Supply Agreement or any other sale Agreements; and
 - (c) the occurrence of any event of Force Majeure materially affecting the Licensed Business.
- 9.4 The decision of the Commission as to what constitutes a material event for the purposes of Condition 9.3 shall be final.
- 9.5 The Commission may at its own discretion require the submission of a report on any such event, to be prepared by an independent person at the expense of the Licensee.

10. Investments

- 10.1 Unless otherwise directed by the Commission, the Licensee shall obtain the approval of the Commission for making any long term capital investment in the Licensed Business.

- 10.2 The Licensee shall duly comply with such Regulations, guidelines, directions and orders as the Commission may issue from time to time in regard to investments to be made in the Licensed Business.
- 10.3 The Licensee shall invite and finalise tenders for procurement of equipment, material or services relating to a capital investment exceeding 50 crore in accordance with a transparent tendering procedure as may be directed by the Commission.
- 10.4 The Licensee shall make investments in a prudent manner, being guided by the duty to secure an economical, reliable and adequate supply of electricity for the State.

11. Transfer of Assets

- 11.1 The Licensee shall not, in a single transaction or a set of related transactions, Transfer or relinquish operational control over any asset, or any shares held by it in a Distribution Licensee without the permission of the Commission.
- 11.2 The Licensee shall give to the Commission prior written notice of its intention to effect any such Transfer or relinquishment, disclosing all relevant facts. The Commission may, within 30 days of receipt of the notice, seek further information, and shall generally within 30 days of such further information being submitted, or where no further information is sought within 60 days of the notice, approve the Transfer subject to such terms, conditions or modifications as it considers appropriate, or reject the same for reasons recorded in writing.
- 11.3 The Licensee may effect the Transfer or relinquishment where (a) the Commission confirms in writing that it consents thereto, subject to such conditions as it may impose; or (b) the Commission does not inform the Licensee in writing of any objection thereto within the notice period referred to in Condition 11.2; or (c) the Transfer or relinquishment is mandated under any other law.
- 11.4 The Licensee shall be entitled to utilise its assets and receivables as a means of facilitating the financing of its requirements, including as collateral for debt financing and by way of securitisation of receivables, subject to the conditions that the Licensee informs the Commission of such arrangements at least 1 month prior to the effective date of the relevant agreements and acts in a prudent and reasonable manner in such utilisation.

12. Payment of Licence Fees

- 12.1 Within such period as the Commission may direct, the Licensee shall pay to the Commission the licence fees, initial and periodic, mentioned in Condition 22, in such manner as the Commission may direct.

- 12.2 Where the Licensee fails to pay to the Commission any of the fees due under Condition 12.1 by the due dates – (a) without prejudice to its other obligations, the Licensee shall be liable to pay interest on the outstanding amount at a simple interest rate of 0.5 per cent per month, the interest being payable for the period beginning on the day after that on which the amount became due and ending on the day on which payment is made to the Commission; and (b) in the event of continued default by the Licensee, the Commission may revoke the licence.
- 12.3 In the determination of the aggregate revenue requirement to be recovered through the BSP, the Licensee shall be entitled to take into account any fee paid by it under this Condition, including the interest for delayed payment, if any and any other penalty, fine or charge paid by the Licensee upon prudence check.

13. Revocation of Licence

- 13.1 During the continuance of the licence period, the Commission may, after making an enquiry, and in the public interest, revoke the licence of the Licensee as per provisions of Sec 19 of the Act.
- 13.2 The Commission may also revoke the licence for breach of the following Licence Conditions – (a) where the Licensee fails to pay the Commission any of the fees due under Condition 12; (b) where the Licensee fails to comply with Condition 10.2 with regard to capital investment to be made in the Licensed Business.

14. Amendment of Licence Conditions

- 14.1 On the request of the Licensee or otherwise, the Commission may at any time, in the public interest, modify or amend these Licence Conditions in exercise of its powers under Section 18 of the Act, following the procedure prescribed in that Section, including publication of the proposed alterations or amendments and consideration of all suggestions and objections received within thirty days from the date of the first publication of the notice.

15. Dispute Resolution

- 15.1 The Commission shall be entitled to act as arbitrator or to nominate person or persons as arbitrator or arbitrators to adjudicate and settle disputes between the Licensee and any other licensee, or between the Licensee and a generating company, in pursuance of clause (f) of sub-section (1) of Section 86 read with Section 158 of the Act and the Conduct of Business Regulations of the Commission.

16. Power Procurement and Resource Adequacy

- 16.1 The Licensee shall forecast the demand of power for the State requirement on the basis of load forecasting made by respective Distribution Companies in their license area of operation for each of the succeeding years as per the applicable Regulations/ guidelines and submit for approval.
- 16.2 The Licensee shall procure power in an economical, efficient and transparent manner from different IPPs, State generating stations, Central Generating Stations in line with the applicable Generation Tariff Regulations where tariff is determined in accordance with Sec 62 and 63 of the Act. In case of purchase of power from such generating stations including CGPs, the licensee shall obtain permission of the Commission for approval of Power Purchase Agreement.
- 16.3 The Licensee shall not enter into any binding commitment for the procurement of power on a long-term or medium-term basis without the approval of the Commission under Section 86(1)(b) of the Act.
- 16.4 The restriction in Condition 16.3 shall not apply to short-term purchases of a duration of less than one year, provided that the details of such purchases shall be submitted to the Commission in such form and at such intervals as the Commission may direct.
- 16.5 The Licensee shall procure electricity from renewable energy sources, and shall arrange for the discharge of the Renewable Purchase Obligation (RPO)/Renewable Consumption Obligation (RCO) on behalf of the State Discoms, in accordance with the extant guidelines as applicable from time to time. In case of shortfall, licensee may purchase Renewable Energy Certificates/any other instrument as prescribed from time to time, subject to the approval of the Commission. In case of surplus/excess renewable energy consumption after meeting RCO/RPO compliance of the State, can be traded/monetised by the Licensee.

17. Merit Order Despatch and Billing

- 17.1 The Licensee shall provide station-wise merit order to SLDC for scheduling of power to meet the demand of the State in accordance with the principle of merit order despatch.
- 17.2 The Licensee shall obtain necessary account statements from SLDC to raise energy bills to Discoms and other entities.

18. Obligation of Bulk Supply

- 18.1 The Licensee shall supply electricity in bulk to the Distribution Licensees of the State under the prevailing single buyer arrangement in accordance with the Bulk Supply Agreements. The Licensee can also supply electricity in bulk to any other entity within or outside the State as per the orders of the Commission.
- 18.2 The Licensee shall not be considered to be in breach of Condition 18.1 in circumstances where, for reasons accepted by the Commission, including Force Majeure, the Licensee has been unable to provide sufficient power.

19. Aggregate Revenue Requirement and Bulk Supply Price

- 19.1 The Licensee shall, not later than 30th November of each year, or by such other date as the Commission may direct, file with the Commission an application for approval of its Aggregate Revenue Requirement and for determination of the BSP for the ensuing financial year/multi-year, in accordance with the Regulations of the Commission.
- 19.2 The Licensee shall file applications for truing-up of its expenses on the basis of its audited accounts, in accordance with the Regulations and the directions of the Commission.
- 19.3 The BSP at which the Licensee supplies electricity in bulk to the Distribution Licensees shall be determined by the Commission.
- 19.4 The Licensee shall levy Fuel and Power Purchase Adjustment Surcharge (FPPAS), if any, to Discoms or any other entity, with prior permission of the Commission as per the applicable Regulations.
- 19.5 The Licensee shall ensure that all amounts due to generating companies, transmission licensees, the SLDC and other persons in respect of electricity or goods/services supplied to it are paid promptly in accordance with Agreements made.

PART III: SPECIFIC CONDITIONS

20. Restrictions

- 20.1 In addition to the restrictions stated in Condition 7, neither the Licensee nor any of its Affiliates shall, without the prior written consent of the Commission –
- (a) own or hold any beneficial interest in, or operate, any facilities for the transmission or distribution of electricity in the State, other than pursuant to a licence granted by the Commission; or

- (b) start any Non-core Activity which is not reasonably incidental to the functions which the Licensee is authorised to carry on under these Licence Conditions.
- 20.2 The Licensee shall not create or permit to subsist any Encumbrance in favour of any other person over any of the Licensee's assets for the purpose of securing any obligation of any other person, or of the Licensee in relation to any Non-core Activity.
- 20.3 The Licensee shall not enter into any speculative business in electricity. However, the Licensee shall obtain prior permission for entering into the market of derivatives and futures and options or any other related future market products.

21. Disposal of Assets

- 21.1 The Licensee shall not dispose of or relinquish operational control over any asset with a replacement cost in excess of Rs. 10 crore, otherwise than in accordance with Condition 11.
- 21.2 For the purpose of this Condition, the term "disposal" means any sale, including the sale of shares and stock, gift, lease, licence, the grant of any right of possession (whether ownership is immediate or in the future), transfer of ownership, the grant of any Encumbrance or the permitting of any Encumbrance to subsist, or any other disposition to a third party and "dispose" shall be construed accordingly. The cumulative sale of shares and stock to a single party shall be considered to form part of the same overall transaction.
- 21.3 For the avoidance of doubt, this Condition applies to the shares held by the Licensee in any Distribution Licensee of the State.

22. Payment of Annual Licence Fee

- 22.1 With reference to Condition 12, the Licensee shall pay to the Commission the annual licence fee as determined by the Commission from time to time.
- 22.2 For each financial year that the licence remains in force, the Licensee shall, by the 10th of April of every year, be liable to pay to the Commission the annual licence fee so determined for the ensuing financial year.
- 22.3 All licence fees, including interest if due under Condition 12.2, shall be deposited in "The Odisha Electricity Regulatory Commission Fund" operated under the Commission.
- 22.4 (a) The Licensee shall be subject to the proceedings for the recovery of such fees specified in the Act; and (b) the Commission may review the amount of the licence fee every three years.

23. Power Exchanges and other Platforms

- 23.1 The Licensee may participate in all market segments of Power Exchanges or other platforms, in accordance with the applicable CERC/OERC Regulations and the bye-laws of the Power Exchange/ concerned Platforms.
- 23.2 The Licensee shall maintain a record of all transactions on the Power Exchanges/other platforms, showing the segment, quantum, price and counterparty where applicable, and shall furnish the same to the Commission in such form and at such intervals as the Commission may direct.

24. Power Banking and other swapping arrangements

- 24.1 The Licensee may enter into power banking and other swapping arrangements with other utilities and licensees, in accordance with the applicable Regulations of the Central Commission and of the Commission.
- 24.2 The Licensee shall report such arrangements to the Commission in such form and at such intervals as the Commission may direct, and the revenues and costs arising therefrom shall be dealt with in the ARR and truing-up proceedings as the Commission may determine.

25. Inter-State Transactions

- 25.1 The purchase and sale of electricity through power exchanges by the Licensee from or to persons outside the State shall be undertaken in accordance with the Act and the Regulations of the Central Commission.
- 25.2 Where a licence or other authorisation of the Central Commission is required for any inter-State trading activity, the Licensee shall obtain the same. Nothing in these Licence Conditions constitutes a licence for inter-State trading in electricity.

26. Cross-border Transactions

- 26.1 The Licensee may undertake Cross-border Transactions, including the drawal of the State's allocated share from generating stations situated outside India, in accordance with the guidelines issued by the Central Government for the import and export of electricity, the Regulations of the Central Commission, and the approvals of the Designated Authority.

27. Renewable Energy Nodal Agency

- 27.1 The Licensee shall discharge the Nodal Agency Functions assigned to it by the State Government, which include the implementation of the Odisha Renewable Energy Policy, 2022, the identification of sites and the conduct of the competitive bidding

process for the award of renewable energy projects, the submission of proposals with recommendations to the Single Window Committee, aggregation of renewable energy demand in the State and renewable consumption obligation of obligated entities, and the utilisation of the Odisha Renewable Energy Development Fund.

- 27.2 The Nodal Agency Functions shall be maintained as a Separate Business with separate accounts in accordance with Condition 8. Only such costs towards the Nodal Agency Functions as allowed by the Commission, will be reflected in the Licensee's ARR.
- 27.3 Where the Licensee acts as bid process coordinator, or nominates a bid process coordinator, for a project from which the Licensee also proposes to procure power, it shall disclose that fact to the Commission and shall follow such transparent procedure as the Commission may approve.
- 27.4 The Licensee shall submit to the Commission an annual report on the discharge of the Nodal Agency Functions, including the capacity tendered, awarded and commissioned.
- 27.5 Nothing in this Condition shall be construed as conferring on the Licensee any function or power beyond those conferred by the State Government or by the Act, the rules and the Regulations.

28. Savings and Transitional Provisions

- 28.1 All Power Purchase Agreements, Bulk Supply Agreements, orders determining the Aggregate Revenue Requirement and the BSP, regulatory assets, approvals, rights, liabilities and proceedings of the subsisting licence shall continue to be in force.
- 28.2 Any reference in any agreement, order, notification or other instrument to Licence No. 2/97 shall, insofar as it relates to bulk supply, be construed as a reference to these Licence Conditions.
