



**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION**

Vidyut Niyantana Bhavan, Adjacent to 220/132/33/11 KV AP Carbides SS,  
Dinnevarapadu Road, Kurnool - 518 002, Andhra Pradesh.  
Phones: 08518 - 294823,24,25,26

**Proceedings No. APERC/Engg/Trans-Licence-Renew/D.No.93/25,Dt 17.02.2025**

**Sub:-** Engg- renewal of AP Transco-Transmission Licence - Licence No (1/2000)-accorded -Reg.

**Ref:-** 1.AP Transco- Lr.No. CGM/Comml & Coord/ GM/ Comml/ RAC/ F-32/24/ D.No.190/2024, Dt 20.12.2024.  
2. Letter No. APERC/Engg-Licensing / FY 2024-25 /D.No.1451/24, Dt. 06.11.2024.

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In response to the application submitted by AP Transco for renewal of Transmission Licence ( Licence No. 1/2000) in the reference (1) cited, after due consideration and in exercise of powers conferred by the Electricity Act-2003, APERC Transmission Licence Regulation-2024 (Regulation No. 4 of 2024) and all other powers enabling it in this behalf, the Commission is pleased to accord approval for renewal of Transmission Licence ( Licence No. 1/2000) to AP Transco for a further period of 25 years with effect from 1st February-2025.

AP Transco shall abide by the licence conditions as specified in the APERC Transmission Licence Regulation-2024 (Regulation No. 4 of 2024), directions of the Commission issued from time to time and any other rules & regulations issued by the competent authority under provisions of the act, during the period of the licence.

**(BY ORDER OF THE APERC)**

  
**Commission Secretary**<sub>(t/c)</sub>

To

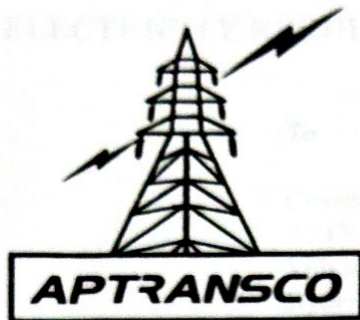
The Chairman & Managing Director,  
AP Transco,  
Vidyuth Soudha-Vijayawada.  
A.P-520004.



**TRANSMISSION CORPORATION OF  
ANDHRA PRADESH LIMITED**

**TRANSMISSION AND BULK SUPPLY LICENCE**

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## TRANSMISSION CORPORATION OF ANDHRA PRADESH LIMITED

Subject: A Public Notice of PS- Tendering of Licenses to Transmission Corporation of Andhra Pradesh Limited for 1. Transmission and 2. Safety and 3. Distribution and Retail Supply. Reg.

\*\*\*\*\*

Following Licenses were invited to Transmission Corporation of Andhra Pradesh Limited by Andhra Pradesh Electricity Regulatory Commission on 11-01-2019.

- 1. License No. P-2019 for Transmission and Bulk Supply.
- 2. License No. D-2019 for Distribution and Retail Supply.

A copy of the notice invited by APERC is vide No. O.P. 114 of 19 along with copy of above mentioned Licenses and 2 sets of copies are forwarded herewith.

SECRETARY

**TRANSMISSION AND BULK SUPPLY LICENCE**

## ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

From

Secretary APERC.  
8-2-283/B/1,  
Road No.3, Banjara Hills,  
Hyderabad

To

Chairman & Managing Director  
APTRANSCO  
Vidyut Soudha,  
Hyderabad.

Lr.No. APERC Engg./D.No.918/2000, Dt 31-01-2000

-----  
1-2-2000

Sir,

**Sub :** O.P.No.3&4 of 99- Issuing of Licences to Transmission Corporation of Andhra Pradesh Limited for I. Transmission and Bulk Supply and 2 Distribution and Retail Supply - Reg.

\*\*\*\*\*

Following licences were issued to Transmission Corporation of Andhra Pradesh Limited by Andhra Pradesh Electricity Regulatory Commission on 31-01-2000.

1. Licence No.1/2000 for Transmission and Bulk Supply.
2. Licence No.2/2000 for Distribution and Retail Supply.

A copy of the order passed by APERC in case Nos. O.P. 3&4 of 99 along with copies of above mentioned licences and 2 sets of maps are forwarded herewith.

SECRETARY

Copy to

The Principal Secretary to Government, GOAP with a copy of the order and copies of Licences.

**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION**

HYDERABAD

**O.P.Nos. 3 & 4 of 1999**

**Present :**

Sri G.P.Rao. Chairman  
Sri D. Lakshminarayana, Member.  
Sri A.V.Subbarao, Member.

**Between**

**O.P.Nos. 3 & 4 of 1999**

**M/s. Transmission Corporation of Andhra Pradesh Limited**

.....Applicant

**AND**

**No objectors**

.....Respondent

These petitions coming up for hearing on 05-01-2000 and after hearing (1) Sri. V. Rama Krishna Rao. Director (Commercial), (2) Sri Y.G.K.Murthy. Director (Technical) (3) Sri S.Surya Prakasa Rao, Chief Engineer (Commercial) and (4) Sri D. Pattabhi, Chief Engineer Regulatory Affairs of Transmission Corporation of Andhra Pradesh Limited and after perusing the material available on record the Commission Passed the following order :-

### **ORDER**

This order will dispose the two application filed by Transmission Corporation of Andhra Pradesh Limited (hereinafter called APTRANSCO) for grant of licences for the businesses of undertaking (a) Electricity Transmission and Bulk Supply and (b) Electricity Distribution and Retail Supply in the State of Andhra Pradesh.

By notification No.11 Energy/ Power-III dated 30-01-1999 the Government of Andhra Pradesh granted to APTRANSCO provisional licences to undertake the above businesses in terms of the provisions of sub-section (4)( of section 14 of the Andhra Pradesh Electricity Reform Act. 1998 (hereinafter called the Act). These provisional licences are valid for a period of one year APTRANSCO were required to place the provisional licences before the Commission as an application for grant of Licences by the Commission under section 15 of the Act.

APTRANSCO placed the two provisional licences along with applications for grant of licences under section 15 of the Act. The notice of the application for grant of licences was published in the newspapers on 13-09-1999 and objections were invited from the general public APTRANSCO was directed to make available the copies of the application and other relevant documents to such of the persons who desire to file objections suggestions.

No objections were received from any person to the application for grant of licences to APTRANSCO. After expiry of the period of three months specified in the Act for receiving objections the Commission examined the draft licences submitted by APTRANSCO and prepared revised drafts. The revised drafts were made available to APTRANSCO and comments of APTRANSCO on the revised draft were invited. The Commission thereafter held a proceeding on 5 January 2000 and APTRANSCO made submissions on the drafts. All specific issues were taken up in the proceedings and APTRANSCO was heard on the Licences clause by clause. APTRANSCO submitted a revised draft of the Distribution and Retail Supply licences vide their letter dated 08-01-2000 and submitted that the revision suggested for the Distribution and Retail Supply Licence will also be made to the Transmission and Bulk Supply Licence.

The Commission has taken into consideration the submissions made by APTRANSCO on 5 January 2000 and also the revisions suggested by APTRANSCO in the draft Distribution and Retail Supply Licence forwarded vide letter dated 08-01-2000. The Commission has revised the Licence with terms and conditions as the Commission consider appropriate taking account of the submissions and suggestions made by APTRANSCO. The two Licences to APTRANSCO have been finalised and are being issued by this Order. The decision of the commission along with the Transmission and Bulk Supply Licence and Distribution and Retail Supply Licence to APTRANSCO as finalised and settled by the commission is communicated to APTRANSCO. With effect from 01-02-2000 the date notified as the date of commencement in the respective licences the two Licences granted by the Commission to APTRANSCO shall commence and the two provisional licences granted by the State Government to APTRANSCO shall cease to be valid.

During the proceedings on 5 January 2000 the Commission pointed out to the representatives of APTRANSCO the reasons for the commission not accepting some of the modifications suggested by APTRANSCO. The specific issues raised by the representatives of APTRANSCO and the Commissions reasoning related to the

Distribution and Retail Supply Licence are summarised in the memorandum attached. These will equally apply to the clauses in the Transmission and bulk Supply Licence.

The Commission hereby directs that the two Licences namely. The Transmission and bulk Supply Licence and Distribution and Retail Supply Licence as revised by the Commission be issued to APTRANSCO.

**The order is signed by the Andhra Pradesh Electricity Regulatory Commission on Monday, the 31st January, 2000.**

Sd/-  
(AV.Subbarao)  
MEMBER

Sd/-  
(D.Lakshminarayana)  
MEMBER

Sd/-  
(G.P.Rao)  
CHAIRMAN

Memorandum on the issues raised by APTRANSCO relating to draft Transmission and Bulk Supply Licence and Distribution and Retail Supply Licence and the Commission's decision thereon.

1. Accounting Statement Requirement : Paragraphs 3.3. (definitions) and clause 7. The Commission does not accept the submission made by APTRANSCO that APTRANSCO need not furnish the Accounting Statement in the form indicated for businesses other than the Licensed Business. Although APTRANSCO will require the prior approval of the Commission to engage in any other business and the same will be subject to such terms and conditions as the Commission may decide to impose, it will be appropriate to provide in the Licence itself that the Accounting Statements should be provided separately for the two in details. The Commission is entitled to know the basis of the expense, allocation of income and expense etc. between the Licensed Business and Other Business.
2. Definition of Consumer. The position has been clarified as requested by APTRANSCO by including both the concept namely that an end user will be the consumer of the Distribution Licensee irrespective of the voltage at which or system or line from which the electricity is supplied and also the Commission may include persons other than end user as consumer if the circumstances so warrant.
3. Definition of Distribution and Retail Supply Business has been deleted and the Licensed Business has been expanded to clarify the position and to avoid possibility of confusion by the use of two different expressions.
4. Definition of Major Incident : The Commission should have the flexibility to declare a particular event or type of events as major incidents if the circumstances so warrant. The Commission's power to call for information on any event (non

major event) under paragraph 9.5 is independent of the power to declare a particular event or type of event as major incident.

5. Definition of Person : Govt Entities and Departments are not legal entities. The definition of person is wide enough to cover all natural and juristic entities. The addition of individual and firm in the definition will make the definition clear.
6. Definition of subsidiary : The subsidiary definition is used in the context of allowing certain privileges such as allowing the business of the holding company being carried on the subsidiary. In the context of the above the subsidiary through shareholding is only recognised.
7. Paragraph 3.1: APTRANSCO has asked for exclusive licence. The Commission is not inclined to grant such exclusivity as it will affect bringing into play competitiveness and also the ability of the Commission to grant exemption if the circumstances so warrant.
8. Paragraph 5.1.1 : APTRANSCO has suggested that as Licensee it should be allowed to purchase electricity from persons who are engaged in generation with the capacity of 5 MW and less and also from non conventional energy sources. Having considered the matter the Commission has decided that Licensee be allowed to purchase electricity from those generating units (non-Conventional or Otherwise) if the units are directly connected to and interfaced with distribution system of the Licensee as on the date of the Licence but not otherwise. Appropriate changes have been made in clause 5.1. of the Licence.
9. Paragraph 5.1.4.: APTRANSCO desired that the commission should allow all the Power Purchase Agreements (PPAs) which have been negotiated prior to the issue of this Licence and also those PPAs which are under negotiation as on the date of the issue of Licence. In terms of sub-section (4) and (5) of section 21 after the Commission has been established APTRANSCO is entitled to enter into an

agreement with a generating company or any other person for the purchase of electricity only with the consent of or subject to obtaining of the consent of the Commission. The Commission has therefore a statutory function to see whether the power purchases to be made by APTRANSCO are prudent and proper. The Agreements, which were not concluded as on the date when the Commission came into existence, will be subject to the above requirement. Even in respect of the concluded agreement if any variation or extension is proposed between APTRANSCO and the seller, the same will require the approval of the Commission.

10. Paragraph 5.1.5: The Commission will like to specifically deal with the proposal on the part of APTRANSCO to commence any business other than the licensed business including matters such as the need for undertaking such business in the same entity and whether there would be an adverse or beneficial effect on the Licensed Business if other business is allowed. The Commission is not inclined to allow the Licensee to commence other businesses by providing some safeguards as suggested by APTRANSCO.
11. Paragraphs 5.3.: While the Commission accepts that there should not be regulatory delays in dealing with the application it is not correct to provide that if the application is not rejected within a specified time the application will be deemed to have been granted. In some unusual circumstances the Commission may not be able to decide the application within the time so stipulated. Accordingly this paragraph provides that the Commission will generally decide the application within 60 days and will seek any information or particulars required within 30 days. This should satisfy the apprehension of APTRANSCO of regulatory delays. The Licensee can always approach the Commission for early disposal of the application (even within few days of its filing) if there is an urgency in the matter.

12. Paragraph 5.4: The Commission will not generally prefer the Licensee assigning its functions to any subsidiary. This provision has been incorporated in the Licence of APTRANSCO to deal with the specific situation when the distribution companies are formed as wholly owned subsidiaries of APTRANSCO as a part of reorganisation of APTRANSCO under sections 23 and 24 of the Act and the distribution functions are to be vested in such distribution companies. The provision will facilitate the distribution companies as subsidiary of APTRANSCO to commence activities immediately, namely pending the grant of Distribution and Retail supply Licences to them, which would take about four months from the date when the application for licences are made. This provision is therefore peculiar to a specific circumstance. The Commission will decide the application expeditiously as and when it is made. There is no need to provide for any time frame for dealing with such application. Further there is no need to specify about holding company of APTRANSCO or any subsidiary of such holding company being permitted as there are no such companies. The subsidiary of APTRANSCO is only relevant. The Commission will specifically deal with any application filed under Paragraph 5.4 and make decision on merits of the application rather than allowing APTRANSCO to transfer its functions to Distribution companies on its own, subject only to informing the Commission.

13. Paragraphs 10 and 22 : The Investment provisions in the Licence have been substantially modified taking note of the practice being followed. The Schemes are first prepared and investments are made as per the scheme. If the schemes involve an investment of less than Rs.500 lakhs the Commission be notified and no specific approval is necessary for the scheme. If it involves investment of Rs 500 lakhs or more specific approval of the Commission will be necessary. The Licensee will however require to submit annual investment plan giving details of the estimated investment in the ensuing financial year with cross-reference to schemes of which it forms a part thereof. The reallocation or adjustment to meet unforeseen circumstances has also been provided.

In paragraph 22 which deals with Tariff, it has been provided that the Licensee will also propose the extent to the projected investments should be covered in the revenue requirements for the financial year. The provision made now is simpler and is consistent with the practice adopted in regard to schemes and investments.

14. Paragraphs 11.2 and 11.3.: While the Commission accepts that there should not be regulatory delays in dealing with the application it is not correct to provide that if the application is not rejected within a specified time the application will be deemed to have been granted. In some unusual circumstances the Commission may not be able to decide the application within the time so stipulated. Accordingly this paragraph provides that the commission will generally decide the application within 60 days and will seek any information or particulars required within 30 days. This should satisfy the apprehension of APTRANSCO of regulatory delays. The Licensee can always approach the Commission for early disposal of the application (even within few days of its filing) if there is an urgency in the matter. In addition provision is made to the effect if no response whatsoever is received to the application for 60 days (not a decision allowing or rejecting the application) the Licensee can proceed to Transfer etc. the assets. If the Commission sends a letter that the matter is under consideration the same would amount to a response for the purpose of paragraph 11.3.

15. Paragraph 11.5. : There is no need to specify various forms of funding or financing and introduce concepts such a sell and lease back which may no longer be a proper way of financing the business. The provision has been made in a simpler manner allowing utilisation of assets etc. for funding and financing of the Licensed Business in the ordinary course.

16. Paragraph 13.: The provision has been clarified to the effect that the Commission may initiate proceedings for revocation if the conditions mentioned in the paragraph are satisfied and that such proceeding will then be in accordance with section 18 of the Act. The three months notice etc., provided in section 18 will be

complied within addition to time or cure period for proceedings on the grounds mentioned in clauses for revocation are as provided in the Act and what the Act has authorised the Commission to specify in the Licence as per section 18.

17. Paragraph 15.2. The clause suggested by APTRANSCO has been incorporated in addition to and not in substitution of the clause suggested by the Commission. The wordings suggested by the Commission clarify the position properly.
18. The Commission has also made certain other changes which are mostly consequential and improvements.

Sd/-  
(AV.Subbarao)  
MEMBER

Sd/-  
(D.Lakshminarayana)  
MEMBER

Sd/-  
(G.P.Rao)  
CHAIRMAN

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## **THE APTRANSCO TRANSMISSION AND BULK SUPPLY LICENCE**

Licence granted by the Andhra Pradesh Electricity Regulatory Commission under Section 15 of the Andhra Pradesh Electricity Reform Act.1998 (Andhra Pradesh Act No. 30 of 1998) to the Transmission Corporation of Andhra Pradesh Limited (APTRANSCO). a company incorporated under the Companies Act. 1956. and having its registered office at Vidyut Soudha. Khairatabad, Hyderabad 500 082. for carrying on the business of procurement, Transmission and Bulk Supply of electrical energy within the Area of Supply (as defined in this Licence) and with the powers and upon the terms and conditions specified herein

**"Annual Accounts"** means the accounts of the License prepared in accordance with the provisions of the Companies Act, 1956 (1 of 1956) and/or in such other manner as may be directed by the Commission in terms of the provision of the Act.

**"APTRANSCO"** means the Transmission Corporation of Andhra Pradesh Limited, a company incorporated under the Companies Act, 1956, and having its registered office at Vidyut Soudha, Khairatbad, Hyderabad 500 082

**"Area of Supply"** means the geographic area referred to in Schedule 1 of this Licence within which any activity authorised by this Licence is allowed.

**"Auditors"** means the Licensee's auditors holding office in accordance with the requirements of Sections 224 to 234 A or Section 619 as appropriate, 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 of the Act or exemption granted under Section 16 of the Act.

**"Bulk Supplier"** means any Person who is Authorised to carry out Bulk Supply.

**"Bulk Supply"** means the sale of electricity to any person for resale;

**"Bulk Supply Business"** means the Authorised business of Bulk Supply.

**"Central Commission"** means the Central Electricity Regulatory Commission constituted under Section 3 of the Electricity Regulatory Commissions Act, 1998 (14 of 1998).

**"Central Transmission utility"** means the government company notified by the Central Government under Section 27A of the Indian Electricity Act, 1910, as amended by the Electricity Laws (Amendment) Act, 1998.

**"Commission"** means the Andhra Pradesh Electricity Regulatory Commission.

**"Consumer"** means the end or final user of electricity irrespective of the voltage at which for the system or line from which electricity is supplied, and shall include such other Persons purchasing electrical energy from the Licensee, whom the Commission may specify to be the Consumer of the Licensee.

**"Distribution"** means the transportation of electricity by means of a Distribution System.

## **Part 1 Terms of the Licence**

### **1. Short Title**

- 1.1 This Licence may be called "The APTRANSCO Transmission and Bulk Supply Licence (Licence No.1 of 2000)

### **2 Definitions**

- 2.1 Words, terms and expressions to which meanings are assigned by the Andhra Pradesh Electricity Reform Act, 1998 (Andhra Pradesh Act No. 30 of 1998). 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 Andhra Pradesh Electricity Reform Act, 1998, shall have the meaning assigned to them in the Indian Electricity Act, 1910 (9 of 1910) and the Electricity (Supply) Act, 1948 (54 of 1948) and the rules made thereunder.
- 2.3 In this Licence unless the context otherwise requires.

**"Accounting Statement"** means for each financial year, accounting statements comprising a profit and loss account, a balance sheet and a statement of sources and application of funds, together with notes thereto and such other particulars and details and in the manner as the Commission may prescribe from time to time and showing the amounts of any revenue, cost, asset, liability, reserve or provision, which has been either.

- (i) charged from the Licensed Business to any Other Business or vice versa together with a description of the basis of that charge; or
- (ii) determined by apportionment or allocation between the Licensed Business and any Other Business of the licensee together with a description of the basis of the apportionment or allocation.

The Accounting Statement shall show separately the requirements mentioned above for the Licensed Business and Other Business (es) in which the Licensee may be engaged with the approval of the Commission as provided in Paragraph 515 of the Licence.

**"Act"** means the Andhra Pradesh Electricity reform Act 1998 (Andhra Pradesh Act No. 30 of 1998)

**"Distribution and Retail Supply Business"** means the Licensed Business of a Distribution Licensee

**"Distribution Code"** means the code prepared by the Distribution Licensee (S) in accordance with the terms and conditions of the Distribution and Retail Supply Licence, that is approved by the Commission, as amended, supplemented or replaced from time to time in a accordance with conditions of the said Distribution and Retail Supply licence (s).

**"Distribution and Retail Supply Licence"** means each of the Licences as may be issued by the Commission under Section 15 of the Act for the conduct of the Distribution and Retail Supply Business.

**"Distribution Licensee"** means the holder of a Distribution and Retail Supply Licence.

**"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 under and shall also include any other system of higher voltage as the Commission may specifically recognise. A Distribution System shall not include any part of the Transmission System.

**"Force Majeure"** means events beyond the reasonable control of the Licensee. Including earthquakes, cyclones, floods, storms, adverse weather conditions or other similar occurrences.

**"Generating Set"** means any plant or apparatus for the production of electricity and shall where appropriate, include a generating station comprising of one or more than one generating unit.

**"Generator Interconnection Facilities"** means electrical lines, transformers, bus-brass, switch-gear, plant or apparatus utilised to enable access to a Transmission System or Distribution System by the Generating Set (s).

**"Grid Code"** means the Grid Code which the Commission approves pursuant to this Licence, covering all material technical aspects relating to connections to and the operation and use of a Transmission System. or (in so far relevant to the operation and use of a Transmission System, the Distribution Systems or the system of any Supplier and shall include the Intern Grid Code"

**"Holding Company"** For the purpose of this Licence a Company shall be deemed to be a holding company of another of any only if that other is a subsidiary as defined herein.

**"Interim Grid Code"** means the existing practices and procedures followed by APTRANSCO for operating the Transmission System as of the date of this Licence. a compilation of which shall be filed with the Commission within 60 days of the grant of this License;

**"Licence"** means this licence under which the Licensee is Authorised to conduct the Licensed Business.

**"Licensee"** means APTRANSCO, in its capacity as operator of the Licensed Business.

**"Licensed Business"** means the business of transmission and bulk supply of electrical energy in the Area of Supply as Authorised under this Licence.

**"Major Incident"** means an incident associated with the Transmission and Bulk Supply of electricity in the Licensee's Area of Supply which results in a significant interruption of service, substantial damage to equipment, or loss of life or significant injury to human beings, with the technical characteristics of 'significant interruption', 'substantial damage' 'significant injury' specified in the Grid Code, or Standards or Performance to be approved by the Commission or as otherwise specified by the Commission and shall also include any other incident which the Commission expressly declares to be a major incident.

**"Operational Control"** means possessing the authority to make operational decisions such as commissioning and utilisation of units, service lines and equipment.

**"Other Business"** means business of the Licensee other than the licensed Business.

**"Overall Performance Standards"** means the standards as may be determined by the Commission pursuant to section 34 of the Act.

**"Person"** shall include any individual, firm, company or association or body of individuals whether incorporated or not.

**"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.

**"Power Supply Planning and Security Standards"** are such standards as (i) 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 (ii) the Commission may otherwise specify.

**"Regulations"** means the regulations issued by the Commission under the Act.

**"Retail Supply"** means the sale of electricity to Consumers.

**"Retail Supply"** means the sale of electricity of Consumers.

**"Retail Supplier"** means any Person who is Authorised to carry out Retail Supply.

**"Standard of Performance"** means such standards of performance related to service to Consumers as may be determined by the Commission under the Act.

**"State Government"** means the government of the state of Andhra Pradesh.

**"Subsidiary"** For the purposes of this Licence, a company shall be deemed to be a subsidiary of another if any only if that other holds more than half in normal value of the equity share capital of the first mentioned company.

**"Supplier"** means any Person who holds a licence to supply electricity under Section 15 of the Act or is granted an exemption under Section 16 of the Act.

**"Supply"** means the provision of electricity by a Supplier either for resale or directly to Consumers.

**"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.

**"Total System"** means Generator Interconnection Facilities, the Transmission System and the Distribution System of all the Distribution Licensees, which are located in the Area of Supply.

**"Transmission"** means the transportation of electricity by means of the Transmission System.

**"Transmission and Bulk Supply Licensee"** means the APTRANSCO in its capacity as operator of the Transmission Business and a s a Bulk Supplier.

**"Transmission Business"** means the Authorised business in Transmission, whether for its own account or for that of third parties, through any system owned and/or operated by such Licensee.

**"Transmission Operating Standards"** means the standards related tot he Licensee's operation of its Transmission System approved by the Commission pursuant to Paragraph 17.

**"Transmission Planning and Security Standards"** means the standards related to the adequacy of the licensee's system planning and security of its Transmission System as approved by the Commission pursuant to Paragraph 17.

**"Transmission System"** means the system consisting mainly of extra high voltage electric lines having design voltage of 66 kV and higher, owned or controlled by the Licensee, and used for the purposes of the transportation of electricity between the switchyards of two Generating Sets or from the switchyard of a Generating Set to a substation, or between substations, or to or from any external interconnection and includes all bays/equipment up to the interconnection with the Distribution System, and any plant, apparatus and meters owned or used in connection with the transmission of electricity, but shall not include any part of a Distribution System.

**"Use of System"** means use of the Transmission System for the transportation of electricity by a Person specified in Paragraph 20 or a bulk Supplier pursuant to a contract entered into under the terms of Paragraph 20;

2.4 References in this License to Paragraphs, parts, and schedules shall, unless the context otherwise requires, be construed as references to Paragraphs, parts of and schedules to this licence.

### **3. Terms of the Licence**

3.1 The Commission in the exercise of the powers conferred on it by Section 15 of the Act. hereby grants to the Transmission Corporation of Andhra Pradesh Limited (APTRANSCO Licensee) this Licence for conducting the Licensed Business, during the period specified in Paragraph 3.3 and subject to the terms and conditions contained in this Licence.

3.2 The terms and conditions as specified in this Licence are subject to modifications or amendments to be made by the Commission in accordance with the provisions of the Act or this Licence.

3.3 This Licence shall come into force with effect from the First of February 2000 and, unless revoked earlier by the Commission, in accordance with the provisions of Paragraph 13 of this Licence and the provisions of the Act, shall remain in force for 30 years from that date. The Commission may at the instance of the Licensee. renew this Licence for such further period or periods and on such terms and conditions, as the Commission may consider appropriate.

## **Part II General Conditions**

### **4 Directions**

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

### **5. Activities of the Licensee**

5.1.1 The Licensee shall not without the prior general or special approval of the Commission.

(a) purchase or otherwise acquire electricity for resale or other disposition to third parties or sell or otherwise transfer electricity to any Person in the state of Andhra Pradesh, other than pursuant to this License, except to the extent required to meet its obligations under the Indian Electricity Act, 1910, as amended by Electricity Laws (Amendment) Act, 1998 in relation to the inter-state transmission of electricity or

(b) sell or otherwise dispose of electricity to any person, other than pursuant to this Licence, or

(c) acquire any beneficial interest in any Generating Company or Generating Set in or selling electricity into the Area of Supply, except in a manner which is incidental to the Licensed Business; or

(d) acquire any beneficial interest in any Supplier, other than in the successor Distribution companies to which the Distribution and Retail Supply Business of the Licensee may be transferred.

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

5.1.3. In circumstances requiring immediate remedial action in the interest of community of supply to third parties, the Licensee may commence the activity referred to in Paragraph 5.1.2. provided that the licensee will inform the Commission of such occurrence or circumstances within 5 days thereof.

- 5.1.4. The Licensee shall purchase the energy required for the bulk supply in an economical manner and under a transparent power purchase or procurement process and in accordance with the Regulations, guidelines, directions made by the Commission from time to time.
- 5.1.5. The Licensee shall not engage in any Other Business without the prior approval of the Commission and if so permitted by the Commission only so long as such activity is likely to result in the gainful employment of the assets and infrastructure comprising the Transmission System and further subject to the following conditions:
- (a) the Licensed Business and the conduct thereof by the Licensee is not prejudiced and/or adversely affected in any manner.
  - (b) the Licensee shall prepare and keep, in respect of Other Business activities, separate accounting records as would be required to be kept in respect of such activities, as if they were carried on by a separate company, so that the revenues, costs, assets, liabilities, reserves and provision of or reasonably attributable to, such Other Business activities are separately identifiable from those of the Licensed Business;
  - (c) the Licensee shall prepare and keep, in respect of Other Business activities, separate accounting records as would be required to be kept in respect of such activities, as if they were carried on by a separate company, so that the revenues, costs, assets, liabilities, reserves and provisions of or reasonably attributable to, such Other Business activities are separately identifiable from those of the Licensed Business;
  - (d) the Licensee shall not Transfer the Transmission System or any assets utilised in the Transmission Business for the purposes of any Other Business activities, without the prior approval of the Commission.
- 5.2. 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 purpose the Licensed Business Loans to employees pursuant to their terms of service and advances to suppliers in the ordinary course of business are excluded from the requirement to seek such approval.
- 5.3. The Licensee may engage any of its Subsidiaries or Holding Company or a Subsidiary of such Holding Company to provide any goods or services to the Licensee, in connection with the Licensed Business subject to the following conditions.
- (a) that the transaction will be on an arms-length basis and at a value that is fair and reasonable in the circumstances.

- (b) that the transaction will be consistent with any Regulations framed by the commission relating to the provision of goods and services with respect to the Licensed Business and
- (c) that the Licensee will give 15 days notice to the Commission prior to commencement of the proposed arrangement and alongwith the notice provide all relevant details of the arrangement.

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 information is sought by the Commission as above, generally within 60 days of filling of the application, allow the 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.

5.4. The Licensee shall not assign this Licence or any of the functions under this Licence to any other Person without the prior approval of the Commission The Licensee may, however, have an arrangement, with the prior approval of the Commission to assign any of the functions that the Licensee is authorised to conduct or carry out under the Act and this Licence to any Subsidiary of the Licensee and for this purpose, hold all or part of its assets in such Subsidiary, subject to the following conditions :

- (a) any such Subsidiary shall operate under the overall supervision and control of the Licensee and upon the terms and conditions of this Licence and of any Regulations, guidelines or orders of the commission.
- (b) the Licensee's duties and obligations in terms of this licence, the Act and Regulations, guidelines or orders of the Commission shall continue as before, notwithstanding the arrangement.
- (c) the provision of services by such subsidiary company shall be efficient and economical and

- (d) during the period of the arrangement, except with the written approval of the Commission, the status of such subsidiary company vis-a-vis the Licensee shall not be changed.

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.

## **6. Prohibition of Subsidies**

- 6.1 In respect of the Licensed Business, the licensee shall not, without prior permission of the Commission, give any subsidy or subvention to, or receive any subsidy or subvention from, any Person or any Other Business of the licensee (whether or not authorised by the Commission), except a subsidy granted by the State Government pursuant to Section 12 (3) of the Act or a subvention pursuant to Section 27(1) of the Act.

## **7. Accounts**

- 7.1 The financial year of the licensee shall run from the first of April to the following thirty-first of March.

## **7.2 Accounting Principles**

The Licensee shall in respect of the Licensed Business and any Other business, and if so directed by the Commission, within the Licensed Business, separately for Transmission and Bulk Supply.

- (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 various Businesses are separately identifiable in the books of the licensee.

Provided that the aforesaid till the financial year commencing April 01.2002. the Licensee shall be entitled to keep such accounting records as would be required to be kept in respect of the Transmission and Bulk Supply Business as a whole and the Licensee will not be required to break these down further to each Licensed Business.

- (b) prepare on a consistent basis from such accounting records and deliver to the Commission.

- (i) the Accounting Statements.

(ii) in respect of the first six months of each financial year, an interim profit and loss account, cash flow statement and balance sheet.

(iii) in respect of the Accounting Statements prepared in accordance with this Paragraph 7, an Auditor's report for each financial year, stating whether in their opinion, these statements have been properly prepared in accordance with this Paragraph 7 and give a true and fair view of the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to such business to which the statements relate, and

(iv) 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. The Licensee shall not 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 approval from the Commission.

7.4. 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 requested by the Commission (in addition to preparing Accounting Statements on those bases which it has adopted) prepare such Accounting Statements on the basis which applied in respect of the immediately preceding financial year.

7.5. Accounting Statements under Paragraph 7.2 shall, unless otherwise approved or directed by the Commission.

(a) be prepared and published with the Annual Accounts of the Licensee, in the manner prescribed in the Regulations.

(b) state the accounting policies adopted.

(c) be prepared in accordance with generally accepted Indian accounting standards. and

(d) be prepared in the form prescribed by the Indian Electricity Rules, 1956, till the Commission stipulates any changes in the form by Regulations.

7.6 References in this Paragraph 7 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.

7.7. The Licensee shall ensure that the Accounting Statements in respect of each financial year prepared under Paragraph 7.2 and the Auditor's report in respect of each financial year referred to in Paragraph 7.2 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 duplicating them.

## **8. Prohibition of Undue Preference**

8.1. In the conduct of the Licensed Business the Licensee shall not show any undue preference to any Person.

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 for its own purposes or for the purposes of the Government of India. State Government the Central Commission and/or the Central Electricity Authority.

9.2. The Licensee shall notify the Commission as soon as possible of any Major Incident affecting any part of the Transmission System which has occurred and shall at the earliest possible and in any event by no later than two months from the date of such Major Incident.

(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-paragraph (a) is likely to take more than 15 days from the date of the Major Incident the Licensee shall within 15 days from such date of the incident submit a preliminary report with such details which the Licensee can reasonably furnish and state reasons as to why the Licensee requires more than 15 days for giving full report of such incident.

(c) Give copies of the report to all parties concerned with the Major Incident and to such other Persons as the Commission may direct.

9.3 The decision of the Commission as to what is a Major Incident shall be final.

9.4 The Commission at its own discretion may require the submission of a report on any incident or incidents to be prepared by an independent Person at the expense of the Licensee to be included as an expense in the determination of aggregate revenues made in accordance with Paragraph 22.

9.5. The Commission may at any time require the Licensee to comply with the provisions of Paragraphs 9.2 to 9.4 as to matters which the Commission may specifically direct and Licensee shall be obliged to comply with the same notwithstanding that such matters are not Major Incidents. Provided that the time limits specified in paragraph 9.2 shall commence from the date that the Commission notifies the Licensee of such requirement.

## **10. Investments.**

10.1 The Licensee shall not make any investment under any scheme or schemes except in an economical and efficient manner and in terms of this Licence and in accordance with the Regulations, guidelines, directions and orders the Commission may issue from time to time.

10.2. The Licensee shall promptly notify the Commission, schemes in relation to the Transmission System which the Licensee from time to time proposes to implement together with relevant details, including the estimated cost of such schemes. With requisite break-up and proposed investment plans. The Licensee shall furnish to the Commission such further details and clarification as to the schemes proposed as the Commission may require from time to time. The schemes proposed may be implemented by Licensee subject to the following conditions.

(a) If the scheme does not involve major investment as defined hereunder without the need for any specific approval from the Commission but subject however to any reasonable direction or condition which the Commission may give or impose during the implementation of the scheme.

(b) If the scheme involves major investment after taking specific prior approval of the Commission as provided in Paragraph 10.3

10.3 The Licensee shall make an application to the Commission for obtaining prior approval of the Commission for schemes involving major investments as per the procedure which the Commission may specify from time to time and demonstrate to the satisfaction of the Commission 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 viable alternatives to the proposal for investing in or acquiring new. Transmission System assets to meet such need and
  - (c) The Licensee has invited and finalised tenders for procurement of equipment material and/or services relating to such major investment in accordance with a transparent tendering procedure as may be specified by the Commission from time to time.
- 10.4. For the purpose of Paragraph 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 Rupees 500 lakhs.
- 10.5. The Licensee shall submit to the Commission along with the "Expected Revenue Calculation" filed in terms of Paragraph 22, the annual investment plan for the ensuing financial year and shall make investment in the said financial year in accordance with the said investment plan. Provided, however, if any unforeseen contingencies required reallocation of funds within the schemes listed in the annual investment plan, the Licensee may do so provided further that such reallocation in respect of individual projects does not exceed Rs. 500 lakhs, after intimating the Commission. If on account of unforeseen circumstances the 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 upto the limit of Rs. 500 lakhs after intimating the Commission.

## **11. Transfer of Assets**

11. The Licensee shall not, in a single transaction or a set of related transactions, transfer or relinquish Operational Control over any land, building, or other asset whose book value at the time of the proposed Transfer exceeds Rs. 500 lakhs, without complying with the conditions stipulated in this Paragraph 11.
- 11.2. 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 Rs.500 Lakhs and disclose all relevant facts. 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, allow the transfer arrangement subject to such terms and conditions on modifications as considered appropriate or reject the same for reasons recorded in writing in the order to be issued by the Commission.
- 11.3. The Licensee may transfer 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 Transfer or relinquishment of Operational Control subject to such conditions as the Commission may impose, or

(b) the Commission does not, within the time specified under Paragraph 11.2 for the decision of the Commission, give any response to the notice of the Licensee that it intends to deal with the application of the Licensee.

11.4. The Licensee may transfer or relinquish Operational control over any asset where

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

(i) 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 required by or under the mandate of any other Act or

(c) The asset in question was acquired and used by the Licensee exclusively or primarily in connection with any Other Business that it has been authorised to carry on pursuant to Paragraph 5.1.5 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.

11.5. Notwithstanding what is stated above the Licensee will be entitled to utilise the assets as a means of facilitating funding or financing the Licensed Business in the ordinary course of business , 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 60 days or such further period as the Commission may allow after the coming into force of this Licence, the Licensee shall pay to the Commission an initial fee of Rs.80 lakhs in such manner as the Commission may direct.

12.3. Where the Licensee fails to pay to the Commission any of the fees due under Paragraphs 12.1 or 12.2 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 two 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 in made in cleared funds and

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

(c) The Commission may revoke this Licence pursuant to Section 18 of the Act and paragraph 13 of this Licence.

12.4. The Licensee shall be entitled to take into account any fee paid by it under this Paragraph 12 as an expense in the determination of aggregate revenues made in accordance with Paragraph 22. but shall not take into account any interest paid pursuant to Paragraph 12.3.

## **13. Terms as to Revocation**

13.1. Subject to the provisions of section 18 of the Act and the Regulations the Commission may at any time update proceedings against the Licensee for revocation of this Licence and if satisfied in such proceedings on the grounds for revocation revoke this Licence if the Licensee.

- (a) Has, in the opinion of the Commission committed a wilful or unreasonable default in doing anything required of him by or under the Act the Indian Electricity Act. 1910 or the Electricity (Supply) Act. 1948 or rules made thereunder to the extent applicable in the State read with the provisions of the Act or.
  - (b) Has, in the opinion of the Commission committed a material breach of the terms and conditions contained in Paragraphs 4 to 12.16 to 20 and 22 of this Licence or of any Regulations codes and standards that the Commission may specify from time to time and has failed to rectify such breach within the time allowed by the Commission or
  - (c) Has, in the opinion of the Commission failed to comply with any order or direction issued by the Commission or
  - (d) Fails to pay the licence fee or any other fee or fine or charges within the time allowed by the Commission or
  - (e) Fails to show to the Satisfaction of the Commission within 60 days of being directed by the Commission that the Licensee is in a position to fully and effectively discharge the duties and obligations imposed on him by this Licence or to make the deposit or furnish the security as may be required by the Commission from the Licensee, or
  - (f) Has committed an act which renders this Licence revocable on any other grounds specified in the Act or the Regulations.
- 13.2. It is a condition of this Licence that the Licensee shall comply with all the Regulations codes and standards and also orders and directions of the Commission. When the Commission expressly states that an order subjects the Licensee to such compliance, failure to comply with that order will render this Licence liable to revocation in accordance with Section 8 of the Act (without prejudice to the Commission's right to revoke this Licence on any other applicable grounds.)
- 13.3. Notwithstanding anything contained hereinabove before revoking this Licence the Commission shall refer the matter to the State Government and allow the State Government to designate a Government company as the State Transmission Utility in place of the Licensee and the revocation shall take effect only after the State Government makes the order designating another company as the State Transmission Utility.

## **14. Miscellaneous General Conditions**

- 14.1. None of the provisions of the Schedule to the Indian Electricity Act, 1910 shall be deemed to be incorporated into this Licence except for Sections XIV and XV. If Section XIV or XV is amended after this Licence is issued, the Commission may determine and direct by order, to what extent such amendments shall stand incorporated into the Licence. The decision of the Commission in regard to the above shall be final and binding, subject only to the right of appeal under Section 39 of the Act.
- 14.2. The Commission may publish an order authorising the Licensee under the Indian Electricity Act, 1910 (9 of 1910) and the Electricity (Supply) Act 1948 (54 of 1948).
- 14.3. Pursuant to Section 10(10) of the Act, the Licensee shall have all the power for the placing of electric supply lines, appliances and apparatus for the Transmission and Bulk Supply of electricity that a telegraph authority possesses under the Indian Telegraph Act, 1885 (13 of 1885).
- 14.4. The Licensee shall comply with the direction of the Electrical Inspector issued pursuant to the powers vested in him under the Indian Electricity Act, 1910 or the Electricity (Supply) Act, 1948 or any rules framed thereunder, provided that any order passed by the Electrical Inspector shall be subject to appeal as provided in Section 38 of the Act.
15. **Dispute Resolution and Decision on Interpretation of Licence.**
- 15.1. The Commission shall be entitled to act as arbitrator or nominate arbitrator(s) to adjudicate and settle disputes between the Licensee and any other licensee in pursuance of Section 37(1) of the Act.
- 15.2. All issues arising in relation to interpretation of this Licence 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, subject only to the right of appeal under Section 39 of the Act. The Licensee shall refer all disputes arising under the Licence for determination by the Commission, as provided under Clause (d) of sub-section (4) of Section 15 of the Act.

**Part III: Technical Conditions**

**16. Power Procurement Procedure**

- 16.1 The Licensee shall not purchase electrical capacity and/or energy without in an authorisation granted by the Commission under the terms of this Paragraph 16.
- 16.2 The Licensee shall purchase electrical capacity and/or energy in an economical and efficient manner and under a transparent power purchase or procurement process and in accordance with the Regulations, directions, guidelines and orders made for the purpose by the Commission from time to time.
- 16.3. 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 from other /Regional Electricity Boards, such processes as are stipulated by the Central Electricity Regulatory Commission shall also be complied with, in addition to the directions and orders of the Commission.
- 16.4 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 Paragraph 17; and
  - (b) the Licensee has examined the economic, technical, system and environmental aspects of commercially viable alternatives to the proposals for purchasing additional electrical capacity and/or energy and such examination has been carried out in a manner approved by the Commission.
- 16.5 The restriction imposed in Paragraph 16.1 shall not be applicable.

For short term purchases (less than six months in duration), provided that such short term purchases are made in accordance with guidelines, if any, issued by the Commission and the details of such purchases shall be submitted to the Commission in the manner the Commission directs;

**17. Transmission Planning and Security Standards; Power Supply Planning and Security Standards; Transmission Operating Standards; and Power Supply Operating Standards.**

17.1 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 :

- (a) plan and develop its Transmission System in accordance with the Transmission System Planning and Security Standards together with the Grid Code as approved by the Commission; and
- (b) operate the Licensee's Transmission System in accordance with the Transmission System Operating Standards together with the Grid Code as approved by the Commission.

17.2. The Licensee shall make arrangements, within twelve months from the date of issue of this Licence, to comply with the Power Supply Planning and security Standards and Power Supply Operating Standards.

17.3. The Licensee shall, within 60 days from the date this Licence becomes effective; submit to the Commission the existing

- Planning and Security } Standards
- Operating Standards } for its Transmission System and
- Planning and Security Standards }
- Operating Standards } for its Power Supply System

including those relating to :

- Generation Capacity connected to its Transmission System

being followed by the 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 pursuant to Paragraph 17.4 take effect.

17.4 (a) The Licensee shall, within six months, or such longer time as the Commission may allow, after this Licence has become effective, prepare, in consultation with the Suppliers, Generating Companies, Central Transmission utility, Regional Electricity Boards and such other Person as the Commission may specify, and submit to the

Commission for approval the Licensee's proposal for Transmission Planning and Security Standards. Transmission Operating Standards. Power Supply Planning and Security Standard, and Power supply Operating Standards in accordance with this Paragraph 17.

(b) The Transmission Planning and Security Standards, Transmission Operating Standards, Power Supply Planning and Security Standards and the Power supply Operating Standards submitted by the Licensee pursuant to this Paragraph, with such modifications as the Commission may require, shall take effect from such dates as the Commission shall specify.

17.5. The Licensee shall not be in breach of its obligations under this Licence if it has failed to meet the Transmission Planning and Security Standards or the Transmission Operating Standards directly due to Force Majeure, provided that, the Licensee has used its reasonable efforts, to the extent reasonably possible, to comply with the Transmission Planning and Security Standards or the Transmission Operating Standards, as the case may be.

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

Provided that the Licensee shall not be considered in breach of the requirements of this paragraph 17.6 in circumstances where, for reasons accepted by the Commission, the Licensee has been unable to provide sufficient Bulk Supply.

17.7. Notwithstanding Paragraph 17.6 in all circumstances where the Licensee has not provided sufficient Bulk Supply to meet actual demand, the Licensee shall nevertheless use reasonable endeavours to meet all demands as far as possible.

17.8. The Licensee shall, in consultation with Suppliers, the Generating Companies, Distribution Licensees in the state, the Central Transmission Utility, the Regional Electricity Board and such other Persons as the Commission may order, review the Standards and their implementation on each occasion that it carries out a review of the Grid Code in accordance with Paragraph 18.6. 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 Regional Electricity Board and such other Persons as the Commission may order arising during the consultation process.

provided that the Commission may, upon application of the Licensee, relieve the Licensee from the obligation to review the standards and their implementation, to such extent as shall be specified in directions issued to the Licensee by the Commission for the purposes of this condition.

17.9. Having regard to any written representations or objections referred to in Paragraph 17.8 (c), and following such further consultation (if any) as the Commission may consider appropriate, the Commission may issue directions requiring the Licensee to revise the standards in such manner as may be specified in the directions.

17.10. The Commission may issue directions requiring the licensee to revise any of the standards in such manner as may be specified by the Commission.

17.11 Till the Interim Grid Code is in position, the Licensee shall submit reports in the formats prescribed by the Commission.

17.12. The licensee shall, on an annual basis:

(a) forecast the demand for power within the Area of Transmission and Bulk Supply in each of the next succeeding 10 years; and

(b) prepare and submit forecasts to the Commission in accordance with the guidelines issued by the Commission from time to time.

17.13. 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. The Licensee shall, if required by the Commission, publish a summary of the report in a manner to be determined by the Commission.

17.14. The Licensee shall, upon request by the Commission such information as the Commission may require under this paragraph or for the purpose of monitoring compliance with this Paragraph 17.

## **18. Grid Code**

18.1 Except as provided in Paragraph 18.4, the Licensee shall ensure that, within six months from the issue of the Licence, there is in force at all times a Grid Code, which meets the requirements of this Paragraph 18. Subject to Paragraph 18.11, the Licensee shall implement and comply with the Grid Code.

18.2. The Grid Code shall include :

- (a) 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 and apparatus connected to the Transmission System in so far as relevant to the operation and use of the Transmission System including, but not limited to 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 Generating Company who is connected with or seeks connection with the Transmission System or the Distribution System of any Supplier.
- (b) an operating code specifying the conditions under which the Licensee shall operate the Transmission System and under which Generating. Companies shall operate their plant and the Suppliers shall operate their plant and the Suppliers shall operate their 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 Sets.
- (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 systems.

18.3. The Grid Code shall :

- (a) be designed so as to permit the development, maintenance and operation of an efficient, coordinated and economical system for Transmission and Bulk Supply in the State of Andhra Pradesh; and
- (b) allow the Licensee to comply with its obligations in relation to the inter-State transmission of power.

18.4. Where no Grid Code in the form provided for in this Paragraph 18 is in force at the effective date of this licence, the Licensee shall not be considered in breach of this Paragraph 18 provided that :

- (a) the Licensee shall file with the Commission a compilation of the Interim Grid Code within 60 days of the grant of this Licence;
- (b) the Licensee shall implement and comply with the Interim Grid Code from the date of its submission to the Commission, subject to such modifications as the Commission may direct; and
- (c) within six months of the commencement of this Licence, the Licensee shall submit the comprehensive Grid Code described in Paragraphs 18.2 and 18.3 for the approval of the Commission, which must be formulated by the Licensee after consultation with Suppliers, Generating Companies, Distribution Licensees, Central Transmission Utility, Regional Electricity Board and such other Persons as the Commission may direct.

18.5. The Interim Grid Code shall continue to remain in effect until such time as the commission has approved the final Grid Code.

18.6. The Licensee shall, in consultation with Distribution Licensees, Generating Companies, the Central Transmission Utility, the Regional Electricity Board and such other Persons as the Commission may specify, review the Grid Code and its implementation from time to time The Licensee shall also undertake such review as and when directed to do by the Commission. All the representations received during the interim period shall be considered by the Licensee.

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 18.2 and
- (c) all written representations or objections from Suppliers arising during the consultation process.

18.7. All revisions to the Grid Code shall require the prior written approval of the Commission.

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

18.9 The Licensee shall make available a copy of the Grid Code in force to any person requesting it at a price not exceeding the reasonable cost of duplicating it.

18.10 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 one or any group of Persons or
- (b) itself in the conduct of any business other than the Transmission Business.

18.11 The Commission may issue directions relieving the Licensee or (following consultation with the Licensee) third parties of their obligations to implement or comply with the Grid Code to the extent as may be specified in the directions.

## **19. Central Scheduling and Despatch**

19.1 Having regard to information provided to it by Suppliers, Generating Companies, the Central Transmission Utility, the Distribution Licensees 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 Transmission Planning and Security Standards and the Transmission operating Standards referred to in this Licence, the Licensee shall undertake operational planning 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 power or electrical energy 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) any 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(s) thereof;
- (c) consistent with this Paragraph 19.1 and in accordance with the Grid Code, for the removal from service of parts of the Transmission System for maintenance, repair extension or reinforcement.

19.2 Taking account of the factors referred to in this Paragraph 19.2, the Licensee shall schedule and issue direct instructions for the despatch of 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 Generation sets) expected demand, taking account of information provided by Suppliers, the Central Transmission Utility and the Regional Electricity Board together with an appropriate margin of reserve.

19.3. The factors referred to in Paragraph 19.2 include :

- (a) expected demand (including 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.
- 19.5. 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.
- 19.6. In this Paragraph 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.

#### **Part IV : Connection and Use of System Conditions**

##### **20. Requirement to Offer Terms for Use of System and Connection to System**

20.1 The Licensee shall make such arrangements for the use of the Transmission System by third parties as are specified in this Paragraph 20. On application made by any such third party, the Licensee shall offer to enter into an agreement with that Person for the use of the Transmission System.

- (a) to accept into the Transmission System electricity provided by that Person;
- (b) to deliver such electricity, adjusted for losses of electricity, to a designated exit point;
- (c) that specifies tariff and use of System charges to be paid by the user, which shall be in accordance with Paragraph 22.

Explanation ; The third parties referred to in this Paragraph 20.1 are

- (i) Persons authorised under a legislation enacted by the Union of India to wheel power across the Transmission System in an inter-state conveyance of energy.
  - (ii) such persons as the Commission may authorise to use the Transmission system.
- 20.2 On application made by a Supplier for grant of a connection to a Consumer wishing to be connected directly to the Transmission System, the Licensee shall offer to

enter into an agreement with such Supplier and/or Consumer, as the case may be, for connection to the Transmission System or for modification of such an existing connection an 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 paragraph 22; and
- (d) the completion date and such other terms as are relevant to the circumstances.

20.3. The Licensee shall offer terms for agreements in accordance with Paragraphs 20.1 or 20.2 as soon as practicable and (save where the Commission consents to a longer period) no more than two months after an application under Paragraphs 20.1 or 20.2 is made.

20.4. The Licensee shall not be obliged pursuant to this Paragraph 20 to offer to enter or to enter into any agreement if.

- (a) to do so is likely to involve the Licensee:
  - (i) in breach of its duties under Section 17 of the Act. or
  - (ii) in 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 breach of the Grid Code; or
  - (iv) in breach of any of the conditions of this Licence; or
- (b) the Persons 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 20.1. such Person ceases to be authorised as specified therein. or
- (d) in the case that the Persons do not have the financial resources to pay the transmission charges.

- 20.5. 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 20.1 and 20.2 pursuant to a request under this Paragraph 20, the Commission may at the request of an party 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.
- 20.6. The Licensee shall prepare and submit to the Commission on an annual basis, a statement showing in respect of each of the 5 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 Licensee's Transmission System most suited to new connections and transport of further quantities of electricity.
- 20.7 At the request of a Person or a Supplier who wishes to use the Transmission System under Paragraphs 20.1 or 20.2, the Licensee shall prepare an update to the above statement, incorporating most recent data but specifically including any facility for which any other Persons or a Supplier has requested use of and connection to the Transmission System.
- 20.8 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**

**21 Separation of functions and competition conditions**

**21.1 Separation of Functions**

The Commission may, after hearing all affected Suppliers (including the Licensee) and Generating Companies 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.

21.2 Introduction of competition in Bulk Supply and formation of subsidiary or associated grid companies.

Subject to the applicable provisions of the Indian Electricity Act, 1910 and the Electricity (Supply) Act, 1948 the Commission may, after hearing Suppliers (including the Licensee), Persons who own or operate a Generating Set and authorised Persons connected to the Transmission System in the Area of Supply including the Distribution Licensees formulate arrangements for the introduction of competition in Bulk Supply and formation of Subsidiary or associated grid companies. In such an event the Commission may issue necessary orders making relevant changes in this Licence.

**Part IV : Expected Revenue Calculations and Tariffs**

**22 Expected Revenue Calculation and Tariffs**

22.1 The Licensee shall establish tariff and calculate the charges in accordance with the provisions of Section 26 of the Act read with Regulations and the Licence conditions.

**22.2 Expected Revenue Calculation**

(a) Till the financial year ending on 31st march 2002, not later than 31st December every year, the licensee shall prepare and 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 e section 26(5) of the Act 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.

(b) Commencing from 1st April 2002, not later than 31st December every year, the Licensee shall prepare and submit to the Commission the Statement and the investment details referred to in the above Paragraph for each of its Licensed Business and Other Business.

(c) If the statements referred to in Paragraph 22.1 (a) or (b) indicate a significant difference between its expected aggregate revenues and its expected cost of service, the Licensee shall also submit with the statement an explanation of the measures it proposed to take, including any proposal for tariff amendments, to eliminate the difference.

### **22.3 Tariffs**

- (a) The amount that the Licensee is permitted to recover from its tariffs in any financial year is the amount that the Commission determines in accordance with the provisions of section 26 of the Act.
- (b) The Licensee shall establish a tariff as approved by the Commission, for the Licensee's Transmission and Bulk Supply Business and shall calculate its charges in accordance with this License, the Regulations, the orders of the Commission and other requirements prescribed by the Commission from time to time.
- (c) Save as otherwise directed by the Commission, the Licensee may publish a combined tariff for its Transmission and Bulk Supply Business reflecting the tariff charges and the other terms and conditions contained in the approved tariffs referred to in Paragraph 22.3 (b).

22.4 The Licensee may apply to the Commission to amend its tariffs in accordance with the Act and applicable Regulations and directions of the Commission.

22.5 The Licensee may apply to the Commission to amend its tariffs in accordance with the Act if the Commission so requires in order to remove any undue discrimination identified by the Commission or to cause the licensee's expected revenue to correspond to the amount that it is permitted to recover under this Licence.

### **Part VII : Penalty**

#### **23 Penalty for Contravention of Conditions of the Licence**

The Licensee shall be liable for action under Sections 31, 40, 41 and other applicable provisions of the Act and the Regulations.

## **Schedule 1**

### **APTRANSCO Area of Transmission and Bulk Supply**

The entire state of Andhra Pradesh, excluding cantonment, aerodrome, fortresses, arsenal, dockyard or camp or any building or place in occupation of Central Government for defence purposes.

By order Of The Commission

Hyderabad.  
31-01-2000.

Secretary/APERC.