

MAHARASHTRA ELECTRICITY REGULATORY COMMISSION

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TRANSMISSION LICENCE NO. 1 OF 2009

**LICENCE FOR TRANSMISSION OF ELECTRICITY IN THE STATE OF
MAHARASHTRA**

Dated: February 8, 2009

Licence granted by the Maharashtra Electricity Regulatory Commission under Section 14 of the Electricity Act, 2003 (36 of 2003) to **Jaigad Power Transco Ltd.**, having its registered office at Jindal Mansion, 5A, Dr. G. Deshmukh Marg, Mumbai 400025 to transmit electricity within the area of transmission (as defined in this License, under Part II, section 3, “Area of Transmission”) and with the powers and upon the terms and conditions specified herein.

Part I: General

1. Short title

This Licence may be called the **Transmission Licence for Jaigad Power Transco Ltd. (Licence No. 1 of 2009)**.

2. Definitions

All the definitions specified under “Section 3. Definitions” of Maharashtra Regulatory Commission (Transmission Licence Conditions) Regulations, 2004 as amended in 2006 (“Transmission Licence Conditions Regulations”), shall be applicable for this Licence.

Words or expressions used therein and not defined shall have the meanings assigned to them in the Act.

Part II: General Terms and Conditions

3. Area of transmission

The Licence authorizes the Transmission Licensee to establish and operate the following transmission lines:

Sr.	Name of the line	Line length and Capacity	District	Interface Point
1.	Jaigad-New Koyna Transmission Line	57 Km - 400 KV Double Circuit (Quad) Transmission Line	Ratnagiri, Maharashtra	MSETCL Substation, New Koyna
2.	Jaigad-Karad Transmission Line	112 Km - 400 KV Double Circuit (Quad) Transmission Line	Ratnagiri/ Satara, Maharashtra	MSETCL Substation, Karad

4. Commencement and term of licence

The Licence shall come into force from the date of licence and, unless revoked earlier by the Commission in accordance with the provisions of Section 19 of the Act, shall remain in force for the period specified under sub-section (8) of Section 15 of the Act.

5. Duties

5.1 The Transmission Licensee shall comply with all the applicable provisions of the Act, the rules prescribed thereunder and all regulations, orders and directions issued by the Commission from time to time.

5.2 The Transmission Licensee shall as soon as practicable, report to the Commission,-

- (a) any significant change in its circumstances which may affect the Transmission Licensee's ability to meet its obligations under the Act, the rules and regulations thereunder, directions and orders issued by the Commission, agreements or the Licence;
- (b) any material breach, or likelihood thereof, of the provisions of the Act, the rules and the regulations thereunder, directions and orders issued by the Commission, agreement or the Licence, which was reasonably within its knowledge, along with the reasons therefor, as soon as practicable; and

- (c) any change in management control or major change in the shareholding pattern of the Transmission Licensee than that proposed under the Transmission Licence Application.

Explanation I – for the purpose of this clause, “management control” shall include the right to appoint majority of the directors or to control the management or policy decisions of the Transmission Licensee, including by virtue of shareholding or management rights or shareholders’ agreement or partnership deed or trust deed or voting agreement or in any other manner;

Explanation II – for the purpose of this clause, “major change in shareholding pattern” shall mean the acquisition, by such person as specified in Regulation 7 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as in force from time to time, of such per cent of shares or voting rights in the Transmission Licensee as would entail a disclosure under sub-regulation (1) of that Regulation.

5.3 The Transmission Licensee shall seek the approval of the Commission before creating any encumbrance on the assets of the Licensed Business, except where such encumbrance is created for the purpose of the Licensed Business.

5.4 The Transmission 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 Transmission Licensee in connection with the Licensed Business, subject to the following conditions:

- (a) that the transaction shall be undertaken on an “arm’s-length basis” and at a value that is fair and reasonable in the circumstances, which for the purposes of this clause, shall mean with respect to any specific transaction, substantially on terms that would be obtained between the Transmission Licensee and a third party unrelated to and unconnected with the Transmission Licensee;
- (b) that the Transmission Licensee shall report to the Commission, for each financial year, the details of all transactions of the nature referred to in this Regulation entered into during the financial year;

- (c) that the Transmission Licensee shall submit to the Commission, for each financial year, a certificate from a Chartered Accountant as regards compliance with the requirement of clause (a) above .

Explanation – for the purpose of this clause, the terms “subsidiary” and “holding company” shall have the same meaning as under Section 4 of the Companies Act, 1956.

6. Street works

The Transmission Licensee may, undertake works upon any streets or parts of streets, railways, canals or waterways or parts thereof, either in the domain of Central Government, State Government, Semi government and Municipal bodies or in private domain, only after obtaining all statutory permissions required to be obtained for undertaking such work.

7. Accounts

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

7.2 The Transmission Licensee shall, in respect of the Licensed Business and the Other Business:

- (a) keep such Allocation Statement as would be required, so that the revenues, costs, assets, liabilities, reserves and provisions for, or reasonably attributable to the Licensed Business are separately identifiable in the books of the Transmission Licensee;
- (b) adopt a fair and transparent cost allocation mechanism for the reasonable allocation of joint and common costs between the Licensed Business and the Other Business;
- (c) prepare on a consistent basis the Accounting Statements in accordance with the provisions of the Companies Act, 1956 and/or the standards or guidelines of the Institute of Chartered Accountants of India.

Explanation – References in this Licence Condition 7.2 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.

7.3 The Transmission Licensee shall upon request by any person make available a copy of its Accounting Statements to any person who may require it at a reasonable price not to exceed the photocopying charges.

8. Provision of Information to the Commission

The Transmission Licensee shall furnish to the Commission such information, documents and details related to the Licensed Business and/or the Other Business of the Transmission Licensee as the Commission may require.

9. Licence Fees

During the period of validity of the licence, the Transmission Licensee shall, by the 10th of April of every year, or such further period as the Commission may allow, pay to the Commission such licence fees as may be specified in MERC (Fees and Charges) Regulations, 2004 under Clause 3 of Schedule 1, which is reproduced below, or any subsequent amendments thereof:

<i>S. No.</i> <i>(1)</i>	<i>Description</i> <i>(2)</i>	<i>Fees (in Rupees)</i> <i>(3)</i>
3.	<p><i>Annual Licence Fees for :</i></p> <p style="text-align: center;"><i>(i) Transmission Licence</i></p> <p style="text-align: center;">.....</p> <p><i>Provided that the annual licence fee shall be payable in advance, at the commencement of the financial year, by all Licensees, including licensees referred to in the first, second, third, fourth and fifth provisos to Section 14 of the Act:</i></p> <p><i>Provided further that in the case of a Transmission Licence, the annual licence fee shall be calculated based on the approved/estimated aggregate quantum of transmission capacity contracts for the ensuing financial year:</i></p> <p>.....</p> <p>.....</p> <p>.....</p>	<p><i>(i) Rs 1,000 per MW of Transmission capacity contracts in force during the year or part thereof, subject to a minimum of Rs 1,00,000 and maximum of Rs 20,00,000</i></p>

10. Decision on Interpretation of Licence

The interpretation of the Licence and the terms and conditions thereof shall be as determined by the Commission.

Part III: Specific Conditions of Licence

11. Construction of Transmission System through Competitive Procurement Basis

The construction and commissioning of the transmission system shall be executed through suitable packages, and contracts for these packages shall be awarded through Competitive Bidding basis.

12. JV Agreement

Jaigad Power Transco. Ltd. (JPTL) is a Special Purpose Vehicle (SPV) and a joint venture (JV) company between JSW Energy Ltd (JEL) with equity participation of 74% and Maharashtra State Electricity Transmission Company Ltd. (MSETCL) with equity participation of 26%, formed to develop the evacuation scheme associated with 1200 MW Jaigad Thermal Power Project. The JV Agreement dated August 5, 2008 signed between JEL and MSETCL forms the premise for grant of transmission licence. No modification to the terms and conditions of JV Agreement including change in shareholding pattern shall be undertaken at least until five (5) years from commercial operation of Transmission Assets for which license is granted or for a period of Ten (10) years from date of issuance of this licence, whichever is later. The modification to any of the terms of JV Agreement during subsequent period, if any, can be undertaken only after express approval of the Commission upon due regulatory process.

Sd/-
(P.B. Patil)
Secretary, MERC

Maharashtra Electricity Regulatory Commission, Mumbai

Dated: February 8, 2009