KERC (Licensing) Regulations, 2000

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KARNATAKA ELECTRICITY REGULATORY COMMISSION, BANGALORE

NOTIFICATION
THE 7 JUNE 2000

Statement of Objects and Reasons:
The Karnataka Electricity Reform Act, 1999 (Act No.25 of 1999) requires any person undertaking either transmission of electricity or supply of electricity to obtain a licence from the Karnataka Electricity Regulatory Commission. Licensing under this Act is envisaged as the primary instrument for regulating the activities of transmission and supply entities so as to achieve the overall public interest.

In designing the scheme of licensing, the Karnataka Electricity Regulatory Commission expects to achieve the following objectives.

1. Supply of power to consumers in accordance with clearly defined technical standards and at the lowest possible rates.
2. Responsiveness to customers on the part of the licensee.
3. Transparency in all the activities of the licensee that affect the public.
4. Promotion of Competition.
5. Provision of Universal service.

Regulations
In exercise of the powers conferred on it by section 56 of THE KARNATAKA ELECTRICITY REFORM ACT, 1999 (Act No.25 of 1999) and all powers enabling it in that behalf, the Karnataka Electricity Regulatory Commission hereby make the following regulations, namely;
Chapter - I

GENERAL

1. Short title, Commencement and Extent

(1) These regulations may be called the 'Karnataka Electricity Regulatory Commission (Licensing) Regulations, 2000'.

(2) They shall come into force from the date of their publication in the official Gazette.

(3) They extend to the whole of the State of Karnataka.

2. Definitions

(1) In these Regulations, unless the context otherwise requires:


b. "Chairman" means the Chairman of the Karnataka Electricity Regulatory Commission;

c. "Commission" means the Karnataka Electricity Regulatory Commission;

d. "Draft licence" means the licence format as per Form 1 or 2 annexed to these Regulations presented to the Commission together with such modification and variation thereto as the applicant may seek.


f. "Member" means a member of the Karnataka Electricity Regulatory Commission;

g. "Officer" means Officer of the Karnataka Electricity Regulatory Commission and shall include the Secretary;

h. "Receiving Officer" shall mean the officer designated by the Commission as such in terms of Regulation 23 of the Karnataka Electricity Regulatory Commission (General and Conduct of Proceedings) Regulations, 2000.

i. "Regulations" mean Karnataka Electricity Regulatory Commission (Licensing) Regulations, 2000;
j. "Secretary" means Secretary of the Karnataka Electricity Regulatory Commission.

k. "Supply Licence" shall mean licence to supply electricity in a specified area of supply or supply in bulk to licensees or to any other person.

l. "Transmission Licence" shall mean a licence to own the extra heavy voltage transmission lines, operate the extra heavy voltage transmission lines and/or transmit electricity over the extra heavy voltage transmission lines, as the case may be, in a particular area of transmission.

(2) Words or expressions occurring in these Regulations and not defined herein above shall bear the same meaning as in the Act.

(3) The General Regulations as may be amended from time to time shall, mutatis mutandis, as far as practicable and possible, apply to the proceedings under these Regulations.

KERC (Licensing) Regulations, 2000

Chapter - II

LICENCE

3. Invitation for Applications

(1) The Commission may, if it considers it necessary, invite applications from the public fulfilling such eligibility requirements as may be specified by the Commission from time to time for grant of Supply Licences and/or Transmission Licences, as the case may be, by public notification through issue of advertisements in newspapers always guaranteeing the principles of transparency.

(2) The application for Transmission Licence under SECTION 19(1)(a) of the Act and Supply Licence under SECTION 19(1)(b) of the Act shall be in such form as may be required by the Commission from time to time.

(3) Every application for a licence shall be signed by or on behalf of the applicant for the licence (hereinafter called the "Applicant") and shall be addressed to the Receiving Officer of the Commission. The application shall be filed in 6 sets and each set shall be accompanied by;

(i) Draft Licence

(ii) Maps of the proposed area of transmission or supply. The maps shall be on a scale of (a) not less than 10 cm to a km or (b) such other scale as
may be approved by the Commission in the circumstances of the case.

(iii) a list of all local authorities vested with the administration of any portion of the area of supply or transmission;

(iv) an approximate Statement describing any lands which the Applicant proposes to acquire for the purpose of the licence and the means of such acquisition;

(v) an approximate Statement of the capital proposed to be expended in the area of operation of the licence and such other particulars as the commission may require.

(vi) a copy of the Memorandum and Articles of Association of the company where the Applicant is a body corporate and similar constitutional documents in all other cases, Annual Accounts for the previous three years where applicable or other similar documents as may be required;

(vii) a receipt for having paid such processing fee as may be prescribed by the Commission from time to time;

(viii) Details and background of the applicants;

(ix) Such other documents/information as the Commission may, in this regard, seek by order.

4. The provisional licences granted under SECTION18 of the Act shall be treated as applications for licences and these Regulations shall apply to them.

5. **Receipt and Acknowledgement of application**

Upon receipt of the application for grant of licence, the Receiving Officer shall enter the particulars thereof in a register to be maintained for this purpose and allot a reference number to the application. The Receiving Officer shall then despatch to the Applicant at the address stated in the application, an acknowledgement stating the date of receipt and the reference number.

6. **Public Inspection of application and documents**

Within a week of the date of submission of the application to the Commission, the applicant shall deposit at his own office and the office/s of his agents (if any) and at the office of every Zilla Panchayat and/or Municipal Corporation invested with the administration of any portion of the proposed area of supply and also with every local authority as may be specified by the Commission from time to time.

(i) 3 copies of the application and all the documents submitted therewith
for public inspection, and;

(ii) The applicant shall furnish, to all persons applying, printed copies of this application together with the attachments thereto at the cost of photocopying such material.

7. Scrutiny of application and calling for additional information

(1) After entering the details of the application in the register maintained for that purpose, the Receiving Officer shall place the application before the Commission.

(2) The Commission may, upon scrutiny of the application, require the applicant to furnish within a period to be specified, such additional information or particulars or documents as may be considered necessary for the purpose of dealing with the application.

8. Acceptance of the application

If the Commission finds the application and the accompanying documents to be complete in all respects and once the Applicant has complied with the Procedure prescribed for validly submitting an application, the Chairman shall certify that the application is ready for being considered for grant of licence in accordance with the Procedure provided in the Act.

9. Advertisement of application and contents thereof

(1) (a) The Applicant shall, within fourteen days from the date of the application, publish in two English dailies and two Kannada dailies having a circulation in the area for which the licence is sought, a notice of his application. The notice shall contain the following particulars in brief:

    i) The name of the Applicant;
    ii) Area for which the licence has been sought;
    iii) Addresses of the offices at which copies of draft licence, maps and documents submitted by the Applicant may be inspected and the copies of draft licence purchased;
    iv) Brief particulars of the proposal.

(b) Unless otherwise specified by the Commission, the notice should be published in at least two successive issues of the dailies. The advertisement shall be headed by a short title corresponding to that given at the head of the draft licence. The notice shall state that every local authority, utility or person, desirous of making any representation to the Commission with reference to the application, may do so by letter.
addressed to the Receiving Officer, within 45 days of the date of issue of the first advertisement.

(2) In addition to the above, the Commission may direct that notice of the application be served on any designated representative of the Central Government, the State Government, any local authority or any other authority or person or body as the Commission may deem appropriate.

10. Amendment of draft licence

Any person who desires to have any amendment made in the draft licence shall deliver a Statement of the amendment to the applicant and to the Receiving Officer within 45 days from the date of issue of the first advertisement referred to in Regulations 9(1)(i).

11. Objections and Suggestions

Any person intending to object to the grant of the licence shall file objections by way of affidavit within the two months from the date of issue of the first advertisement referred to in Regulation 9(1)(i) annexing thereto proof of having served copy of such objections upon the applicant. The objections shall be addressed to the Receiving Officer. Upon receipt of such objections, the Receiving Officer shall imprint the reference number of the concerned licence application on the same and shall file such objections in the file relating to the concerned licence.

12. No Objection Certificate

In the event the area in respect of which a Supply Licence or a Transmission Licence is sought includes the whole or any part of any cantonment, aerodrome, fortress, arsenal, dockyard or camp or of any building or place in the occupation of the Central Government for defence purposes in terms of section 19(2)(b)(ii) of the Act, the applicant shall apply for and obtain the necessary no objection certificates from the Central Government to the licence to transmit or supply electricity in that area and furnish the same to the Commission before grant of licence.

13. Local inquiries and Hearings

(1) Upon compliance by the Applicant of all the conditions pertaining to the submission of documents, obtaining of permissions and publication of notices and upon the expiry of the time for receiving objections, the Commission may proceed to set the application for regular hearing.

(2) The Commission shall give the notice of inquiry or hearing to the applicant, the persons who had filed objections, the Central Government, the State Government and such other authority, person or
body as the Commission considers appropriate.

(3) (a) If any person objects to the grant of a licence applied for under the Act the Commission may, if it considers necessary, cause a local inquiry to be held of which the notice in writing shall be given to both the applicant and the objector.

(b) In case such local inquiry is ordered and conducted, a memorandum of the results of the local inquiry made shall be prepared and shall be signed by the Applicant, the Officer or person designated for the purpose and such other person as the Commission may direct. 1

14. Hearing of the application

(1) The Commission may determine the manner, the place, the date and the time of the hearing on the application.

(2) The hearing on the application for grant of licence shall thereafter be conducted as provided in Chapter II of the General Regulations.

15. Approval of draft licence

(1) After inquiry, if any, and the proceedings, the Commission may decide to grant or refuse the licence and if it decides to grant the licence it may do so by approving the draft licence with such modification, changes or additions and subject to such other terms and conditions as the Commission may direct.

(2) When the Commission has approved a draft licence, either in its original form or in a modified form, the Receiving Officer shall inform the Applicant of such approval within fourteen days and of the form in which it is proposed to grant the licence and the conditions to be satisfied by the applicant including the fees to be paid for the grant of licence.

(3) Where the Commission has decided to refuse the licence, the Receiving Officer shall inform the Applicant of such refusal within fourteen days enclosing a copy of the order of the Commission in support of such refusal.

16. Notification of grant of licence

On receiving an intimation in writing from the Applicant that he is willing to accept a licence in the form approved by the Commission and after the Applicant satisfies the conditions specified for the grant of the licence, the Commission may direct the Applicant to publish the licence or such part or gist thereof as the Commission considers appropriate in two issues of the same English daily and Kannada daily as under Regulation 9(1)(i).

17. Date of commencement of licence
The licence shall commence from the date that the Commission may specify as the date of commencement of licence.

18. Duration

(1) The Commission may grant a licence for any term not exceeding fifteen years as may be deemed fit in its discretion: Provided that at the expiry of the term, the Commission may at its discretion and considering the interest of the public and after giving any member of the public an opportunity to file his objections, if any, extend the licence for such further periods, with or without any modification of licence as the Commission may deem fit.

(2) Unless otherwise specified in writing by the Commission, the procedure for grant of licence shall be followed while dealing with an application for extension of the duration of a licence.

19. Deposit of maps

When a licence has been granted, three sets of maps showing, as regards such licence, the particulars specified in Regulation 3(2) shall be signed and dated to correspond with the date of the notification of the grant of the licence. One set of the maps shall be deposited with the Commission and the other two sets shall be given to the licensee.

20. Deposit of printed copies

(1) Every person who is granted a licence shall within thirty days of the grant thereof: (a) have adequate number of copies of the licence printed; (b) have adequate number of maps prepared showing the area of supply specified in the licence; (c) arrange to exhibit a copy of such licence and maps for public inspection at all reasonable times at his head office, at his local offices (if any) and at the office of every local authority within the area of supply.

(2) Every such licensee shall, within the aforesaid period of thirty days, supply free of charge one copy of the licence and the relevant maps to every local authority within the area of supply and shall also make necessary arrangements for the sale of printed copies of the licence to all persons applying for the same, at a price not exceeding normal photocopying charges per copy.

21. Preparation and submission of accounts

(1) Every licensee shall cause the accounts of his utility to be made up to the thirty first day of March each year.

(2) Such licensee shall prepare and render an annual Statement of his accounts in accordance with the provisions of the Act, within a period of
three months from the aforesaid date, or such extended period as the
Commission may authorise after it is satisfied that the time allowed is
insufficient owing to any cause beyond the control of the licensee and
the Statement shall be rendered in such numbers of copies as the
Commission direct.

(3) The accounts shall be made up in such form as the Commission may
direct from time to time. All the forms shall be signed by the licensee or his
duly authorised agent and a Chartered Accountant who certifies that
the Statement represents a true and fair view of the matters required to
be incorporated therein.

(4) The Commission may, by special or general order direct that, in
addition to the submission of the annual Statements of accounts in the
forms prescribed in sub-regulation (3), a licensee shall submit to the
Commission or such other authority as it may designate in this behalf such
additional information as it may require for the purpose.

22. Model conditions for supply of power and operation and
maintenance of power systems and electric supply lines

(1) (i) The licensee shall adopt the model conditions of supply of power
and for operation and maintenance of power systems and electric
supply lines and such other Codes and standards as may be framed by
the Commission from time to time, by order with such variations as the
Commission may permit upon an application being made in that behalf.

(ii) The licensee shall always keep in his office an adequate number of
printed copies of the sanctioned conditions of supply of power and for
operation and maintenance of power systems and electric supply lines
and shall, on demand, sell such copies to any person seeking a copy of
the same, at cost price.

23. Grant of exemption from Supply Licence

(1) Subject to Section 20 of the Act, and upon an application being
made in that behalf, the Commission may at its discretion grant an
exemption from the requirement to hold a Supply Licence.

(2) An application for exemption shall be made in Form 3 in triplicate. The
application shall be supported by a verified affidavit which shall be sworn
to by the applicant. Unless otherwise specified in writing by the
Commission, each application for exemption shall be accompanied by a
receipt for such processing fee as the Commission may prescribe from
time to time.

(3) Unless otherwise specified in writing by the Commission, the Procedure
for grant of licence in so far it can be applied shall be followed while
dealing with an application for exemption from requirement to have a
Supply Licence.

(4) An applicant for exemption under this Regulation shall, before applying for an exemption, obtain the consent in writing of the concerned authorities in terms of Section 20 (1) of the Act and attach a copy of the said consent to the application for exemption.

24. Amendment of Licence

(1) Where a licensee has made an application for amendment of a licence under Section 23 of the Act, the applicant shall, within fifteen days of making such application, publish a notice of such application in two English dailies and two Kannada dailies circulating in the territory where the licence sought to be amended operates, giving the following particulars:

   a) Brief Details of existing licence

   b) Proposed amendments for existing licence and brief reasons for seeking the amendment.

(2) All objections to an application for amendment pursuant to publication of notice under Sub-Regulation(1) shall be considered by the Commission if received within 45 days of the date of publication of the notice.

(3) Where an amendment to a licence is proposed by the Commission suo motu, the Commission shall publish a notice of the same in two English dailies and two Kannada dailies circulating in the area in which the licence proposed to be amended operates giving such particulars as the Commission deems necessary. All objections to the proposed amendment shall be considered by the Commission if received within 45 days of the publication of the notice.

(4) Provisions relating to grant of licence shall, as far as may be practicable and necessary apply to consideration and disposal of application for amendment of licence.

25. Regulation of licensee’s purchase of power

(1) The licensee shall file with the Commission, complete copies of all power purchase agreements already entered into by the licensee.

(2) The licensee shall establish to the satisfaction of the Commission that the purchase of power by the licensee is under a transparent power purchase procurement process and is economical and the power purchased is necessary for the licensee to meet its service obligation, and the licensee shall produce all necessary documentary and other evidence to satisfy the Commission of the same.
26. Arbitration

(1) The arbitration of disputes arising between the licensees under the Act may be commenced by the Commission on the application of any of the licensees concerned.

(2) The Commission shall issue notice to the concerned licensees to show cause as to why the disputes between the licensees or the matters as specified in the notice should not be adjudicated and settled through arbitration.

(3) The Commission may after hearing the licensees to whom notices have been issued and if satisfied that no reason or cause has been shown against the proposed arbitration, pass an order directing that the disputes or the matter be referred for adjudication and settlement through arbitration either by the Commission or by a person or persons to be nominated by the Commission.

27. Nomination of Arbitrators

(1) If the Commission decides to refer the matter to arbitration by a person or persons other than the Commission, the reference shall be:

(a) to a sole arbitrator if the parties to the dispute agree on the name of the arbitrator; or

(b) if the parties are unable to agree on the name of the arbitrator, to a sole arbitrator to be designated by the Commission or to three persons as the Commission may direct taking into account the nature of the dispute and the value involved and, if the decision is to refer to three arbitrators, one shall be nominated by each of the parties to the dispute and the third by the Commission; Provided that if any of the parties fails to nominate the arbitrator or if any of the arbitrators nominated by the parties or the Commission, fails or neglects to act or continue as arbitrator, the Commission shall be entitled to nominate any other person in his place.

(2) The Commission shall not nominate a person as arbitrator to whose
nomination any of the licensees or the other concerned person in the arbitration has a reasonable objection on grounds of possible bias or similar such reasons and the Commission considers the objection to be valid and justified.

28. Procedure for adjudication, settlement and passing of award

(1) The Procedure to be followed for the arbitration, whether by the Commission itself or by any arbitrator(s) nominated by it shall be as far as possible the same as in the case of hearing before the Commission as provided for in Chapter - II of the General Regulations.

(2) An arbitrator(s) nominated by the Commission after hearing the parties shall pass a speaking award giving reasons for the decision on all issues arising for adjudication and forward the award to the Commission within such time as the Commission may specify.

(3) The Commission shall give notice of the award given by arbitrator or arbitrators appointed by the Commission to the parties concerned and shall give an opportunity to the parties to file objection to the award and reply to the objections within such time as the Commission may direct.

(4) The Commission shall be entitled to pass appropriate orders, as it thinks fit after giving an opportunity of hearing to the parties.

29. Cost of arbitration and proceedings

The cost of the arbitration and proceedings before the Commission shall be borne by such parties and in such sums as the Commission may direct.

KERC (Licensing) Regulations, 2000

Chapter IV

MISCELLANEOUS

30. Notice of acquisition of undertaking or licence by Licensee or Generating Company

(1) For the purpose of securing the consent in terms of SECTION 25 of the Act, the Commission shall require the applicant to first publish the brief particulars of his application in two English dailies and two Kannada dailies circulating in the area to which the proposed acquisition relates. The Commission would consider all objections received within sixty days of the date of publication of the notice before granting or refusing the consent applied for.

(2) The Procedure in the General Regulations shall as far as practicable apply to proceedings under Regulation 30 (i) above.
31. **Fines and Charges**

If any provision of the Act, the rules framed thereunder, these Regulations or any order, mandate, condition or other direction that the Commission may pass under these Regulations is violated by a licensee or any other person by any act or omission, the Commission may levy such fines or charges as the Commission may deem appropriate after complying with the principles of natural justice. Provided that such fine or charge shall be commensurate with the level of damage or other harm caused by such non-compliance or violation in each case.

32. **Saving of inherent power of the Commission**

(1) Nothing in these Regulations shall be deemed to limit or otherwise affect the inherent power of the Commission to make such orders as may be necessary for meeting the ends of justice or to prevent the abuse of the process of the Commission

(2) Nothing in these Regulations shall bar the Commission from adopting a Procedure, which is at variance with any of the provisions of these Regulations, if the Commission, in view of the special circumstances of a matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient for dealing with such a matter or class of matters.

(3) Nothing in these Regulations shall, expressly or impliedly, bar the Commission from dealing with any matter or exercising any power under the Act for which no Regulations have been framed, and the Commission may deal with such matters, powers and functions in a manner it thinks fit.

33. **Power to remove difficulties**

If any difficulty arises in giving effect to any of the provisions of these Regulations, the Commission may, by general or special order, do anything, not being inconsistent with the provisions of the Act, which appears to it to be necessary or expedient for the purpose of removing the difficulties.

34. **Power to dispense with the requirement of the Regulations**

The Commission shall have the power, for reasons to be recorded in writing and with notice to the affected parties, dispense with the requirements of any of the Regulations in specific cases subject to such terms and conditions as may be specified.

35. **Extension or abridgment of time prescribed**

Subject to the provisions of the Act, the time prescribed by these Regulations or by order of the Commission for doing any act may be
extended (whether it has already expired or not) or abridged for sufficient reason by order of the Commission.

36. Effect of non-compliance

Failure to comply with any requirement of these Regulations shall not invalidate any proceedings merely by reason of such failure unless the Commission is of the view that such failure has resulted in miscarriage of justice.

37. Enforcement of order passed by the Commission

The Secretary shall ensure enforcement of and compliance with the orders passed by the Commission in accordance with the provisions of the Act and Regulations and, if necessary, may seek the orders of the Commission for directions By order of the Commission Secretary to Commission

KERC (Licensing) Regulations, 2000

Form 1

TRANSMISSION (KPTCL) LICENSE

Licence granted by the Karnataka Electricity Regulatory Commission under section 19 of the Kamataka Electricity Reform Act, 1999 (Karnataka Act No. 25 of 1999) to the Karnataka Power Transmission Corporation Limited (KPTCL) a company incorporated under the Companies Act, 1956, and having its registered office at Cauvery Bhavan, Bangalore-560 009 for carrying on the business of Transmission of electrical energy within the Area of Supply (as defined in the Licence) and ownership and operation of transmission lines and equipment and with the powers and upon the terms and conditions specified herein.

Part - 1 : DEFINITIONS AND GRANT OF LICENSE

Part - 2 : GENERAL CONDITIONS

Part - 3 : TECHNICAL CONDITIONS

Part - 4 : CONNECTION IN USE OF SYSTEM CONDITIONS

Part - 5 : EXPECTED REVENUE CALCULATION AND TARIFFS

Part - 6 : PENALTY

SCHEDULE - 1 KPTCL AREA OF TRANSMISSION
PART I
DEFINITIONS AND GRANT OF LICENSE

Definitions

1.1 The words, terms and expressions to which meanings are assigned by the Karnataka Electricity Reform Act, 1999 (Karnataka Act No. 25 of 1999), shall have the same meanings in this license.

1.2 Words, terms and expressions used in this license that are not defined herein or in the Act shall have the meaning given to them in the Indian Electricity Act, 1910 (9 of 1910) and the Electricity (Supply) Act, 1948 (54 of 1948).

1.3 In this license, unless the context otherwise requires, capitalized words shall have the meaning set out below, such that the same will not be contrary to the provisions of the Act:

"Accounting Statement" means for each financial year, accounting Statements in respect of each separate Business 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 supporting Statements and information 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 or to any other business (whether or not a Separate Business) together with a description of the basis of that charge; or

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

"Act" means the Karnataka Electricity Reform Act, 1999 (Karnataka Act No. 25 of 1999);

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

"Annual Accounts" means the accounts of the licensee prepared in accordance with the provisions of the Companies Act, 1956; "Area of Supply" means the geographic area referred to in Schedule I of this license within which any activity authorized by this license is allowed;
"Auditors" means the Licensee's auditors holding office in accordance with the requirements of sections 224 to 234A or section 619 as appropriate, of the Companies Act, 1956;

"Authorized", in relation to any person, business or activity, means authorized by license granted under section 19 or exemption granted under section 20 of the Act;

"Central Electricity Regulatory Commission" means the Central Commission constituted under the Electricity Regulatory Commissions Act, 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 Karnataka Electricity Regulatory Commission constituted under the Act;

"Consumer" means the end or final user of electricity;

"Dispose of" or "Disposal" means the sale, gift, lease, license, loan, security, mortgage, charge or the grant of any other encumbrance or permitting of any encumbrance to subsist or any other disposition to a third party;

"Force Majeure" means events beyond the reasonable control of the Licensee, including earthquakes, cyclones, floods, storms, adverse weather conditions or other similar occurrences, that leads to or any act that involves a breach of relevant laws or regulations concerned with electrical safety.

"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 any transformers, bus-bars, switch-gear, plant or apparatus utilised to enable access to a Transmission System /Distribution System by the Generating Set(s);

"Grid Code" (Code of Technical Interface) means the final Grid Code approved by the Commission pursuant to this License, and includes the Interim Grid Code covering all material technical aspects relating to, connections to and the operation and use of a Transmission System, or (in so far as relevant to the operation and use of a Transmission System) the operation of electric lines and electrical plant connected to the Transmission System or the Distribution System of any supplier;

"Holding Company" shall have the same meaning as in section 4 of the
Companies Act, 1956;

"Interim Grid Code" means the Code describing in reasonable detail KPTCL's Practices and Procedures for operating the Transmission System as at the date of this license, and until the approval of the Final Grid Code;

"Licensee" means the Karnataka Power Transmission Corporation Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Cauvery Bhavan, Bangalore- 560 009;

"License Regulations" means the Karnataka Electricity Regulatory Commission (Licensing) Regulations, 2000;

"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 a human being, with the technical characteristics of "significant interruption", "substantial damage", "significant injury" specified in the Grid Code, or Overall Performance Standards to be approved by the Commission or as otherwise specified by the Commission;

"Non-Core Activity" means an activity which is not essential to, part of, related to or reasonably incidental to the Transmission Business;

"Operation" means the operation of the Transmission System.

"Operational Control" means control of the right to operate;

"Ownership" means the ownership of the Transmission System

"Overall Performance Standards" means the standards as may be determined by the Commission pursuant to section 36 of the Act;

"Regulations" means the regulations issued by the Commission under section 56 of the Act,

"Separate Business" means each of the business of transportation of electrical energy ownership of the Transmission system and operation of the Transmission System taken separately from one another and from any other business of the Licensee;

"Standards of Performance" means such standards of performance as may be prescribed by the Commission by Regulations made pursuant to section 35 of the Act;

"State Government" means the government of the state of Karnataka;

"Subsidiary" shall have the same meaning as in section 4 of the Companies Act, 1956;
"Supplier" means any person who holds a Supply license under section 19 of the Act or is granted an exemption under section 20 of the Act;

"Tariff Regulations" means the Karnataka Electricity Regulatory Commission (Tariff) Regulations - 2000.

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

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

"Transmission Operating Standards" means the standards related to the Licensee's operation of its Transmission System approved by the Commission pursuant to condition 17;

"Transmission Planning and Security Standards" means the standards related to the adequacy of Licensee's planning methods and process for its Transmission System and approved by the Commission pursuant to condition 17;

"Transmission System" means the system consisting mainly of extra high voltage electric lines having design voltage of 66 kV and higher and shall include all plant and equipment in connection with Transmission owned or controlled by the Licensee.

"Use of System" means use of the Transmission System for the transfer of electricity by a person specified in condition 20;

1.4 References in this license to conditions, parts, and schedules shall, unless the context otherwise requires, be construed as references to conditions, parts of and schedules to this License.

2. Grant of License

2.1 The Commission, in the exercise of the powers conferred on it by section 19 (1) (a) of the Act, hereby grants to the Licensee a license for Transmission of electricity in the Area of Supply, during the period specified in condition 2.3 subject to the conditions set out in parts II, III, IV, V, and VI of this license, and the Licensing Regulations.

2.2 The conditions are subject to modification or amendment in accordance with their terms or with the provisions of the Act.

2.3 The license shall come into force on the date on which the
Commission communicates its decision granting this license and unless revoked earlier, in accordance with the provisions of condition 13 or the provisions of the Act, shall remain in force for 15 years from that date, provided that at the expiry of the term, the Commission may at its discretion and considering the interest of the public and after giving any member of the public an opportunity to file his objections, if any, extend the License for such further periods as the Commission may deem fit.

KERC (Licensing) Regulations, 2000

PART II

GENERAL CONDITIONS

3. Directions

The Licensee shall always comply with the directions issued by the Commission from time to time and shall act in accordance with the terms of this license, except where the Licensee obtains the approval of the Commission for any deviation of such directions and terms.

4. Acts Requiring Prior Consent

The Licensee may do the following acts, only with the prior written consent of the Commission:

(a) Dispose of electricity to any person, other than pursuant to this licence; or

(b) own or hold any beneficial interest in any Generating Company or Generating Set in the Area of Supply, except in a manner which is incidental to the Transmission Business.

5. Activities of the Licensee

5.1.1 The Licensee shall not commence any new provision of services to third parties for the transportation of electricity through the Licensee's Transmission System, without informing the Commission at least 7 days prior to the commencement of the proposed arrangement.

5.1.2 In circumstances requiring immediate remedial action in the interest of continuity of supply to third parties, the Commission may waive the requirement for minimum period of notice specified in Condition 5.1.1 above.

5.1.3 The Licensee may engage in any Non-Core Activity, only so long as such activity is likely to result in the gainful employment of the assets and infrastructure comprising the Transmission System and subject to the following conditions:
(a) the Transmission 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 the Non-Core Activity separate accounting records as would be required to be kept in respect of such Non-Core Activity, as if it were carried on by a separate company, so that the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, each such Non-Core Activity are separately identifiable in the books of the Licensee from those of any other business, including the Transmission Business in which the Licensee is engaged, whether or not authorized by the Commission; and

(c) the Licensee shall always comply with such guidelines as the Commission may specify in this regard.

5.2 The Licensee shall seek the approval of the Commission before making any loans to, or issuing any guarantee for any obligation of any person, where the same is beyond the permissible limits imposed by the Companies Act, 1956, or cannot be construed as being an exception and/or exemption under the Companies Act, 1956. 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 Affiliate to provide any goods or services to the Licensee, in connection with its Transmission Business, subject to the following conditions:

(a) the transaction will be on an arms-length basis;

(b) the transaction will be structured consistent with any regulations framed by the Commission relating to the provision of goods and services with respect to the Transmission Business; and

(c) Licensee will give 15 days notice to the Commission prior to commencement of the proposed arrangement.

5.4.1 The Licensee may establish Subsidiaries or associated companies to conduct or carry out any of the functions that the Licensee is authorized to conduct or carry out under the Act and this license; Provided always that:

(a) any such Subsidiary or associated company shall operate under the overall supervision and control of the Licensee and upon the terms and conditions of this license; and
(b) the Licensee shall have, prior to delegating any function to any such Subsidiary or associated company, obtained the written approval of the Commission, subject to such conditions that the Commission may stipulate.

5.4.2. 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. The Commission may within 45 days of the application being filed, 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 support of the order passed. If the Commission fails to arrive at a decision within the said period of 45 days, then such permission shall be deemed to have been granted.

6. Prohibition of Subsidies

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 authorized by the Commission), except a subsidy granted by the State Government pursuant to section 12(i) of the Act or a subvention pursuant to section 28(i) of the Act.

7. Accounts

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

7.2 The Licensee shall in respect of each Separate Business:

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

Provided that the aforesaid condition 7.2(a) would take effect only from financial year commencing April 01, 2002 and till this date, the Licensee shall be entitled to keep such accounting records as would be required to be kept in respect of the Transmission Business as a whole and the Licensee will not be required to break these down further to each Separate Business; and

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

   (i) the Accounting Statements;

   (ii) in respect of every three months of each financial year, an
interim profit and loss account, cash flow Statement and balance sheet together with such supporting documents and information as the Commission may prescribe from time to time such statements and documents to be published in the manner prescribed by the Commission;

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

(iv) a copy of each interim profit and loss account not later than forty five days after the end of the period to which it relates, and copies of the Accounting Statements and Auditor's report not later than three months after the end of the financial year to which they relate.

7.3 The Licensee shall not change the bases of charge or apportionment or allocation 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 such bases of charge or apportionment or allocation from those adopted for the immediately preceding financial year, the Licensee shall, if requested by the Commission, in addition to preparing Accounting Statements on those bases which it has adopted, prepare such Accounting Statements on the bases which applied in respect of the immediately preceding financial year.

7.5 Accounting Statements prepared under condition 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) till the Commission stipulates a form under the Regulations, the Accounting Statements may be prepared in the form prescribed under the Indian Electricity Rules, 1956;

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

(d) state the accounting policies adopted.
7.6 References in this condition 7 to costs or liabilities of, or reasonably attributable to, any Separate Business shall be construed as excluding taxation, and capital liabilities, which do not relate principally to that Separate Business, and interest thereon.

7.7 The Licensee shall ensure that the Accounting Statements in respect of each financial year prepared under condition 7.2 and the Auditor's report in respect of each financial year referred to in condition 7.2(b)(iii) are made available to any person requesting them at a price not exceeding the cost of duplicating them.

8. Prohibition of Undue Preference

Subject to section 27 of the Act and condition 20.2, in the conduct of the Transmission Business, the Licensee shall not show undue preference to any person. Provided that the Licensee shall not be deemed to be in breach of its obligations under this license if any undue preference results from compliance with any directions of the Government under section 22-A and 22-B of the Indian Electricity Act 1910 and section 12(1) of the Act.

9. Provision of Information

9.1 The Licensee shall furnish to the Commission such information documents and details related to the Transmission 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 Electricity Regulatory Commission and/or the Central Electricity Authority. The Licensee shall also undertake such studies as the Commission may direct it to undertake from time to time for the improvement of the Transmission Business and any other matter concerning the Transmission Business that the Commission considers necessary in the public interest.

9.2 The Licensee shall notify the Commission as soon as possible and in no case later than one week of the occurrence of any Major Incident affecting any part of the Transmission System and shall, within one month of the date of such Major Incident:

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

(b) give copies of the report to the Commission and to all parties involved in the Major Incident as the Commission may direct.

9.3 The Commission may by order, direct the licensee to provide such
amount of compensation as the Commission may specify to persons' who suffer substantial injury or to the heirs of those who lose their lives where a Major Incident has been caused by any act of commission, omission or negligence on the part of any of the employees or agents of the licensee.

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

10. Investments

10.1 The Licensee shall not make any investment except in an economical and efficient manner and in accordance with the approved investment plan.

10.2 The proposed investment plan for the forthcoming financial year will be submitted by the Licensee to the Commission along with the "Expected Revenue Calculation" filed in terms of condition 20, for approval by the Commission. To meet any unforeseen investments required in the interests of the electricity sector or the Licensee's Authorized business, the Licensee will be entitled to reallocate and adjust the investment plans up to a limit of 10% of the overall investment plan and 25% of the approved amount in respect of each item/work of the investment plan. For any circumstances requiring unforeseen investments/commitments exceeding the proposed/approved investment plans for the financial year, the Licensee will be entitled to make such additional investments/commitments only with the approval of the Commission.

11. Disposal of Assets

11.1 The Licensee shall not, in a single transaction, Dispose of or relinquish Operational Control over any land, building, or asset whose estimated book value at the time of the proposed disposal exceeds Rs.100 lakhs, without complying with this condition 11. The Licensee shall not divide, partition or split the assets or the cost thereof in order that the provision of this Condition 11 is circumvented.

11.2 The Licensee shall give to the Commission, prior written notice of not less than one month of its intention to Dispose of or relinquish Operational Control over any asset covered by condition 11.1, whose estimated book value at the time of the proposed disposal exceeds Rs.100 lakhs. Notice shall not be deemed to have been given until such time as the Licensee has provided to the Commission all such further information as the Commission may require.

11.3 The Licensee may Dispose of or relinquish Operational Control over any asset as is specified in any notice given under condition 11.2 if:
(a) the Commission confirms in writing that it consents to such Disposal or relinquishment of Operational Control subject to such conditions as the Commission may impose; or

(b) the Commission does not inform the Licensee in writing of any objection to such Disposal or relinquishment of Operational Control within the notice period referred to in condition 11.2. and only through transparent and competitive bidding Procedures.

11.4 The Licensee may Dispose of or relinquish Operational Control over any asset where:

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

(i) transactions of a specified description, and/or

(ii) the Disposal of or relinquishment of Operational Control over assets of a specified description, Provided that the transaction or the assets are of description to which such directions apply and the Disposal of or relinquishment of Operational Control is in accordance with any conditions to which the consent is subject.

11.5 Notwithstanding what is stated above, the Licensee will be entitled to utilize the assets as a means of facilitating financing its investment requirements, including collateral for debt financing, sale and lease back, securitization of receivables, subject to the condition that the Licensee will inform the Commission about such arrangement/s immediately upon execution of the relevant agreement/s.

12. Payment of License Fees

12.1 Within 30 days or such further period as the Commission may allow after the coming into force of this license, the Licensee shall pay to the Commission an initial fee of Rs.100 lakhs.

12.2 For as long as this license remains in force, the Licensee shall, by 10th of April of every year, or such further period that the Commission may allow, be liable to pay to the Commission an annual license fee of Rs.50 lakhs for each of the first three years of the license and the Commission shall review such license fee after every three years.

12.3 Where the Licensee fails to pay to the Commission any of the fees due under conditions 12.1 or 12.2 by the due dates:
(a) the Licensee shall be liable to pay to the Commission 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 week after which the amount became due, and ending on the day on which the Commission receives payment; and

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

(c) the Commission may revoke this license pursuant to section 22 of the Act and condition 13 of this license.

12.4 The Licensee shall be entitled to take into account any fee paid by it under this condition 12 in the determination of aggregate revenues made in accordance with condition 21, but shall not take into account any interest paid pursuant to this condition 12.

13. Terms of Revocation

13.1 The Commission may, provided that the requirements of section 22 of the Act have been satisfied, at any time revoke this license by not less than 3 months notice in writing to the Licensee, if the Licensee commits a material and/or continuing breach of this license and does not comply with an order of the Commission to rectify such material and/or continuing breach. Provided that in the event the Licensee rectifies the breach within the 3 months notice period referred to above, the breach shall be deemed to have been cured and the Licensee shall have no further liability.

13.2 It is a condition of this license that the Licensee shall always comply with the orders and directions of the Commission under the Act. When the Commission expressly states that an order subjects the Licensee to this condition 13.2, failure to comply with that order will render the license liable to revocation in accordance with section 22 of the Act (without prejudice to the Commission's right to revoke the license on any other applicable grounds).

14. Extent of applicability of Indian Electricity Act, 1910 (9 of 1910), Electricity (Supply) Act, 1948 (54 of 1948) and Indian Telegraph Act, 1885 (13 of 1885)

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

14.2 Pursuant to section 10(9) of the Act, the Licensee shall have all the power for the placing of appliances and apparatus for the Transmission
of electricity that a telegraph authority possesses under the Indian Telegraph Act, 1885 (13 of 1885).

15. Dispute Resolution

The Commission shall be entitled to act as arbitrator or nominate an arbitrator or arbitrators to adjudicate and settle disputes in pursuance of section 39(1) of the Act.

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PART III

TECHNICAL CONDITIONS

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

16.1 The Licensee shall plan and operate the Transmission System, so as to ensure that Transmission System is capable of providing an efficient and coordinated system of Transmission, in accordance with the Grid Code and the Overall Performance Standards.

16.2 (a) The Licensee shall make arrangements, within twelve months from the date of issue of license, to meet the Power Supply Planning and Security Standards and Power Supply Operating Standards.

(b) The Power Supply Planning and Security Standards are such standards as:

(i) will ensure that the Licensee conducts its planning of generation security so that Bulk Supply will meet levels of reliability and quality 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.

(c) The Power Supply operating standards are such levels of operational security and quality of supply as are proposed by the licensee to the Commission and approved by the Commission.

16.3 (a) The Licensee shall, within one month from the date this license becomes effective, submit to the Commission the existing planning and security standards and the operating standards for its Transmission System and the existing planning and security standards and operating standards relating to generation capacity connected to its Transmission System being followed by the 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 condition 16.2(c) take effect.

(b) The Licensee shall, within three months, or such longer time as the Commission may allow, after this license 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 and Transmission Operating Standards, Power Supply Planning and Security Standards, and Power Supply Operating Standards in accordance with conditions 16.1 and 16.2.

(c) The Transmission Planning and Security Standards and Transmission Operating Standards, Power Supply Planning and Security Standards and the Power Supply Operating Standards submitted by the Licensee pursuant to condition 16.2(a), with such modifications as the Commission may require, shall take effect from such dates as the Commission shall specify.

16.4 (a) The Licensee shall not be in breach of its obligations under this license if it has failed to meet the Transmission Planning and Security Standards or the Transmission Operating Standards due to Force Majeure, provided that, the Licensee has used its reasonable efforts, to comply with the Transmission Planning and Security Standards or the Transmission Operating Standards, as the case may be.

(b) The Licensee shall not be in breach of its obligations under this licence if it has failed to meet the Power Supply Planning and Security Standards or the Power Supply Operating Standards due to any direction of the State Government to it under Section 22A or 22B of the Indian Electricity Act, 1910.

16.5 The Licensee shall, in consultation with Suppliers, the Generating Companies, 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 condition 17.6. 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.

16.6. Having regard to any written representations or objections referred to in condition 16.5(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.

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

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

16.9 The Licensee shall, on an annual basis:

(a) forecast the demand for power within the Area of Transmission 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.

16.10 The Licensee shall within 3 months of the end of each financial year, submit to the Commission a report indicating the performance of the Transmission System during the previous financial year. The Licensee shall, if required by the Commission, publish the reports in a manner to be determined by the Commission. Copies of this report shall be furnished to all persons applying for the same at the cost of photocopying.

16.11 The Licensee shall, upon request by the Commission, provide to the Commission such information as the Commission may require under or for the purpose of monitoring compliance with this condition 16.

17. Grid Code

17.1 Except as provided in condition 17.4, the Licensee shall ensure that, within three months from the issue of the License, there is in force at all times a Grid Code, which meets the requirements of this condition 17. Subject to condition 17.11, the Licensee shall implement and comply with the Grid Code.

17.2 The Grid Code shall:

(a) cover all material technical aspects relating to connections to and
the operation and use of the Transmission System including the operation of electric lines and electrical plant and apparatus connected to the Transmission System in so far as relevant to the operation and use of the Transmission System and shall include, but not be 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 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.

17.3 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 in the State of Karnataka; and

(b) allow the Licensee to comply with its obligations in relation to the inter-State transmission of power.

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

(a) within six months from the commencement of this license the Licensee shall submit an Interim Grid Code to the Commission;
(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;

(c) within twelve months of the commencement of the license, the Licensee shall submit the comprehensive Grid Code described in conditions 17.2 and 17.3 for the approval of the Commission, which must be formulated by the Licensee after consultation with Suppliers, Generating Companies, Central Transmission Utility, Regional Electricity Board and such other persons as the Commission may direct.

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

17.6 The Licensee shall, in consultation with Supply Licensees, the Generating Companies, the Central Transmission Utility, the Regional Electricity Board and such other persons as the Commission may direct, every three years, review the Grid Code and its implementation. The review should be carried out once in three years and all the representations received during the interim period may be considered after giving the Licensee an opportunity to state its position. 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 condition 17.2; and

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

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

17.8 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 forthwith comply with any such directions.

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

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

17.11 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.

18. Central Scheduling and Despatch

18.1 Having regard to information provided to it by Suppliers, Generating Companies, the Central Transmission Utility, the Rural Electricity Co-Operatives (RESCOs) 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 license, the Licensee shall undertake operational planning:

(a) for the matching to the extent possible of output of all Generating Sets contracted to it 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:

(i) any unavailability of Generating Sets; and
(ii) constraints from time to time imposed by technical limitations on the Total System or interconnections with other transmission systems or any part(s) thereof;

(b) consistent with condition 18.1 (a) and in accordance with the Grid Code, for the removal from service of parts of the Transmission System for maintenance, repair, extension or reinforcement.

18.2 Taking account of the factors referred to in condition 18.3, 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 the pre-existing contractual obligations of the Licensee with Generating Companies; and

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

18.3 The factors referred to in condition 18.2 include:
(a) expected demand (including reasonable transmission losses);
(b) economic and technical constraints from time to time imposed on the Total System or any part or parts thereof;
(c) the dynamic operating characteristics of available Generating Sets; and other matters provided for in the Grid Code.

18.4 The Licensee shall provide to the Commission such information as the Commission shall request concerning the merit order despatch described in condition 18.2(a) or any aspect of its operation.

18.5 In this condition 18

"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 condition 18.2.

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PART IV

CONNECTION AND USE OF SYSTEM CONDITIONS

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

19.1 The Licensee shall make such arrangements for the use of the Transmission System by third parties as are specified in this condition 19. 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) to specify tariff and Use of System charges to be paid by the user, which shall be in accordance with condition 20.
Explanation: The third parties referred to in this condition 19.1 are:

(i) persons authorized under a legislation enacted by the Union of India to wheel power across the Transmission System on an inter-state conveyance of energy;

(ii) such persons as the Commission may authorize to use the Transmission System.

19.2 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 and such offer shall make provision for:

(a) the carrying out of works necessary to make the required connection, including the installation of meters;

(b) the carrying out of any necessary works to reinforce the Licensee's Transmission System;

(c) the connection charges to be paid in accordance with condition 20; and

(d) the completion date and such other terms as are relevant to the circumstances.

19.3 The Licensee shall offer terms for agreements in accordance with conditions 19.1 or 19.2 as soon as practicable and (save where the Commission consents to a longer period) no more than two months after an application under conditions 19.1 or 19.2 is made.

19.4 The Licensee shall not be obliged pursuant to this condition 19 to offer to enter or to enter into any agreement if:

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

   (i) being in breach of its duties under Section 21 of the Act; or

   (ii) being 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) being in breach of the Grid Code; or

   (iv) being in breach of any of the conditions of this license; or

(b) the person making the application does not undertake to comply with the Grid Code from time to time in force to the extent that it is applicable to that person; or
(c) in the case of persons making application for Use of System under condition 19.1, such person ceases to be authorized as specified therein; or

(d) in the case that the persons have been identified as not having the financial resources to pay the transmission charges.

19.5 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 conditions 19.1 and 19.2 pursuant to a request under this condition 19, the Commission may at the request of any 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.

19.6 The Licensee shall prepare and submit 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 seeking 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 -

19.7 At the request of a person or a Supplier who wishes to use the Transmission System under conditions 19.1 or 19.2, the Licensee shall prepare an update to the above Statement, incorporating most recent data but specifically including any facility for which any other person or a Supplier has requested use of and connection to the Transmission System.

19.8 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 costs of providing such Statement.
PART V

EXPECTED REVENUE CALCULATION AND TARIFFS

20. Expected Revenue and Tariff Filings:

20.1 The Licensee shall follow the methodology, Procedures and other directions included in the Tariff Regulations while filing Statements of Expected Revenue from charges and for proposing or amending any or all of its tariffs.

20.2 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 financial principles and their applications provided in Section 59 and the Sixth Schedule to the Electricity (Supply) Act, 1948, as they may be modified pursuant to Section 27(4) of the Act, as will allow the licensee a fair opportunity to earn a reasonable return.

PART VI

PENALTY

21. Penalty for Contravention of Conditions of the Licence

The Licensee shall be liable for action under sections 42 and 43, of the Act in appropriate cases for contravening any one or more of the provisions of this Licence.

SCHEDULE - 1

KPTCL AREA OF TRANSMISSION

The entire state of Karnataka, including cantonment, aerodrome, fortresses, arsenal, dockyard or camp or any building or place in occupation of Central Government for defence purposes, where permission has been obtained.
Supply Licence

Licence granted by the Karnataka Electricity Regulatory Commission under section 19 of the Karnataka Electricity Reform Act, 1999 (Karnataka Act No. 25 of 1999) to the ___________ a company incorporated under the Companies Act, 1956, and having its registered office at ____________, for carrying on the business of Supply of electrical energy within the Area of Supply (as defined in the Licence) and with the powers and upon the terms and conditions specified herein.

Part - 1: **DEFINITIONS & GRANT OF THE LICENCE**

Part - 2: **GENERAL CONDITIONS**

Part - 3: **TECHNICAL CONDITIONS**

Part - 4: **EXPECTED REVENUE CALCULATION & TARIFFS**

Part - 5: **CONDITIONS**

Part - 6: **PENALTY**

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**KERC (Licensing) Regulations, 2000**

**PART I**

**DEFINITIONS AND GRANT OF THE LICENCE**

1. Definitions

1.1 The words, terms and expressions to which meanings are assigned by the Karnataka Electricity Reform Act, 1999 (Karnataka Act No. 25 of 1999), shall have the same meanings in this Licence.

1.2 Words, terms and expressions used in this licence which are not defined in this licence or in the Act shall have the meaning given to them in the Indian Electricity Act, 1910 (9 of 1910) and the Electricity (Supply) Act, 1948 (54 of 1948).

1.3 In this licence, unless the context otherwise requires, capitalised words shall have the meaning set out below, such that the same will not be contrary to the provisions of the Act:

"Accounting Statement" means for each financial year, accounting
Statements in respect of each separate business 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 supporting Statements and information 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 or to any other business together with a description of the basis of that charge; or

(ii) determined by apportionment or allocation between the Supply Business and any other business of the Licensee or its Affiliate together with a description of the basis of the apportionment or allocation.

"Act" means the Karnataka Electricity Reform Act, 1999 (Karnataka Act No. 25 of 1999);

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

"Area of Supply" means the geographic area referred to in Schedule 1 of this licence within which 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 234A 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 19 or exemption granted under section 20 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 Electricity Regulatory Commission" means the Commission constituted under the Electricity Regulatory Commission Act, 1998;

"Commission" means the Karnataka Electricity Regulatory Commission;

"Consumer" means the end or final user of electricity;

"Dispose of" or "Disposal" means the sale, gift, lease, licence, loan, security, mortgage, charge or the grant of any other encumbrance or permitting of any encumbrance to subsist or any other disposal to a third party;
"Distribution" means the transportation of electricity by means of a Distribution System;

"Distribution and Supply Business" means any Authorised business of the Licensee (i) in or ancillary to Distribution, whether for its own account or that of third parties, through any system owned and/or operated by the Licensee, and (ii) in Supply;

"Distribution Code" means the Code (including any replacement for the Interim Distribution Code) prepared by the Licensee in accordance with condition 19, which is approved by the Commission, as it may be amended, supplemented or replaced from time to time in accordance with condition 19;

"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. The Distribution System shall not include any part of the Transmission System except the terminal equipment used for the supply of electricity to extra high voltage (66 kV and above) Consumers;

"Distribution System Operating Standards" means the standards related to the Licensee’s operation of its Distribution System approved by the Commission pursuant to condition 20;

"Distribution System Planning and Security Standards" means the standards related to the adequacy of the Licensee's planning methods and process for its Distribution System, approved by the Commission pursuant to condition 20;

"Existing Distribution - System Planning and Security Standards" means the standards describing in reasonable detail KPTCL's standards for system planning and security of the Distribution System as at the date of this licence;

"Existing Distribution System Operating Standards" means the standards describing in reasonable detail KPTCL's standards for operating the Distribution System as at the date of this licence;

"Force Majeure" means events beyond the reasonable control of the Licensee, including earthquakes, cyclones, floods, storms, adverse weather conditions or other similar occurrences that leads to any act that would involve a breach of relevant laws or regulations concerned with electrical safety.

"Generation 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 any transformers, bus-bars, switch-gear, plant or apparatus utilised to enable access to a Transmission System/Distribution System by the Generating Set(s):

"Grid Code (Code of Technical Interface)" means the Grid Code formulated by the Commission or such person/entity as the Commission may authorise covering all material technical aspects relating to, connections to and the operation and use of a Transmission System, or (in so far as relevant to the operation and use of a Transmission System) the operation of electric lines and electrical plant connected to the Transmission System or the Distribution System of any Supplier including the Licensee's Distribution System and includes the Interim Grid Code;

"Interim Distribution Code" means the Code describing in reasonable detail Licensee's Practices and Procedures for operating the Distribution System as at the date of this licence;

"KPTCL" means the Karnataka Power Transmission Corporation Limited, a company incorporated under the Companies Act, 1956, and having its registered office at Cauvery Bhavan, Bangalore 560 009

"Licensee" means the entity which has been granted a Supply License under the Act;

"License Regulations" means the Karnataka Electricity Regulatory Commission (Licensing) Regulations, 2000;

"Major Incident" means an incident associated with the Distribution and 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 a human being, with the technical characteristics of "significant interruption", "substantial damage", "significant injury" specified in the Grid Code, Distribution Code or Overall Performance Standards to be approved by the Commission or as otherwise specified by the Commission;

"Non-Core Activity" means an activity which is not essential to, part of, related to or reasonably incidental to the Supply Business;

"Operational Control" means control of the right to operate,

"Overall Performance Standards" means the standards as may be determined by the Commission pursuant to section 36 of the Act;

"Regulations" means the regulations issued by the Commission under section 56 of the Act;

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

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

"Separate Business" means each of the Bulk Supply and Retail Supply Business and any Non-Core Activity, taken separately from one another;

"Standards of Performance" means such standards of performance as may be determined by the Commission by Regulations made pursuant to section 35 of the Act;

"State Government" means the government of the state of Karnataka;

"Subsidiary" shall have the same meaning as in section 4 of the Companies Act, 1956;

"Supplier" means any person who holds a licence under section 19 of the Act or is granted an exemption under section 20 of the Act;

"Supply" means the procurement, Distribution and provision of electricity by a Supplier either for resale or directly to Consumers;

"Tariff Regulations" means the Karnataka Electricity Regulatory Commission (Tariff) Regulations - 2000;

"Supply License" means this license issued to the Licensee;

"Transmission Licensee" means, where it relates to owning and operation of transmission lines, KPTCL in its capacity as the license holder for the same, and where it relates to transportation of electricity, any person or entity that has been granted a license to transport electricity;

"Transmission System" means the system consisting mainly of extra high voltage electric lines having design voltage of 66 kV and higher and shall include all plant and equipment in connection with Transmission owned and operated by the KPTCL;

"Use of System" means use of the Distribution System for the transportation of electricity by a person, in accordance with condition 21.2.

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

2. Grant of Licence

2.1 The Commission, in the exercise of the powers conferred on it by section 19 of the Act, hereby grants to the Licensee a licence for Supply of electricity in the Area of Supply, during the period specified in condition 2.3, subject to the conditions set out in parts II, III, IV, V and VI of this licence and the Licensing Regulations.

2.2 The conditions are subject to modification or amendment in
2.3 The license shall come into force on the date on which the Commission communicates its decision granting this license and unless revoked earlier, in accordance with the provisions of condition 13 or the provisions of the Act, shall remain in force for 15 years from that date, provided that at the expiry of the term, the Commission may at its discretion and considering the interest of the public and after giving any member of the public an opportunity to file his objections, if any, extend the Licence for such further periods as the Commission may deem fit.

KERC (Licensing) Regulations, 2000

PART II

GENERAL CONDITIONS

3. Directions

The Licensee shall always comply with the directions issued by the Commission from time to time and shall act in accordance with the terms of this license, except where the Licensee obtains the approval of the Commission for any deviation of such directions and terms.

4. Acts Requiring Prior Consent

4.1 The Licensee or its Affiliate shall do the following acts only with the prior written consent of the Commission:

(a) purchase or import or otherwise acquire electricity under this license from any person other than (i) a Bulk Supplier; or (ii) a person who has generated electricity using a source with installed capacity less than five MW; or
(b) sell or otherwise dispose of electricity to any person, other than pursuant to this licence; or
(c) own or hold any beneficial interest in any Generating Company or Generating Set in the Area of Supply, except in a manner which is incidental to the Supply Business; or
(d) own or hold any beneficial interest in any Supplier, other than (i) a person who supplies electricity pursuant to a general exemption granted by the Commission; or (ii) in any facilities used for Supply in the Area of Supply other than for the purpose of its Supply Business.

4.2 Where such prior permission is required, the Licensee will file a suitable application with the Commission disclosing relevant facts in that behalf. The Commission may within 30 days of the application being filed, 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 support of the order passed.

5. **Activities of the Licensee**

5.1.1 The Licensee shall not commence any new provision of services to third parties for the transportation of electricity through the Licensee’s Distribution System, without informing the Commission at least 7 days prior to the commencement of the proposed arrangement.

5.1.2 In circumstances requiring immediate remedial action in the interest of continuity of supply to the Consumers/ third parties the Commission may waive the requirement of the minimum period of notice specified above.

5.1.3 The Licensee may engage in any Non-Core Activity, only so long as such activity is likely to result in the gainful employment of the assets and infrastructure comprising the Distribution System and subject to the following conditions:

(a) the Supply 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 the Non-Core Activity, separate accounting records as would be required to be kept in respect of such Non-Core Activity, as if it were carried on by a separate company, so that the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, each such Non-Core Activity are separately identifiable in the books of the Licensee from those of any other business, including the Supply Business, in which the Licensee is engaged, whether or not authorised by the Commission; and

(c) the Licensee shall always comply with such guidelines that the Commission may specify in this regard.

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, where the same is either beyond the permissible limits imposed by the Companies Act, 1956, or cannot be construed as being an exception and/or exemption under the Companies Act, 1956. 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 an Affiliate to provide any goods or services to the Licensee in connection with its Supply Business subject to the following conditions:
(a) the transaction will be on an arms-length basis;

(b) the transaction will be structured consistent with any regulations framed by the Commission relating to the provision of goods and services with respect to Supply Business; and

(c) the Licensee will give 15 days notice to the Commission, prior to commencement of the proposed arrangement.

5.4 The Licensee may establish Subsidiaries or associated companies to conduct or carry out any of the functions that the Licensee is authorized to conduct or carry out under the Act and this license. Provided always that:

(a) any such Subsidiary or associated company shall operate under the overall supervision and control of the Licensee and upon the terms and conditions of this licence; and

(b) the Licensee shall have, prior to delegating any function to any such Subsidiary or associated company, obtained the written approval of the Commission, subject to such conditions as the Commission may stipulate.

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. The Commission may within 45 days of the application being filed, 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 support of the order passed. If the Commission fails to arrive at a decision within the said period of 45 days, then such permission shall be deemed to have been granted.

6. Prohibition of Subsidies 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 authorized by the Commission), except a subsidy granted by the State Government pursuant to section 12(1) of the Act or a subvention pursuant to section 28(1) of the Act.

7. Accounts

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

7.2 The Licensee shall in respect of each Separate Business:

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

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

(i) the Accounting Statements;

(ii) in respect of every three months of each financial year, an interim profit and loss account, cash flow Statement and balance sheet together with such supporting documents and information as the Commission may prescribe from time to time.

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

(iv) a copy of each interim profit and loss account not later than forty five days after the end of the period to which it relates, and copies of the Accounting Statements and Auditor's report not later than three months after the end of the financial year to which they relate.

7.3 The Licensee shall not change the bases of charge or apportionment allocation 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 such bases of charge or apportionment or allocation from those adopted for the immediately preceding financial year, the Licensee shall, if requested by the Commission, in addition to preparing Accounting Statements on those bases which it has adopted, prepare such Accounting Statements on the bases which applied in respect of the immediately preceding financial year.

7.5 Accounting Statements prepared under condition 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) till the Commission stipulates any form by the Regulations, the Accounting Statements may be prepared in the form prescribed by the Indian Electricity Rules, 1956;

c) be prepared in accordance with generally accepted Indian
accounting standards; and
d) state the accounting policies adopted.

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

7.7 The Licensee shall ensure that the Accounting Statements in respect of each financial year prepared under condition 7.2 and the Auditor's report in respect of each financial year referred to in condition 7.2(b)(iii) are made available to any person requesting them at a price not exceeding the reasonable cost of duplicating them.

8. Prohibition of Undue Preference

Subject to section 27(6) of the Act in the conduct of the Supply Business, the Licensee shall not show undue preference to any person. Provided that the Licensee shall not be deemed to be in breach of its obligations under this license if any undue preference results from compliance with any directions of the Government under section 22-A and 22-B of the Indian Electricity Act 1910 and section 12(1) of the Act.

9. Provision of Information to the Commission

9.1 Licensee shall always furnish to the Commission such information documents and details related to the Supply business of the Licensee in the manner in which the Commission requires for its own purposes or for the purposes of the Government of India, State Government, the Central Electricity Regulatory Commission and/or the Central Electricity Authority. The Licensee shall also undertake such studies as the Commission may direct it to undertake from time to time for the improvement of the Supply business.

9.2 The licensee shall notify the Commission as soon as possible and in no case later than one week of the occurrence of any Major Incident affecting any part of the Transmission System and shall, within one month of the date of such Major Incident:

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

(b) give copies of the report to the Commission and to all parties involved in the Major Incident as the Commission may direct.

9.3. The Commission may by order, direct the licensee to provide such amount of compensation as the Commission may specify to persons' who
suffer substantial injury or to the beirs of those who lose their lives where a Major Incident has been caused by any act of Commission, omission or negligence on the part of any of the employees or agents of the licensee.

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

10. Investments

10.1 The Licensee shall not make any investment except in an economical and efficient manner and in accordance with the approved investment plan.

10.2 The proposed investment plan for the forthcoming financial year will be submitted by the Licensee to the Commission along with the "Expected Revenue Calculation" filed in terms of condition 24, for approval by the Commission. To meet any unforeseen investments required in the interests of the electricity sector or the Licensee's Authorised business, the Licensee will be entitled to reallocate and adjust the investment plans up to a limit of 10% of the overall investment plan and 25% of the approved amount in respect of each item/work of the investment plan. For any circumstances requiring unforeseen investments/commitments exceeding the proposed/approved investment plans for the financial year, the Licensee will be entitled to make such additional investments/commitments only with the approval of the Commission.

11. Disposal of Assets

11.1 The Licensee shall not, in a single transaction, Dispose of or relinquish Operational Control over any land, building or asset whose estimated book value at the time of the proposed disposal exceeds Rs.50 lakhs, other than in the ordinary course of business, without complying with this condition 11. The Licensee shall not divide, partition or split the assets or the cost thereof in order that the provision of this Condition 11 is circumvented.

11.2 The Licensee shall give to the Commission for its concurrence, prior written notice of not less than one month of its intention to Dispose of or relinquish Operational Control over any asset covered by condition 11.1, whose estimated book value at the time of the proposed disposal exceeds Rs.50 lakhs. Notice shall not be deemed to have been given until such time as the Licensee has provided to the Commission all such further information as the Commission may require.

11.3 The Licensee may Dispose of or relinquish Operational Control over any asset as is specified in any notice given under condition 11.2 if:
(a) the Commission confirms in writing that it consents to such Disposal or relinquishment of Operational Control subject to such conditions as the Commission may impose; or

(b) the Commission does not inform the Licensee in writing of any objection to such Disposal or relinquishment of Operational Control within the notice period referred to in condition 11.2 and the transfer is effected by transparent and competitive bidding Procedures.

11.4 The Licensee may Dispose of or relinquish Operational Control over any asset where:

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

(i) transactions of a specified description, and/or

(ii) the Disposal of or relinquishment of Operational Control over assets of a specified description,

Provided that the transaction or the assets are of description to which such directions apply and the Disposal of or relinquishment of Operational Control is in accordance with any conditions to which the consent is subject.

11.5 Notwithstanding what is stated above, the Licensee will be entitled to utilise the assets as a means of facilitating financing its investment requirements, including collateral for debt financing, sale and lease back, securitisation receivables, subject to the condition that the Licensee will inform the Commission about such arrangement/s immediately upon execution of the relevant agreement/s.

12. Payment of Licence Fees

12.1 Within 30 days or such further period as the Commission may allow after the coming into force of this license, the Licensee shall pay to the Commission an initial fee of Rs.50 lakhs if the Area of Supply is the entire State of Karnataka and Rs.20 lakhs in any other case.

12.2 For as long as this licence remains in force, the Licensee shall, by 10th of April of every year, or such further period as the Commission may allow, be liable to pay to the Commission an annual licence fee of Rs.25 lakhs when the Area of Supply is the entire State of Karnataka and Rs.10 lakhs in any other case for each of the first three years of the licence and the Commission may review such licence fee after every three years.

12.3 Where the Licensee fails to pay to the Commission any, of the fees due under conditions 12.1 or 12.2 by the due dates:
a) The Licensee shall be liable to pay to the Commission 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 Commission receives payment; and

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

c) The Commission may revoke this licence pursuant to section 18 of the Act and condition 13 of this license.

12.4 The Licensee shall be entitled to take into account any fee paid by it under this condition 12 in the determination of aggregate revenues made in accordance with condition 24, but shall not take into account any interest paid pursuant to this condition 12.

13. **Terms of Revocation**

13.1 The Commission may, provided that the requirements of section 22 of the Act have been satisfied, at any time revoke this license by 3 months notice in writing to the Licensee, if the Licensee commits a Material and Continuing Breach of this license and does not comply with an order of the Commission to rectify such material and/or continuing breach. Provided that in the event the Licensee rectifies the breach within the 3 months notice period referred to above, the breach shall be deemed to have been cured and the Licensee shall have no further liability. For the purpose of this Condition 13.1, the term "Material And Continuing Breach" shall mean a breach of Conditions 4, 5, 6, 8, 10, 11, 17, 19.1 or 25 of this License.

13.2 It is a condition of this licence that the Licensee shall always comply with the orders and directions of the Commission under the Act. When the Commission expressly states that an order subjects the Licensee to this condition 13.2, failure to comply with that order will render the licence liable to revocation in accordance with section 22 of the Act (without prejudice to the Commission’s right to revoke the licence on any other applicable grounds).

14. **Extent of applicability of the Schedules to Indian Electricity Act, 1910 (9 of 1910)**

None of the provisions of the Schedule of the Indian Electricity Act, 1910 shall be deemed to be incorporated into this licence except for sections XIV and XV of the said Schedule. If sections XIV or XV is amended after this license is issued, the Commission may determine by order, to what extent those amendments shall be required to be incorporated into the license.
15. Extent of grant of powers and authority under the Indian Electricity Act, 1910 (9 of 1910), Electricity (Supply) Act, 1948 (54 of 1948) and Indian Telegraph Act, 1885 (13 of 1885)

15.1 The Commission may publish an order authorizing the Licensee to exercise any power or Authority that could be given to the Licensee under the Indian Electricity Act, 1910 (9 of 1910) and the Electricity (Supply) Act 1948 (54 of 1948).

15.2 Pursuant to section 10(9) of the Act, the Licensee shall have all the power for the placing of appliances and apparatus for the Supply of electricity that a telegraph authority possesses under the Indian Telegraph Act, 1885 (13 of 1885).

16. Dispute Resolution

The Commission shall be entitled to act as an arbitrator or nominate an arbitrator to adjudicate and settle disputes in pursuance of section 39(1) of the Act.

KERC (Licensing) Regulations, 2000

PART III

TECHNICAL CONDITIONS

17. Power Procurement Procedure

17.1 The Licensee shall not purchase electrical capacity and/or energy without an authorisation granted by the Commission under the terms of this condition 17.

17.2 The Licensee shall purchase electrical capacity and/or energy in an economical and efficient manner under a transparent procurement process as approved by the Commission after following the guidelines issued by the Commission from time to time relating to preparation of load forecasts, power procurement plan and power procurement procedure. 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 and/or the Commission shall apply.

17.3 An authorization required under condition 17.1 shall be granted when the Licensee has demonstrated to the Commission's satisfaction that:

(a) the additional electrical capacity and/or energy is necessary to meet the Licensee's service obligation in accordance with condition 16; 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 (including arrangements for reducing the level of demand) and such examination has been carried out- in a manner approved by the Commission.

17.4 The restriction imposed in condition 17.1 shall not be applicable:

(a) for short term purchases (less than six months in duration), provided that the details of such purchases shall be submitted to the Commission; and

(b) to contracts or agreements concluded before the commencement of this license.

18. Compliance with the Grid Code

18.1 The Licensee shall comply with the provisions of the Grid Code, in so far as applicable to it.

18.2 The Commission may, on reasonable grounds and after consultation with any affected Generating Companies and Suppliers, issue directions relieving the Licensee of its obligation under condition 18.1 in respect of such parts of the Grid Code and to such extent as may be specified in those directions.

19. Distribution Code

19.1 The Licensee shall, within six months of issue of this license, prepare and submit to the Commission a Distribution Code, after consultation with the other Suppliers, the Transmission Licensees, the Generating Companies and such other persons as the Commission may specify. The Distribution Code shall be accompanied by a plan for its implementation. Once the Commission adopts both the Distribution Code and the implementation plan, the Licensee shall implement and comply with such Distribution Code; Provided that the Commission may issue directions relieving the Licensee of its obligations under the Distribution Code in respect of such parts of the Licensee’s Distribution System and to such extent as the Commission may indicate.

19.2 The Interim Distribution Code shall continue to remain in effect until the final Distribution Code is approved by the Commission. In the meanwhile, the Licensee will continue to function in accordance with the Interim Distribution Code.

19.3 The Distribution Code shall cover all material technical aspects relating to connections to and the operation and use of the Distribution System including the operation of the electrical lines and electrical plant
and apparatus connected to the Distribution System in so far as relevant to the operation and use of the Distribution System and shall include, but not be limited to:

(a) The Distribution planning and connection Code containing:

(i) planning Code specifying the technical and design criteria and Procedures to be applied by the Licensee in the planning and development of the Licensee's Distribution System; and

(ii) connection conditions specifying the technical, design and operational criteria to be complied with by any person connected or seeking connection with the Licensee's Distribution System; and

(b) the Distribution operating Code specifying the Conditions under which the Licensee shall operate the Licensee's Distribution System and under which the Transmission Licensee and other Suppliers shall operate their respective systems in relation to the Licensee's Distribution System, in so far as necessary to protect the security and quality of supply and safe operation of the Licensee's Distribution System under both normal and abnormal operating conditions.

(c) a metering Code setting out requirements and Procedures for metering; and

(d) a protection Code setting out the requirements and co-ordination of protection systems.

19.4 The Distribution Code shall be designed so as to permit the development, maintenance and operation of an efficient, coordinated and economical Distribution System.

19.5 The Licensee shall periodically review (including upon the direction of the Commission) the Distribution Code and its implementation in consultation with the Transmission Licensee, Generating Companies, other Suppliers and such other persons as the Commission may order. Following any such review, the Licensee shall send to the Commission:

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

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

(c) all written representations or objections from Suppliers (including any proposals by such Suppliers for revisions to the Distribution Code not accepted by the licensee in the course of the review) arising during the consultation process.
19.6 All revisions to the Distribution Code shall require approval from the Commission.

19.7 The Licensee shall make available to any person requesting for it, a copy, of the Distribution Code in force at the relevant time, at a price not exceeding the cost of duplicating it.

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

20.1 The Licensee shall plan and operate its Distribution System to ensure that, subject to the availability of adequate power of appropriate quality, the Distribution System is capable of providing Consumers with a safe, reliable and efficient Supply of electricity. In particular, the Licensee shall:

a) plan and develop its Distribution System in accordance with the Distribution System Planning and Security Standards together with the Distribution Code as approved by the Commission; and

b) operate the Licensee's Distribution System in accordance with the Distribution System Operating Standards together with the Distribution Code as approved by the Commission.

20.2 The Licensee shall comply with Existing Distribution System Planning and Security Standards and the Existing Distribution System Operating Standards, as may be modified by the Commission, until the Distribution System Planning and Security Standards and Distribution System Operating Standards proposed by the Licensee pursuant to condition 20.3 are approved by the Commission.

20.3 The Licensee shall, within twelve months after this license becomes effective, prepare in consultation with the Suppliers, Generating Companies and such other person as the Commission may specify, and submit to the Commission for approval, the Licensee's proposal for Distribution System Planning and Security Standards and Distribution System Operating Standards.

20.4 Having regard to any written representation received by the Commission or upon its own motion, after giving the Licensee an opportunity to present its views on the same, for reasons recorded in writing, the Commission may, require the Licensee to revise the Distribution System Planning and Security Standards and the Distribution System Operating Standards, and Licensee shall comply with the directions of the Commission.

20.5 The Licensee shall, within 3 months of the end of each financial year, furnish to the Commission a report indicating the performance of the Licensee's Distribution System during the previous financial year. The Licensee shall, if required by the Commission, publish a summary of the
report in a manner approved by the Commission. Specifically, the Licensee shall always maintain the Supply/Distribution System losses below such percentage as may be specified by the Commission by orders from time to time.

20.6 The Licensee shall conduct its Supply Business in the manner which it reasonably considers to be best calculated to achieve the Overall Performance Standards in connection with provision of electricity supply services and the promotion of the efficient use of electricity, by Consumers, as may be prescribed by the Commission pursuant to section 36 of the Act.

20.7 The Standards of Performance may be set by the Commission, or may be proposed by the Licensee for the Commission's approval. The Licensee's compliance with the Standards of Performance may be measured by the Commission, in part, by the Licensee's adherence to the Code of Practice on Payment of Bills, Complaint Handling Procedure, and Consumer Rights Statement set forth in accordance with condition 23 of this licence.

20.8 The Licensee shall supply annually, information to the Commission as to the means by which it proposes to achieve the Overall Performance Standards and the Standards of Performance.

21. Obligation to Connect Consumers and Public Lamps

21.1 The Licensee shall have the following obligations:

(a) Subject to the other provisions of this licence, the Licensee shall on the application of the owner or occupier of any premise within the Area of Supply, provide connection to the Licensee's Distribution System for the purposes of providing a Supply of electricity to those premises, including the laying of any required distribution mains.

(b) Where the owner or occupier of any premises requires connection under the terms of condition 21.1, the form of application to be made and the Procedure for responding to that application shall be in accordance with the Procedure specified by the Licensee and approved by the Commission.

(c) The Licensee shall always endeavour to procure adequate power of appropriate quality for Supply to Consumers.

21.2 The Licensee shall make such arrangements for the use of the Distribution System by such third parties as the Commission may authorize. 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 Distribution System:
(a) to accept into the Distribution System electricity provided by that person,
(b) to deliver such electricity, adjusted for losses of electricity, to a designated exit point;
(c) based on tariff and Use of System charges to be paid by the user, which shall be in accordance with condition 24.

22. Obligation to Supply and Power Supply Planning Standards

22.1 The Licensee shall take all reasonable steps to ensure that all Consumers connected to the Licensee’s Distribution System receive a safe, economical and reliable Supply of electricity as defined in the levels required in the Overall Performance Standards, the Consumer Rights Statement, and the Complaint Handling Procedures, except where:

(a) the Licensee discontinues Supply to certain Consumers under section 24 of Indian Electricity Act 1910 or in accordance with the Code of Practice on payment of Bills drawn up pursuant to condition 23; or
(b) the Licensee is obliged to regulate the Supply to Consumers as may be directed by the State Government under section 22-B of the Indian Electricity Act, 1910.

22.2 The Licensee shall, on an annual basis:

(a) forecast the demand for power within the Area of Supply in each of the next succeeding 10 years;
(b) prepare and submit such forecasts to the Commission in accordance with the guidelines issued by the Commission from time to time; and
(c) co-operate with the KPTCL in the preparation of power demand forecasts for the state of Karnataka.

23 Consumer Service

23.1 Code of Practice on Payment of Bills

(a) The Licensee shall, within one month after this licence has become effective, prepare and furnish to the Commission, for its approval, a Code of Practice concerning the payment of electricity bills by Consumers and including appropriate guidance for the assistance of such Consumers who may have difficulty in paying such bills, and Procedures for disconnecting Consumers for non-payment. Upon receiving the Code of Practice, the Commission may hold consultations with the Commission Advisory Committee and any body of persons that appears to the Commission to be representative of Consumers. In granting the approval, the Commission may make such modifications as it considers necessary in
the public interest.

(b) The Commission may, upon receiving a representation or otherwise, require the Licensee to review the Code of Practice prepared in accordance with condition 23.1(a) and the manner in which it has been operated, with a view to determining whether any modification should be made to it or to the manner of its operation.

(c) The Licensee shall, in consultation with such other persons as the Commission may direct, upon review submit, any revision to the Code of Practice that it wishes to make to the Commission for its approval, including any representation received by the Licensee and not accepted by it. The Commission may in consultation with the Commission Advisory Committee and any body of persons that appears to the Commission to be representative of Consumers modify the existing Code of Practice concerning payment of bills as it considers necessary.

(d) The Licensee shall:

(i) draw to the attention of Consumers the existence of the Code of Practice and each substantive revision of it and how they may inspect or obtain a copy of the Code of Practice in its latest form;

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

(iii) provide free of charge an updated copy of the Code of Practice revised from time to time to each new Consumer and to any other person who requests it at a price not exceeding the cost of duplicating it.

23.2 Complaint Handling Procedure:

(a) The Licensee shall within one month after this licence has become effective establish with approval of the Commission, a Procedure for Handling Complaints from Consumers about the manner in which the Licensee conducts its Supply Business. The Commission may consult with the Commission Advisory Committee or a person or body of persons that appears to the Commission to be representative of the interest of the Consumers and make such modification of the Procedure, as it believes necessary in the public interest.

(b) The Commission may, upon receiving a representation or otherwise, require the Licensee to review the Complaint Handling Procedure prepared in accordance with condition 23.2(a) and the manner in which it has been operated, with a view to determining whether any modification should be made to it or to the manner of its operation.

(c) Any Procedure established pursuant to this condition 23.2, including
any revisions to it, shall specify the periods within which it is intended that different descriptions of Complaint should be processed and resolved.

(d) The Licensee shall submit any revision proposed to be made to the Procedure established in accordance with condition 23.2(a) to the Commission for its approval.

(e) The Licensee shall:

(i) make a copy of the Procedure, revised from time to time, available for inspection by members of the public at each of the relevant premises during normal working hours; and

(ii) provide free of charge a copy of the Procedure revised from time to time to each new Consumer, and to any other person who requests it at a price not exceeding the cost of duplicating it.

23.3 Consumer Rights Statement

(a) Unless the Commission has framed regulations pursuant to section 35 of the Act, the Licensee shall, within one month after this licence has come into force or such other time as the Commission may allow, prepare and furnish to the Commission for approval, a Consumer Rights Statement, explaining to Consumers their rights as Consumers of the Licensee in its capacity as operator of its Supply Business. The Commission may, upon holding such consultation with the Commission Advisory Committee and such other persons or bodies of persons who the Commission considers as representing the interests of Consumers likely to be affected by it, make such modification of the Statement, as it considers necessary in public interest.

(b) The Commission may, upon receiving a representation or otherwise require the Licensee to review the Consumer Rights Statement prepared in accordance with condition 23.3(a) and the manner in which it has been operated, with a view to determining whether any modification should be made to it or to the manner of its operation.

(c) The Licensee shall furnish any revision to the Consumer Rights Statement that it wishes to make to the Commission for its approval, including any representation received by the Licensee and not accepted by it. The Commission may, in consultation with the commission advisory committee, modify the existing Consumer Rights Statement, as it considers necessary in public interest.

(d) The Licensee shall give wide publicity to the Consumer Rights Statement by:

(i) Publishing it in two English dailies and two Kannada dailies circulating in the State of Karnataka,
(ii) making a copy of it, revised from time to time, available for inspection by members of the public at each of the relevant premises during normal working hours;

(iii) providing free of charge a copy of it, revised from time to time, to all new Consumers; and to any other person who requests it at a price not exceeding the cost of duplicating it.

KERC (Licensing) Regulations, 2000

PART IV

EXPECTED REVENUE CALCULATION AND TARIFFS

24. Expected Revenue Calculation and Tariffs

24.1 The Licensee shall follow the methodology, Procedures and other directions included in the Tariff Regulations while filing the Statement of Expected Revenue from charges and for proposing or amending any or all of its tariffs.

24.2 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 financial principles and their applications provided in Section 59 and the Sixth Schedule to the Electricity (Supply) Act, 1948, as they may be modified pursuant to Section 27(4) of the Act, as will allow the licensee a fair opportunity to earn a reasonable return.

25. Powers of the Licensee for Revenue Realisation, Meter Tampering etc

25.1 Pursuant to Section 19 (10) of the Act, the Licensee shall be entitled to exercise any power or authority to take appropriate actions for:

(a) revenue realisation;
(b) prosecution for theft;
(c) deterring tampering with meters; and
(d) preventing diversion of electricity
and all such similar matters affecting Distribution and Supply. Any failure/negligence to exercise such authority in a situation where it is necessary to do so will be construed to be a breach of the conditions of license.

26. Provision of Subsidies to Certain Consumers

26.1 Where in a tariff set by the Commission, the Government by the issue of a policy directive under Section 12 (1) of the Act, requires the grant of
a subsidy:

(a) the State Government shall compensate the Licensee to the extent of the subsidies granted in terms of Section 12(1) of the Act;

(b) the Commission may issue guidelines or regulations for application of the subsidy and payment of compensation to the Licensee. The Commission will make the following determinations in terms of Section 12(1) of the Act:

(i) the amounts of the compensation payable by the State Government to the Licensee;

(ii) the terms, conditions and manner / mode for the application of the subsidy and the payment of the compensation;

(iii) the time frame for the payment of the Compensation; and

(iv) the consequences of the State Government's failure to pay the compensation amounts within stipulated time frame and manner.

(c) The Licensee will submit to the State Government and the Commission in advance, monthly projected calculations of compensation payable by the State Government for the next quarter, in accordance with any guidelines or regulations stipulated by the Commission.

(d) Within one month of the end of each financial year, the Licensee shall submit to the Commission and the State Government, the actual amount of compensation payable to the Licensee in terms of this condition. The Commission will approve of the net adjustments for the past financial year by and between the State Government and the Licensee.

KERC (Licensing) Regulations, 2000

PART V

CONDITIONS

27. Introduction of Competition in Supply

27.1 The Commission may, after consultation with the Licensee, Suppliers and Generating Companies, formulate arrangements for the introduction of competition in Supply in the State of Karnataka. These consultations will adhere to the principles of natural justice and will afford a reasonable opportunity to the affected parties to represent their perspectives in the matter.

27.2 The Commission may, with reasons recorded in writing, issue such orders modifying or amending the conditions of this license, as it shall consider appropriate for the purpose of implementing the arrangements.
referred to in this condition 27.

KERC (Licensing) Regulations, 2000

PART VI

PENALTY

28. Penalty for Contravention of Conditions of the Licence

28.1 The Licensee shall be liable for action under sections 42 and 43 of the Act in appropriate cases for contravening any one or more of the provisions of this License.

KERC (Licensing) Regulations, 2000

FORM - 3

(See Regulation 23(2))

BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION,
BANGALORE

CASE NO.

(To be filled by the Office if number has not earlier been assigned)

IN THE MATTER OF:

(Gist of the purposes of the application)

AND

IN THE MATTER OF:

(names and full address of the applicants)

I, AB, son of ......................... aged ..................... residing at .................

Wish to state as follows:

1. I am a Director/Secretary/ ..................... of ..................... Ltd. The applicant in the above matter and am duly authorised by the said applicant to make this application on its behalf.

Note: This paragraph is to be included in cases where the applicant is the Company.

2. (state brief background of company and nature of business)

3. (state the intention of the applicant in relation to the supply business)

4. (state grounds of seeking exemption from supply license)
5. For the reasons stated above, I request this commission to grant an exemption to the applicant from the requirement to hold a supply license and to permit the applicant to commence and continue the business of supplying electricity to the areas more fully mentioned in the schedule hereto.

**SIGNATURE**

FOR ........

(state the name of the applicant company and affix authorised signatory seal)

PLACE:

DATE: