

## **Recent Initiatives in T&D**

The existing T&D business is undergoing certain focus changes, to keep up with the requirement of clients and also to facilitate the much needed power sector reforms. T&D business is now venturing into new areas with the formation of new companies and taking up of new activities under each company. There has been a strategic shift in approach towards financing the T&D schemes.

So far, utilities were posing schemes in an adhoc manner for sanction by REC. It is being impressed upon the utilities to formulate district /tehsil / block wise infrastructure development schemes, wherein overall requirements of the area are taken care of and a time bound schedule for reduction of Aggregate Technical and Commercial losses (AT&C) is prepared.

MOUs are being entered into with utilities for extending financing for their overall power sector requirements during the next plan period.

## **Joint Ventures and wholly owned subsidiaries established in India**

The provisions in the Electricity Act 2003 provide new opportunities and challenges in the field of Transmission & Distribution. Promotion of competition in the electricity industry is one of the key components of the Electricity Act, 2003. To avail the benefits of these new opportunities and meet the challenges in Power Sector REC has set up a wholly owned subsidiary, viz. REC Transmission Projects Company Limited and REC Distribution Projects Company Limited.

### **REC Transmission Company**

The **main objectives of the company are:**

- To promote organize or carry on the business of consultancy services and/or project implementation in any field of activity relating to transmission, distribution of electricity or other related activities in India and abroad;
- Procurement of transmission services including all activities relating to survey, DPR formulation, arranging finance, project management, obtaining right of way, necessary clearances, site identification, land compensation, design, engineering, equipment, material, construction, erection, testing, commissioning, maintenance and operation of transmission lines and/or substations and/or switching stations and/or HVDC links including terminal stations and HVDC transmission lines;
- To undertake transmission activities, to apply for requisite licences and do all things incidental to such activities necessary for fulfillment of the objectives of the company;
- To promote and undertake the formation of project specific companies or the formation of any institution, subsidiary company for the purpose of carrying out the aforesaid activities and for the furtherance of transmission services and to encourage private participation in transmission services through competitive bidding route;
- To enter into Joint venture or merge any company or any of the companies/subsidiaries formed by the company in pursuance of its objects as aforesaid.

Section 63 of the Electricity Act, 2003 envisages development of transmission projects through tariff-based competitive bidding. Ministry of Power, GOI notified "tariff based competitive bidding guidelines for transmission service" on 13.04.2006, enabling framework for private sector investment in transmission sector. Main Objectives of the guidelines are promoting competitive procurement of transmission services, encouraging private investment in transmission lines.

To identify projects for development under this scheme, an Empowered Committee under the Chairmanship of Member, CERC has been constituted. Empowered Committee has identified 14 projects for development through tariff based competitive bidding.

**Out of the 14 Transmission Systems which have been identified by Empowered Committee for construction through the private sector participation on Build Own and Operate (BOO) basis, two such Transmission Systems viz.**

- (i) Evacuation system for North Karanpura and**
- (ii) Talcher augmentation system**

**have been allocated to REC for selection of the developer through competitive bidding.**

**The task of development of such transmission projects to be offered through tariff based competitive bidding is being carried out by REC through the wholly owned subsidiary company known as REC Transmission Projects Company Ltd.**

Under REC Transmission Projects Company, two project specific SPVs namely

- (i) North Karanpura Transmisison Company Limited and
  - (ii) Talcher Augmentation System Transmission Company Limited,
- have been formed

These SPVs will be merged with the Transmission Service Provider (TSP) of the transmission system after the developer is granted a license by the CERC

For co-ordinating the bid process for procurement of transmission services, a Bid Process Coordinator (BPC) is required. REC has been nominated as the BPC for the above two projects.

### **REC Distribution Company**

**The main objectives of the company would be:**

- To promote, develop, construct, own, operate, distribute and maintain 66 KV and below system and lines;
- To promote, develop, construct, own and manage Decentralised Distributed Generation (DDG) and associated distribution system;
- Consultancy/Execution of works in the above areas for other agencies/ Govt. bodies in India and abroad;
- To enter into Joint venture partnership in distribution/DDG sector or merge any company or any of the companies/subsidiaries formed by the company in pursuance of its objects as aforesaid.