Before the Appellate Tribunal for Electricity (Appellate Jurisdiction)

Appeal No. 40/2009

Dated: 17th April, 2009

Present: Hon'ble Mr. Justice M. Karpaga Vinayagam, Chairperson Hon'ble Mr. A.A. Khan, Technical Member

IN THE MATTER OF:

GRIDCO Ltd. Janapath, Bhubaneswar Orissa.

Appellant

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Versus

- Jindal Stainless Limited Represented through its Chairmancum-Managing Director Regid. Office. Delhi Road Hisar-125005, Haryana
- Orissa Power Transmission Corporation Ltd. Represented through its Chairman-cum Managing Directotr, Janapath, Bhubaneswar Orissa 751007.
- State of Orissa Represented through Principal Secretary Department of Energy Bhubaneswar, Orissa-751001
- Central Electricity Regulatory Commission
 4th Floor, Chandralok Building
 36, Janpath, New Delhi-110001
 Respondents

Counsel for the Appellant(s):	Mr.Vikas Singh, Sr. Advocate, Shri Buddy A. Ranganathan
Counsel for the Respondent(s):	Mr.T.R.Andhyarjuna, Sr.Advocate, Mr.S.B.Maheshwari and Mr.Akhil Anand for Resp.No.1

Judgment

Per Hon'ble Mr. Justice M. Karpaga Vinayagam

Whether a person who is not the party to the proceedings before the Central Commission is entitled to file an Appeal under Section 111 of the Electricity Act, as against the Order of the Central Commission claiming himself as an aggrieved person?

1. The above question has been posed before this Tribunal for consideration.

2. Gridco, Orissa is the Appellant herein.

3. Jindal Stainless Ltd., the R-1 herein filed a petition before the Central Commission for grant of permission for short-term open access for transfer of its power from its power plant in Orissa to their unit in the State of Haryana. The permission was granted by the Central Commission by the order dated 2/2/09. Aggrieved by this Order, Gridco, which was not a party before the Central Commission has filed this Appeal. The short facts of the case are these:

4. The R-1 herein, Jindal Stainless Ltd. (JSL) is a company having stainless steel plants located at two places viz. (i) Duburi in Orissa and (ii) Hissar in Haryana. It has also set up a captive power generation plant at its unit at Duburi, Orissa.

5. On 9/6/05, the R-1 JSL entered into an MOU with the Orissa Government, the R-3 herein. It was provided in this MOU that the said captive generation plant owned by R-1 will meet the requirement of energy for its stainless steel manufacturing process and that the surplus power

from the said plant shall first be offered to Gridco, Orissa the Appellant, or any other corporation so designated by the State of Orissa.

6. Since the R-1 Jindal Stainless Ltd. decided to transfer 75 MW of power from its captive generation plant in Orissa to its unit at Hissar, Haryana for its use, it approached the R-2 Orissa Power Transco for concurrence for a short term open access for wheeling the said amount of power. However, the R-2 Orissa Power Transco declined to grant such a concurrence, holding that the surplus power from R-1's captive power plants should first be offered to Gridco as per the MOU and therefore the R-1 cannot be permitted to take the power from Orissa to Haryana.

7. Challenging this Order passed by the R-2 Orissa Power Transco, R-1 filed a Petition before the Central Commission praying for a direction to the R-2 Orissa Power Transco to grant short-term open access to R-1. In this petition, R-2 Orissa Power Transco alone was a party before the Central Commission. During the pendency of the proceedings, the Orissa Govt., R-3 herein also filed an application for intervention and the same was allowed by the Central Commission. Both R-2 Orissa Power Transco and the R-3 Government of Orissa opposed the petition for grant of short-term open access in favour of R-1. However, the Central Commission by the order dated 2/2/09 granted relief in favour of R-1 and directed the R-2 to wheel the said power from Orissa to Haryana.

8. Though, both the R-2 and R-3 opposed the grant of permission to R-1 before the Commission, they did not choose to file any Appeal, but the Gridco, who was not the party before the Central Commission has filed this

Appeal claiming that it is an aggrieved party under Section 111 of the Electricity Act.

9. When the matter came up for Admission, this Tribunal entertained some doubt regarding the maintainability of the Appeal, mainly because the parties who opposed the Petition before the Central Commission have not chosen to file an Appeal and the Gridco, who was not a party to the proceedings has come up by way of this Appeal. Therefore, this Tribunal asked both Shri Vikas Singh, Learned Senior Counsel for the Appellant as well as Shri T.R.Andhyarjuna, the Ld. Senior Counsel for the R-1, Jindal Stainless to make their submissions regarding the maintainability of the Appeal. Accordingly, both the Senior Advocates made their respective submissions.

10. According to Shri Vikas Singh, the Ld. Senior Counsel for the Appellant, the Appeal is maintainable even though the Appellant was not a party before the Central Commission since it is an aggrieved party being affected by the impugned order.

11. According to Shri T.R.Andhyarjuna, Ld. Senior Counsel for the R-1, the Appeal is not maintainable by Gridco as it is neither a party to the main Petition nor can it claim to be an aggrieved party.

12. Now, let us refer to the gist of their respective submissions:

13. Shri Vikas Singh, the Learned Senior Counsel for the Appellant would make the following submissions with regard to maintainability of the Appeal:

- a. Under Section 111 of the Electricity Act any person aggrieved by the Order made by the Appropriate Commission may prefer an Appeal before this Tribunal. The person aggrieved by the Order of the Central Commission need not necessarily be a party to the proceedings before the Commission. Therefore, the Appellant is entitled to approach this Tribunal as an aggrieved party as against the Impugned Order even though he was not a party before the Central Commission.
- b. The Appellant is affected by the Order impugned in this way; on 9/6/05, both the R-1 Jindal Stainless and the Government of Orissa, R-3 entered into an MOU under which the Government of Orissa agreed to provide various concessions to R-1 for setting up a captive power plant to meet the requirement of its steel units and in turn, the R-1 agreed to supply the surplus power from its captive power plant first to the Gridco and then to any other corporation designated by the State. The Order of the Central Commission granting open access in favour of R-1 to transfer power from Orissa to Haryana has led to the situation where the surplus power would not be offered to Gridco and thus, the right of the Appellant has been taken away.
- c. The R-1 Jindal Stainless Ltd. in its Petition before the Central Commission did not choose to implead the Appellant Gridco as a party who is entitled to get the supply of the surplus power. In such an event, the Central Commission ought to have rejected the prayer of R-1 herein for a non-joinder of the necessary party namely Gridco. This was not done. So, the Gridco, who is affected

by the Impugned Order granting permission for R-1 for open access of surplus power supply to transfer the same to Haryana is entitled to file an Appeal to assail the Impugned Order.

d. On 12/9/08, the Government of Orissa, R-3 herein, sent a letter to Gridco stating that the transfer of power from R-1 Jindal Stainless's captive generation plant in Orissa to a place outside the State is not permissible as per the MOU and therefore, the Gridco, the Appellant is requested to purchase the said power from R-1. This letter by the State Government recognizing Gridco's right to purchase surplus power from R1, would indicate that the Appellant is a necessary party to be heard before deciding the question of the grant of short-term open access to R-1 Jindal Stainless Ltd. Since it was not heard, the Appellant, being the aggrieved party is entitled to file this Appeal.

13. The Ld. Senior Counsel for the Appellant has cited the following authorities in support of his contention:

(i) Avtar Singh Hit vs. Shiromani Gurudwara Prabandhak Committee, 2006 8 SCC 487
In this case, it has been held that the persons who would be affected by the decision in the Writ Petition ought to have been impleaded as a party and in the absence of his impleadment the Writ Petitioner would not be entitled to relief. (ii) K.H.Siraj vs. High Cout of Kerala, 2006 6 SCC 395
 In this case, the Supreme Court has held that the Writ Petition had to fail due to non-joinder of the necessary parties who are likely to be affected by the decision in the Writ Petition.

- (iii) S.Jaffer Saheb vs. Secretary, Andhra Pradesh Public Service Commission, 1996 11 SCC 753In this case, it has been held that when impleading a person as a party whose right would be affected, no Court can pass any order against it.
- (iv) Municipal Corporation of Greater Bombay vs. Lala Pancham of Bombay, 1965 1 SCR 542
 In this case, it has been held that the words 'person aggrieved' is sufficiently wide and therefore, the Court is entitled to give its natural meaning which would include a person whose interest is in no manner affected by the Order.
- (v) Nookala Sitaramaiah vs. Kotaiah Nayudu, 1970 2 SCC 13 In this case, the Supreme Court has held that a person who was not made a party to the proceedings may still file an Appeal with leave of the Appellate Court provided that the person claiming himself to be aggrieved shall make out a prima-facie case as to why he would be prejudiced.
- (vi) Babu Ram vs. State of Uttar Pradesh, 1995 2 SCC 689

It has been held by the Supreme Court in this case that the person aggrieved must be one who has suffered a legal grievance because of the decision of the Court.

(vii) United India Assurance Company vs. Bhushan Sachdeva, 2002 2 SCC 265In this case, the Supreme Court has held that the insurance company was also a person aggrieved for an appeal in the Motor Vehicles Act, and if an award has been made by the Tribunal which gives an obligation to the insurance to pay a sum under the Award.

14. Shri T.R.Andhyarjuna, the Ld. Senior Counsel for the Respondent would in reply urge the following contentions:

i. Gridco Ltd. has no locus standi to file this Appeal since it was not a party in the original Petition filed by R-1 Jindal Stainless nor is it a party aggrieved by the Impugned Order. The relief that was claimed by R-1 was only for short-term open access for transmission of power from its generating plant in Orissa to its own captive unit in Hissar, Haryana. Jindal Stainless R-1 claimed relief only against Orissa Power Transco R-2, since it refused the said short-term open access to R-1 without any valid reason. No relief was claimed by R-1 as against Gridco, which was not at all concerned in the grant or refusal of the open access to R-1.

ii. The Gridco is not the party which can grant open access to R-1 Jindal Stainless as it is only a trading company. The contentions by Gridco that its right to claim surplus as provided in the MOU dated 9/6/05 has been taken away, is wrong since the MOU does not prohibit R-1 from transferring power

from its own generating units in one place to another for its own consumption. As a matter of fact, R-1 Jindal Stainless Ltd. has got a right under Section 9 of the Electricity Act to transfer and utilize the power generated by its own captive generation plant in Orissa for its own use at its own captive plant in the State of Haryana.

iii. The Appellant's claim that it is entitled to get the surplus power from R-1, as per Clause 5(d) of the MOU is not applicable to the present facts of the case. The true meaning of the word 'surplus' power is, that power which is available after satisfying the requirements of the units of R-1. In other words, Clause 5(d) would provide for the supply of residual surplus power alone to the Gridco only after satisfying the needs of R-1 Jindal Stainless Ltd. for its use in its stainless steel units, irrespective of the fact whether the units are located within or outside the State of Orissa. Therefore, Gridco cannot claim to be a party which is prejudiced against by the Order of the Central Commission directing open access to R-1, for the transfer of its power for its own use.

iv. The letter dated 12/9/08 sent by the Government of Orissa to Gridco, has no relevance to the issue raised in this case. In fact, the Orissa Power Transco R-2 rejected the request for open access to R-1 by the order dated 22/8/08 itself, i.e. before the issue of the letter on 12/9/08 by the Orissa Govt. Actually, this letter was issued by the Orissa Government on 12/9/08 to Gridco as an afterthought. In the said letter, it is stated thar R-1 Jindal Stainless is not permitted to transmit power from its own captive generation unit to its units outside the State of Orissa as per the MOU and hence, Gridco was requested to purchase the said extra power. The contents of the letter as stated by R-3 Orissa Govt. are factually incorrect. The MOU does not

put any such restrictions to transmit the power from its units in Orissa to outside the State as indicated above. The MOU, however, provides only for the supply of surplus power left after use by R-1 Jindal Stainless in its units. Therefore, by virtue of the letter dated 12/9/08, the Appellant cannot claim any right over the power which cannot be said to be a surplus power.

15. Shri T.R.Andhyarjuna, the Learned Senior Counsel for the Respondent has cited the following decisions in support of his reply:

i. Banarasi and Ors. vs. Ramphal 2003 9 SCC 606

In this case, it has been held that to be entitled to file an Appeal, the person must be aggrieved by the Order. Unless a person is prejudicially or adversely affected by the Order, he cannot be aggrieved and therefore, he is not entitled to file the Appeal.

ii. Northern Plastics Limited vs. Hindustan Photo Films, 1997 7 SCC 452

It has been held in this case that the words 'person aggrieved' did not really mean a man who is disappointed of a benefit which he may have received if some other order had been made. A person aggrieved must be a man who has suffered legal grievance; a man against whom a decision has been pronounced which has wrongfully deprived him of something; or wrongfully refused him of something; or wrongfully affected his title to something. 16. In the light of the rival contentions with reference to the maintainability of the Appeal, referred to above, we are now to decide the question that arises for consideration, as under:

Whether the Gridco, the Appellant herein, even though it was not a party to the proceedings before the Central Commission, is entitled to file the Appeal in this Tribunal as an aggrieved party?

17. Before dealing with this question, it would be appropriate to refer to the ratio decided by the Supreme Court in various authorities cited by both the Counsel, in regard to the locus standi of the party to file an Appeal as an aggrieved person. Those propositions are as follows:

- i. A person who was not made a party to the original proceedings may still file an Appeal with leave of the Appellate Court, provided that the person claiming himself to be the aggrieved party shall make out a prima-facie case as to how he is prejudiced.
- ii. A person can be said to be aggrieved by an Order only when it causes him some prejudice in some form or another. Unless the person is prejudicially or adversely affected by the Order, he cannot be entitled to file an Appeal as an aggrieved person.
- iii. The words 'person aggrieved' did not mean a man who is merely disappointed of a benefit which he may have received if some other order had been passed; the person aggrieved must be a person who has suffered a legal grievance; a person against whom a decision has been pronounced, which has wrongfully deprived him of something; or

wrongfully refused him of something; or wrongfully affected his title to something.

iv. When a person had not been deprived of a legal right; when he has not been subjected to a legal wrong; when he has not suffered any legal grievance; when he has no legal peg for a justifiable claim to hang on; he cannot claim that he is a person aggrieved.

18. While dealing with the above question raised in this case, we have to bear in mind the above principles laid down by the Supreme Court.

19. At the outset, it shall be pointed out that a person who was not made a party to the original proceedings may still file an Appeal with leave of the Appellate Court provided the person claiming himself to be aggrieved shall make out a prima-facie case to the Appellate Court that he was affected and prejudiced due to the Order impugned. This is the dictum laid down by the Hon'ble Supreme Court in 1970 2 SCC 13 Nookala Sitaramaiah vs. Kotaiah Naidu.

20. Therefore, a person cannot be disentitled to file an Appeal merely because he was not a party to the proceedings. However, the words 'person aggrieved' did not really mean a man who is disappointed of a benefit which he may have received. On the other hand, he has to establish that the Order impugned has caused a legal grievance to him; the Order impugned is prejudicially or adversely affected him; or the Order has wrongfully deprived him of something or wrongfully refused him of something and only then, he is entitled to file an Appeal as an aggrieved party.

21. In the light of the above settled law, we shall see whether the Appellant has established that he is a really aggrieved party which would entitle him to file an Appeal.

22. The relief which was sought by the R-1 Jindal Stainless was for a shortterm open access transmission for transmitting power from its generating unit at Duburi in Orissa to its own stainless steel manufacturing unit at Hissar in Haryana. The cause of action for the R-1 Jindal Stainless to approach the Central Commission is the refusal of the permission by the R-2 herein, Orissa Power Transco for the short-term open access. Only against that order, the R-1, Jindal Stainless Ltd. filed a Petition before the Central Commission seeking direction to the R-2 Orissa Power Transco to give permission for the same.

23. Admittedly, no relief was claimed by the R-1 Jindal Stainless as against the Appellant herein, Gridco as it was not at all concerned either with the grant or the refusal of open access to R-1 Jindal Stainless Ltd.

24. Before the Central Commission, the R-2 Orissa Power Transco was made a Respondent party in the Petition filed by R-1 Jindal Stainless Ltd. since the relief was sought only against the order of R-2. Only during the pendency of the proceedings before the Central Commission, the Government of Orissa R-3 also intervened in the said proceedings and opposed the grant of short-term open access to R-1 on the strength of the MOU entered into between the R-1 Jindal Stainless and the R-3 Government of Orissa. Admittedly, the Gridco which relies upon the same MOU did not choose to intervene and oppose this Petition. The Central Commission considered the Petitions raised by both namely the R-2 Orissa Power Transco and the R-3 Government of Orissa and rejected the same. Consequently, the Central Commission granted relief to Jindal Stainless Ltd. R-1 as prayed for. The parties who opposed the Petition having chosen to file an Appeal against the Order opposed by the Central Commission, on the other hand, the Appellant Gridco alone has come up by way of this Appeal claiming itself as an aggrieved party.

26. The Learned Senior Counsel for the Appellant submitted that by the reason of Clause 5(d) of the MOU, the R-1 Jindal Stainless Ltd. cannot be permitted to take power outside the State of Orissa and that Gridco alone would be entitled to receive the supply of the said power. On the contrary, the Learned Senior Counsel for R-1 submitted that Jindal Stainless who owns the captive power plant in Orissa has got the right to carry the said power to its own unit in Haryana by virtue of Section 9 of the Electricity Act especially when the Section 5(d) of the MOU does not prohibit the using of the power generated by the R-1 for its own use in its own units irrespective of its location.

27. Actually, there is no dispute between the R-1, Jindal Stainless which owns the captive generation unit and the Gridco, which is a trading company. Gridco, the Appellant relying upon Clause 5(d) of the MOU, claims that it alone is entitled to receive the said surplus power from the R-1, Jindal Stainless.

28. Let us now go through the said Clause 5(d) of the MOU dated 9/6/02 entered into between the State of Orissa and the R-1 Jindal Stainless Ltd., which reads as under:

"Jindal Stainless plans to set up captive power plants to meet the requirements of energy intensive stainless-making process and to utilize the residual heat of the waste gases and coal rejects. The capacity of the captive power plants would be as follows:

(i) Phase I: 125 MW + 25 MW (waste heat)

(ii) Phase II: 375 MW + 25 MW (waste heat)

Surplus power from the captive power plant <u>if any</u> should first be offered to Gridco or any other organization so designated by the Government, at a tariff determined by the State Commission".

28. A reading of this Clause would make it evident that surplus power alone shall be supplied to Gridco. The true construction of the word 'surplus' is that power which is available as excess, after satisfying the requirements of all the units of Jindal Stainless Ltd. In other words, it is only the residual surplus power after satisfying the needs of Jindal Stainless Ltd. for the use of the stainless steel manufacturing process at its two units at Duburi in Orissa and Hissar in Haryana.

29. The wordings contained in the said Clause would convey the meaning that the surplus power which is available after satisfying the requirements of the two units of Jindal Stainless Ltd. i.e. one at Duburi, Orissa and another at Hissar in Haryana. In other words, it is only the residual surplus power that will be made available for supply to Gridco, the Appellant. As such, the possibility of the sale of surplus power from the captive generation plant of R-1 to the Appellant Gridco would arise only when R-1 Jindal Stainless's requirements at its two units are fully satisfied.

30. There is nothing in Clause 5(d) which indicates that Jindal Stainless is bound to give power to Gridco without using it in its own units merely because one of the units is located outside the State of Orissa. As correctly pointed out by the Learned Senior Counsel for R-1, Jindal Stainless, this Clause does not prohibit the R-1 from using the power generated at its captive generation unit for its own unit, irrespective of the location.

31. As indicated above, grant of open access is a matter between the Jindal Stainless R-1 and the R-2 Orissa Power Transco. The issue before the Central Commission is whether the R-1 Jindal Stainless is entitled to open access for transmission of its own power from its generating unit for use in its own units located in Haryana. Therefore, the question of sale of surplus power to Gridco would not arise. To make it clear, the question of surplus power will come only when the requirements of R-1 in respect of its two units are fulfilled. Till such a situation arises, the Gridco has no say in the matter. Therefore, Gridco cannot claim the right to oppose grant of short-term open access to R-1 Jindal Stainless to take its power from one State to another State for use in its own units. This power cannot be construed to be "surplus power". So long as it is not established that the R-1 Jindal Stainless is utilizing the surplus power either for third party sale or for the use of some other unit pertaining to some other entity, the Appellant cannot claim that the Order impugned is prejudiced or affected its interest.

32. As held by the Hon'ble Supreme Court, the mere expectation that the Appellant would not be supplied power as per the MOU or mere disappointment over the non-supply because of the open access permission being granted to R-1 Jindal Stainless, would not confer any right to Gridco to claim that it is an aggrieved party. When the R-1 Jindal Stainless has been

permitted by the Central Commission to use its own power for transmitting the same to its own units, the Appellant cannot contend that it is entitled to the said power and the permission granted by the Central Commission has wrongfully deprived him of his right to purchase the said power, particularly when the said power permitted to be transmitted to its two units cannot be said to be surplus power.

33. The Learned Senior Counsel appearing for the Appellant, in order to claim locus standi in this Appeal, has referred to the letter dated 12/9/08 from the R-3 Government of Orissa to the Appellant Gridco stating that since the transmission of power from Jindal Stainless Ltd.'s captive generation plant in Orissa to its units located outside the State is not permissible as per the MOU, the Gridco is requested to purchase the surplus power generated by R-1 Jindal Stainless. On the strength of this letter, it is submitted that a right has been conferred on / acquired by Gridco to claim the said surplus power from R-1 Jindal Stainless. While examining this contention, we have to notice two aspects:

i. The order rejecting the grant of open access to R-1 was passed by R-2 by its order on 22/8/08. Only thereafter, the State of Orissa, the R-3 thought it fit to send a letter on 12/9/08 to the Appellant Gridco recognizing its right to purchase the said surplus power. On going through the said letter, it is clear that the State of Orissa mentioned in the said letter, that since the MOU has not permitted R-1 Jindal Stainless to take its power outside the State of Orissa, Grideco has got a right over the said power. This is factually incorrect, in as much as there is no such restriction imposed upon R-1 Jindal Stainless in the MOU. In such a

situation, the Appellant cannot claim any right on the strength of the said letter.

ii. Despite the receipt of the said letter dated 12/9/08, the Gridco has not shown any interest either in approaching the Jindal Stainless Ltd. for purchasing the said power as per the Government's letter or in approaching the Central Commission to oppose the prayer of R-1 Jindal Stainless before the Central Commission along with the State of Orissa on the basis of the above letter. The Appellant has not adduced any reason before this Tribunal for its silence on this particular aspect.

34. In the said context, the submission made by the Learned Senior Counsel for the R-1 Jindal Stainless to the effect that the letter from the Govt. of Orissa to Gridco was only an afterthought, appears to be sound. Whatever it may be, this letter cannot have any bearing over the decision of the Central Commission, to grant the relief to R-1.

35. In addition to the above facts and circumstances, another contention which has been urged by the Learned Senior Counsel for R-1 has also to be given due consideration / credence. According to the him, Section 9 of the Electricity Act gives a statutory right to the R-1 to open access for the purpose of transmitting electricity from its captive plant to the destination of its unit for use, and this statutory right cannot be taken away by the MOU.

36. In the light of the above submission made by the Learned Senior Counsel for the R-1 Jindal Stainless, it would be worthwhile to refer to Section 9 of the Electricity Act in this context:

"Section (9): Captive Generation

(i) Notwithstanding anything contained in this Act a person may construct, maintain or operate a captive generation plant and dedicated transmission lines provided that the supply of electricity from the captive generation plant through the grid shall be regulated in the same manner as the generating station of a generating company:

37. A perusal of Section 9 would make it evident that R-1 Jindal Stainless, owner of the captive generation plant has got a statutory right to open access for the purpose of transmitting electricity from its captive generation unit to the destination of its own units for its own use.

38. When such a right has been conferred on R-1 for transmitting power from one place to another place for its own use; when no restriction has been imposed on Jindal Stainless under Clause 5(1)(d) as indicated above, for transmitting the said power for its own use, and when it deals with surplus power alone, the Appellant herein cannot claim any right over the said power. As such, the Appellant cannot be considered to be a person aggrieved.

39. In view of the foregoing paragraphs, we are to conclude that the Appellant is not entitled to file this Appeal as he cannot be considered to be a person aggrieved. Hence, the Appeal is dismissed as not maintainable. No costs.

(A.A.Khan) Technical Member

(Justice M.Karpaga Vinayagam) Chairperson

Dated 17th April, 2009.

REPORTABLE / NON – REPORTABLE