

CENTRAL ELECTRICITY REGULATORY COMMISSION

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New Delhi, the 25th Feb., 2009

PRESS RELEASE

CERC NOTIFIES NEW INTER-STATE TRADING REGULATIONS 2009

The Central Electricity Regulatory Commission (CERC) has issued new Inter-state Trading Regulations 2009. The new Trading Regulations aim to tighten the terms & conditions for grant of trading licence keeping in view current price of the trading power, liquidity requirements of the power trading business and to encourage the only serious players intending to undertake trading business. Power having been imported from other countries for resale in the domestic market is also covered under these regulations.

The important features of the new Trading Regulations, 2009 are as follows:

- Definition of inter-state trading has been revised to explicitly include electricity imported for resale.
- Number of categories of licensees has been reduced to 3 from 6.
- Net worth requirement has been increased to the range of Rs. 5 crores to Rs. 50 crores keeping the prevalent prices of traded power in view.
- Net worth definition has been revised to discount the loans and advances given to the associates.
- New conditions of liquidity i.e. current ratio and liquidity ratio have been introduced to adjudge the credit-worthiness of the applicant.

- Technical qualifications of the full time professionals have been specified.
- Definition of associate has been rationalized.
- A provision has been made that licensee shall not purchase electricity from the entities which are defaulting in payment of UI charges, transmission charges, charges of NLDC/RLDC/ULDC etc., if so directed by CERC.

These regulations are also applicable to the existing licensees. They are required to comply with new net worth requirement and liquidity requirement by 31st March, 2010.

**Sd/-
SECRETARY**