

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No.26 /2010 (Suo-motu)

**Coram: Dr. Pramod Deo, Chairperson
Shri S. Jayaraman, Member
Shri V.S. Verma, Member**

Date of Order: 15.2.2010

In the matter of

Compliance of the order dated 24.12.2009 in Petition No.117/2009.

And

In the matter of

1. Indian Energy Exchange Ltd. New Delhi
2. Power Exchange of India Limited, MumbaiRespondents

ORDER

The Commission in its order dated 24.12.2009 in Petition No.117/2009 had directed as under:

"16. Having heard the parties, and after considering the materials placed on record, we are of the view that, though professional members transacting on the power exchange do not own the title of the electricity being transacted in the platform of the power exchange making them different from the traders who by virtue of purchase of electricity own the title of the electricity purchased before selling it, there may be scope for ambiguity. By undertaking obligations of risk of delivery/off-take of underlying units of electricity

related to transactions, there could be an element of mischief as members of power exchange not only function as brokers but also provide credit facility as well as indemnify the exchange by taking the financial risks/ claims arising out of non delivery of electricity by clients of such members. Although, in the current regulatory framework, the members are not "Electricity Traders" within the meaning of Section 2(26) of the Act, in view of the apprehensions raised in the present application and in order to arrest the possibility of any mischief it is necessary to clarify the role of the members. Accordingly, the role of members other than the trading licensees and the grid connected entities, being that of a "facilitator" would be only to provide the following services:

- (a) IT infrastructure for bidding on electronic exchange platform;
- (b) Advisory services related to power prices and the follow on bidding strategy (e.g. weather related information, demand supply position etc);
- (c) Facilitation of procedures on behalf of his client for delivery of power (e.g. SLDC standing clearances, coordination with NLDC etc)

17. We direct that the members of power exchange who are not trading licensee shall not provide any credit or financing or working capital facility to their clients.

18. We further direct that the Power Exchanges shall incorporate the role of the members as stated in para 16 and 17 above by amending their bye-laws, business rules and other related documents immediately and submit compliance within a period of one month. Till the time the above directions are complied with, the Respondent power exchanges shall not permit members other than the trading licensees and those connected to the grid to transact on their exchanges in any manner other than as directed above."

- 2. As regards our directions in paras 16 and 17 of the order

dated 24.12.2009, the respondents are directed to confirm on affidavit that the said directions have been complied with. The respondents are further directed to submit a complete list of members who are acting as facilitators and all transactions carried out for their clients from 25.12.2009 onwards till date and documentary evidence that no credit , financing or working capital facility was provided by such members for transactions of their clients. The compliance report should be filed before the Commission by 23.2.2010.

-sd/-
[V. S. Verma]
Member

-sd/-
[S. Jayaraman]
Member

-sd/-
[Dr. Pramod Deo]
Chairperson