

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 181/2010

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

Date of Hearing: 29-7-2010

Date of Order: 30-3-2011

In the matter of:

Petition for financial grant for training and capacity building activities for professionals in Power and Energy sector in India, through the Power Market-Center of excellence (PM-CoE).

And

In the matter of:

Power exchange India Limited, Mumbai

.... Petitioner

The following were present:

1. Ms. Rupa Devi Singh, PXIL
2. Shri Prabhajit Kumar Sarkar, PXIL

ORDER

The petitioner, Power Exchange India Ltd., has filed this application with the following prayers:

- “(i) To provide financial grant for supporting the PM-CoE to develop, institute and implement training programmes in the Power and Energy sector for sector participants.



- (ii) In view of the request submitted to the Hon'ble Commission through our letter PXIL/BD/11062010/01 on Dt. 11th June 2010, we beseech the Hon'ble Commission to eliminate the petition fee for this proposal for grant of financial support as it is an initiative of PXIL towards development of Power and Energy Sector.
- (ii) Any other order for smooth functioning of the PM-CoE.”

2. The petitioner has submitted that power sector in India has been rapidly evolving which has accelerated a plethora of regulations and policy directives. The petitioner has been approached by various stakeholders to design and conduct training to enhance the knowledge and skill of their employees. However, due to financial constraints faced by such participants and also due to large number of employees of such participants who need to be trained, the petitioner has been receiving repeated requests to make the training fee either nominal or nil. The petitioner for the purpose of providing such training programmes and other capacity building initiatives has formed a Power Market-Centre for Excellence (PM-CoE) with the twin mandates of knowledge enhancement and knowledge dissemination. The petitioner has enclosed a proposal for capacity building in power and energy sector.

3. During the hearing of the petition on 29.7.2010, the petitioner was directed to file the following information/clarification on affidavit:

- (a) Details of structure of the Institute. Whether it is a separate division or a subsidiary of the petitioner and whether the accounts for this purpose is being maintained separately;
- (b) Details of contribution made by the petitioner;
- (c) Details of fee to be charged from the participants; and
- (d) Whether the PM-CoE will be run on “no profit no loss” basis or on a profitable venture.

4. The petitioner in its letter dated 17.8.2010 has submitted the following information/clarification:

- (a) Power Market-Center of excellence (PM-CoE), a thought leadership platform in energy and infrastructure with special focus on power, has been developed as a separate division within the overall framework of PXIL but with a much wider and far-reaching role to catalyze the development initiative in the power and energy sector, especially in the power markets. This is being done through knowledge enhancement by collaborating with academicians, industry, experts and economists at the national and international level and through knowledge dissemination to the power and energy sector by managing various training programmes, workshops, seminars etc. It has been submitted that a separate account for PM-CoE is being maintained since July, 2010.
- (b) The petitioner has submitted that since the formation of PM-CoE on 21.4.2009, several thought partnership events have been organized. In organizing such initiatives, PXIL’s main contribution included providing

dedicated human resources for administrating the initiatives, infrastructure requirements, marketing, branding and accounting support, development of simulated training session software and overall, the time and efforts put in by the senior management of the exchange.

- (c) As regards the details of fees to be charged from the participants, the petitioner has submitted that it proposes to conduct around 12 capacity building programmes for training approximately 400 professionals in a year. The petitioner has further submitted that the estimated cost of conducting 12 programmes in a year would be approximately Rs. 131.32. The expenditure is proposed to be funded through 75% grant by the Commission and 25% contribution from the participants. The petitioner has submitted that the Commission may provide a onetime grant of Rs. 5 lakh for setting up the infrastructural facilities for PM-CoE including computers, project management and generic software, printer, computer, telephones and fax etc.
- (d) The petitioner has submitted that PM-CoE would be a completely 'no-profit no loss' basis enterprise.

5. The petitioner has placed on record the feedback received from the collaborating institutions such as IIM, Ahmadabad and National Power Training Institute, Faridabad and also the feedback from the participants of two training programmes.

6. We have considered the submission of the petitioner. The application has been made for financial grant to the PM-CoE to conduct programmes for capacity building in



power and energy sector. Regulation 33 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2010 provides as under:

“33. Power Exchange Congestion Amount management

(i) The Power Exchange may be vested with Congestion Amounts arising from the difference in market prices of different regions as a consequence of market splitting.

The Congestion Amount shall be maintained in a separate account by the Power Exchange to be transferred on the next working day to a regulatory fund as may be directed by the Commission.

Provided that until the time the aforesaid fund is created congestion amount shall be transferred to National Load Despatch Centre account and once such a fund is created the NLDC shall transfer the congestion amount in favour of such fund.

(ii) Congestion Amount Fund shall be utilised in accordance with the directions of the Commission. The Commission may consider utilisation of the fund for the following purposes:-

- (a) Installation of VAR compensators, series compensators and other reactive energy generators*
- (b) Additional transmission capacity creation for relieving congestion*
- (c) To undertake technical study of the grid for congestion reduction*
- (d) The Congestion Amount Fund may be parked with a financial institution for grant of loans at concessional rates to projects specific to congestion reduction in the grid.*
- (e) To undertake capacity building measures and training of participants of Power Exchanges*
- (f) To develop information dissemination mechanism for the participants of Power Exchanges*

(iii) The Central Transmission Utility, National Load Despatch Centre or Power Exchanges can approach the Commission with specific proposals in line with the above mentioned purposes for utilisation from the Congestion Amount Fund.”

Thus, provisions exist in the power market regulations for utilization of Congestion Amount Funds to “undertake capacity building measures and training participants in the power exchange”

7. The Commission has notified the Central Electricity Regulatory Commission (Power System Development Fund) Regulations, 2010 (hereinafter “PSDF

Regulations). Regulation 4 of PSDF regulations provides that “the fund shall be utilized for the purpose being permissible under the relevant regulations specified by the Commission”. Regulations 5 and 6 of PSDF Regulations provide as under:

“5. Disbursement of Fund in respect of projects, schemes and activities:

(1) Subject to the provisions of Regulation 6, the amount in the funds shall be disbursed for the projects, schemes or activities mentioned under Regulation 4 of these regulations.

(2) The Managing Committee shall prepare a detailed procedure for disbursement from the Fund consistent with the provisions of these regulations.

(3) For the sake of removal of doubts, it is further clarified that no amount from the fund shall be disbursed without the approval of the Commission.

6. Procedure for identification and prioritization

(1) The Managing Committee as constituted under Regulation 7 shall scrutinize the schemes or activities proposed to be financed from the Fund and if all the schemes or activities cannot be sanctioned due to shortage of resources in the Fund, the Managing Committee shall prioritize the projects, schemes or activities for release of funds with the approval of the Commission.

(2) The Central Electricity Authority, Regional Power Committees, generating companies, transmission licensees, Load Despatch Centers, Power Exchange as the case may be, shall furnish necessary details of the projects, schemes or activities to the Managing Committee to facilitate identification and prioritization of the schemes.”

8. The Managing Committee of the Power System Development Funds has been constituted vide our order dated 14.9.2010. The Managing Committee has been entrusted with the responsibility to scrutinize the schemes or activities proposed to be funded from the funds. In terms of Regulation 6(2) of the PSDF Regulations, the petitioner is required to approach the Managing Committee with the necessary details of the projects, schemes or activities. Since the Managing Committee is in place, the petitioner is at liberty to approach the Managing Committee in accordance with the PSDF Regulations for funding for PM-COE.

9. The petitioner has submitted for waiver of petition fee as the proposal pertains to grant of financial assistance to the initiative of PXIL. There is no provision in the CERC (Payment of Fees) Regulations, 2008, for waiver of filing fees. We are also not inclined

to exercise the power of relaxation to waive the filing fees. Therefore, the request of the petitioner is rejected.

10. The petitions is disposed of in terms of the above.

Sd/-
M.Deena Dayalan
Member

Sd/-
V.S.Verma
Member

Sd/-
S.Jayaraman
Member

Sd/-
Dr. Pramod Deo
Chairperson

