

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No.186/2012 (Suo motu)

Coram:

Dr. Pramod Deo, Chairperson

Shri S. Jayaraman, Member

Shri V.S.Verma, Member

Shri M.Deena Dayalan, Member

Date of order: 21.12.2012

In the matter of

Non-compliance of the Central Electricity Regulatory Commission
(Payment of Fees) Regulations, 2008.

And in the matter of

Ispat Energy Limited, Mumbai

.....**Respondent**

ORDER

By order dated 30.8.2007, Ispat Energy Limited (hereinafter referred to as "the licensee") was granted trading licence for Category 'F' to trade in electricity as an electricity trader within the territory of India, except the State of Jammu and Kashmir in terms of Regulation 6 of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2004 (hereinafter referred to as 'Trading Licence Regulation'). Consequent to the notification of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2009 as amended vide



notification dated 7.6.2010, the licence stands re-categorized as Category 'I'. The licence was downgraded vide order dated 22.4.2009 from Category 'I' to Category 'III'.

2. In our order dated 11.9.2012, we had directed as under:

"3. In accordance with the Section 19 of the Electricity Act, 2003 (hereinafter referred to as "the Act"), where the licensee in the opinion of the Commission, makes willful and prolonged default in doing anything required of him by or under the Act or the Rules or the Regulations, the Commission may revoke the licence after serving a notice of not less than three months. Under the Payment of Fee Regulations, the licensee is for the year 2012-13 required to pay the licence fee for the year 2012-13 by 30.4.2012. The respondent has failed to deposit the licence fee within the stipulated period.

4. As per Regulation 7 (a) of the Trading Licence Regulations, the licensee is required to regularly pay the licence fee specified by the Commission from time to time. The respondent has not responded to the letters issued by the staff of the Commission for depositing the licence fee. The conduct of the licensee amounts to non-compliance of the provisions of the Trading Licence Regulations and Payment of Fee Regulations. In our view, the licensee is not entitled to hold the licence when he has failed to pay the licence fee in violation of the regulations. Accordingly, we direct the respondent to file its response as to why its licence should not be revoked for will full default in depositing the licence fee. This order shall also be treated as notice under sub-section (3) of Section 19 of the Act and unless otherwise directed by the Commission, the licence of the licensee shall stand revoked after expiry of the period of three months from the date of issue of this order."

3. Ispat Energy Limited has not filed any reply to the notice dated 11.9.2012.

4. Section 19 of the Electricity Act, 2003 provides for the revocation of licence as under:

"19. Revocation of licence-(1) If the Appropriate Commission, after making an enquiry, is satisfied that public interest so requires, it may revoke a licence in any of the following cases, namely:

- (a) *Where the licensee, in the opinion of the Appropriate Commission, makes willful and prolonged default in doing anything required of him by or under this Act, or the rules or regulations made thereunder;*
 - (b) *Where the licensee breaks any of the terms or conditions of his licence the breach of which is expressly declared by such licence to render it liable to revocation;*
 - (c) *Where the licensee fails, within the period fixed in this behalf by his licence, or any longer period which the Appropriate Commission may have granted therefore-*
 - (i) *to show, to the satisfaction of the Appropriate Commission, that he is in a position fully and efficiently to discharge the duties and obligations imposed on him by his licence; or*
 - (ii) *to make the deposit or furnish the security, or pay the fees or other charges required by his licence;*
 - (d) *where in the opinion of the Appropriate Commission the financial position of the licensee is such that he is unable fully and efficiently to discharge the duties and obligations imposed on him by his licence.*
- (2) *Where in its opinion the public interest so requires, the Appropriate Commission may, on application, or with the consent of the licensee, revoke his licence as to the whole or any part of his area of distribution or transmission or trading upon such terms and conditions as it thinks fit.*
- (3) *No licence shall be revoked under sub-section (1) unless the Appropriate Commission has given to the licensee not less than three months notice in writing, stating the grounds on which it is proposed to revoke the licence, and has considered any cause shown by the licensee within the period of that notice, against the proposed revocation."*

5. In our order dated 11.9.2012, the respondent was directed to explain as to why its trading licence should not be revoked for willful default in depositing the licence fee. In response, the respondent has not filed any reply to the notice. A period of three months has already lapsed since the issue of notice to the respondent. Therefore, we are of the view that the trading licence issued to M/s Ispat Energy Limited should be revoked in public interest. In exercise of our power under Section 19 of the Electricity Act, 2003, we revoke the licence

granted to M/s Ispat Energy Limited with effect from the date of issue of this order. We further direct that if it comes to the notice of the Commission that M/s Ispat Energy Limited has undertaken any trading during the period from 1.4.2012 till the date of issue of this order, the same shall be considered as illegal and unauthorized and appropriate action under the Electricity Act, 2003 shall be taken against M/s Ispat Energy Limited.

6. Petition No. 186/2012 (Suo-motu) is disposed of in terms of above.

Sd/-
(M.Deena Dayalan)
Member

sd/-
(V.S. Verma)
Member

sd/-
(S.Jayaraman)
Member

sd/-
(Dr. Pramod Deo)
Chairperson

