

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram:  
Shri V.S. Verma, Member  
Shri M. Deena Dayalan, Member**

**Date: 29.8.2013**

**In the matter of:**

**Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) (Second Amendment) Regulations, 2013**

**Statement of Reasons**

**Introduction**

1. The Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2009 (hereinafter referred as "Principal Trading Licence Regulations") was amended on 11.10.2012 through Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters)(First Amendment) Regulations, 2012 (hereinafter referred as "First Amendment Regulations").Through the First Amendment Regulations, the Commission has sought to develop and monitor the Power Market in sync with changes affecting the electricity sector landscape. The Commission subsequently published the draft Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) (Second Amendment) Regulations, 2013 (hereinafter referred as "draft Second Amendment Regulations") covering currently the following:-

(a) "Intra-State trading" was qualified with the words "based on the inter-State trading licence issued by the Commission".

(b) Manner of posting of information by the inter-State trading licensees on their website.

(c) New format of application for issue of trading licence reflecting the requirement of networth as per the first amendment to the Trading Licence Regulations.

(d) Deletion of open position reporting.

(e) Introduction of format for filing of information regarding Bilateral and Power Exchange Transactions annually by Trading Licensee.

2. The Commission posted the draft Second Amendment Regulations on its website on 8.6.2013 inviting comments/objections/suggestions from the stakeholders with the last date of receiving comments being 30.6.2013.

### **Comments received**

3. The Commission received comments only from PTC India Limited on the draft Second Amendment Regulations which have been extracted hereunder for facility of reference.

"1. *Comments on Form IV-F related to Day Ahead Power Exchange Transactions: Considering the large volume of transactions, submission of hard copy may be stopped. These data may be allowed to be submitted in soft copy only and uploading of data on trader's website may be continued as per procedure.*

*CERC may consider accepting the data on monthly basis in place of daily basis as Power Exchange transactions data is being provided by Power Exchanges also.*

*2. It is observed that CERC Market Monitoring Cell is calculating percentage share of the traders by considering part of the volume traded during the month. It is not clear which type of trading volumes are being considered for calculating the market share. A clear cut methodology for calculation of market share may be defined.*

*3. It is observed that many a times, some traders are not uploading Form IV on their websites. CERC may consider uploading Form IV of all traders on its website and providing link to the same so as to ensure data symmetry in the power market."*

#### **Analysis and Decision**

4. The comments of PTC India Limited are not directly related to draft Second Amendment Regulations but are of general nature. However, the comments furnished by PTC India Limited are dealt in the subsequent paragraphs :

- a. The inter-State trading licensees should continue to submit a hard copy of the information to the Commission and supported by an affidavit to ensure veracity of the data. Such verification would not be possible in case of submission of data in soft copy. Further, the day ahead transaction data reported by the Power Exchanges are consolidated day-wise and it does not contain the trader-wise transaction information. In view of the above reasons, the Commission has decided to maintain status- quo on reporting of data as per Form IV-F.

- b. With regard to the methodology of calculation of market share and type of volume being considered, it is clarified that Market Monitoring Cell of the Commission in its monthly report on short term transactions indicates the volume considered for calculating the market share. One such note list is extracted herein below from "Table-2: PERCENTAGE SHARE OF ELECTRICITY TRANSACTED BY TRADING LICENSEES" of monthly report on short term transactions for May 2013.

*"Note 1: Volume of electricity transacted by the trading licensees includes bilateral transactions (inter-state & intra-state) and the transactions undertaken through power exchanges.*

*Source: Information submitted by trading licensees"*

It has been pointed out by PTC India Limited that some of the inter-State trading licensees are not uploading Form-IV on their respective websites as required under the Principal Regulations. It is clarified that the Commission is taking appropriate action against the defaulting licensees to ensure that Form-IV is uploaded regularly on the respective websites of the licensees.

#### **Replacement of Form-1 (Application for grant of licence for Inter-State Trading) appended to the Principal Regulations**

5. An applicant for trading licence was required to submit Current Ratio and Liquidity Ratio for the past one year prior to the date of application as provided in item no. 17 (i) and 18 (i) of the Form – 1 (Application for grant of licence for Inter-State Trading) appended to the Principal Regulations. Since the said ratios are calculated at

a point in time and not for a period of time, item no. 17 (i) and 18 (i) of Form 1 have been modified as under:-

*"17 (i) Current Ratio as per the last year's audited accounts prior to the date of application (if applicable)."*

*"18 (i) Liquidity Ratio as per the last year's audited accounts prior to the date of application (if applicable)."*

6. In Item no.23 (a) of Form -1 (Application for grant of licence for Inter-State Trading) appended to the Principal Regulations, the word "for" was used inadvertently after the words "have been discharged" and hence the word "for" is replaced with the word "or".

7. In view of the above changes, Form-1 (Application for grant of licence for Inter-State Trading) appended to the Principal Regulations has been replaced with revised Form-1 (Application for grant of licence for Inter-State Trading).

### **Other amendments**

8. "Open position" reporting by trading licensees was introduced through the amendment dated 11th, October 2012. The trading licensees are required to report to the Commission the information pertaining to open position in "Form IV-I" (appended to the Principal Regulations). Some of the trading licensees voiced their apprehension in disclosing the information on the ground that such information is commercially sensitive. Considering the apprehension of the licensees, the Commission decided to revisit the provision after gaining some experience with regard to the actual working of the open

position. In the light of the experience gained during the past eleven months, the Commission is of the view that collection of information regarding open position can be dispensed with at this juncture of the power trading business. Accordingly, it has been decided to delete Regulation 9(ba) and "Form IV-I" appended to the Principal Regulations.

9. A trading licensee is required to submit total annual volume transacted (in volume and Rupees) and total trading margin, etc. pertaining to both inter-State and intra-State transactions as per clause (bc) of Regulation 9 of the Principal Regulations. However, by inadvertence the format for submitting the information has not been provided in the Principal Regulations. Accordingly, a new form "Form IV-K" is inserted after "Form IV-J" of the Principal Regulations. The new Form IV-K would enable all the licensees to file the information in a particular format and help in maintaining uniformity.

**sd/-**  
**(M. Deena Dayalan)**  
**Member**

**sd/-**  
**(V.S. Verma)**  
**Member**