

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 161/RC/2013

Coram:

Shri Gireesh B. Pradhan, Chairperson

Shri M.Deena Dayalan, Member

Shri A.K.Singhal, Member

Date of Order : 14.3.2014

In the matter of

Regulatory Compliance application seeking prior approval to trade power more than 120% in a year pursuant to second proviso to Regulation 7 (b) of Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2009 .

And

In the matter of

Essar Electric Power Development Corporation Limited **..Applicant**

ORDER

This Regulatory Compliance application has been made by the Essar Electric Power Development Corporation Limited seeking permission to trade power more than 120% during the current year i.e 2013-14 in accordance with second proviso of Regulation 7 (b) of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2009 amended from time to time (Trading Licence Regulations).



2. By order dated 14.5.2010, Essar Electric Power Development Corporation Limited was granted category "C" licence under Central Electricity Regulatory Commission (Procedure, Terms and Conditions of Trading Licence and other related matters) Regulations, 2004 for undertaking inter-State trading in electricity in whole of India except the State of Jammu and Kashmir up to 500 MUs in a year. Consequent to the notification of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions of Trading Licence and other related matters) Regulations, 2009, the licence granted to the applicant stands re-categorised as Category "III".

3. The applicant has submitted that its trading is likely to exceed authorized volume and it can go beyond 120 percent of authorized volume. Accordingly, the applicant has requested to be authorized to undertake trading beyond 120% during the current year i.e 2013-14.

4. Regulation 7 (b) of the Trading Licence Regulations provides as under:

"(b) The licensee shall not exceed the volume of trading authorized under the licence, but may, in exceptional circumstances, undertake trading in electricity up to the maximum of 120 percent of the volume of trade authorized under the licence granted to him:

Provided the licensee, on exceeding the volume of trading authorized in a year under the licence granted to him shall pay licence fee applicable to the higher category for that particular year;

Provided further that the licensee may with the prior approval of the Commission and on such term and conditions as the Commission may decide, exceed the specified limit of 120% in a year."

5. In terms of the first proviso extracted herein above, the applicant has already remitted balance licence fee of ₹ 9,00,000 (Nine lakh) applicable to

Category 'II' licence. Accordingly, there is no objection to the applicant to trading up to 120 MUs of electricity during the year 2013-14. In this order, we are dealing with the request for permission to trade more than 600 MUs of electricity. We proceed to dispose of the request.

6. Regulation 3 of Trading Licence Regulations prescribe upto 1500 MUs as the ceiling limit for volume of electricity which can be traded with a Category "II" licence. Regulation 3 (3) of the Trading Licence Regulations also provides that category "II" licensee shall have a net-worth of ₹ 15 crore and should maintain a minimum current ratio and liquidity ratio of 1:1 on the date of audited special balance sheet accompanying the application. Besides, Regulation 15 (2) of the Trading Licence Regulations further provides that the existing licensees shall meet the net worth, current ratio and liquidity ratio criteria specified in these regulations.

7. The applicant has submitted audited balance sheet as on 15.11.2013. Based on the balance sheet submitted by the applicant its net worth has been worked out as given below:

(₹ in crore)	
Particulars	15.11.2013
Share Capital	
Paid-up Capital	38.8889
Reserve and Surplus	
Reserve and Surplus	-5.8756
Sub- Total 1	33.013
Loans and Advances to associates	15.700
Misc. Expenses to the extent not written off or adjusted	0000
Sub- Total 2	15.700
Net worth (1-2)	17.313

8. The net worth of the applicant is further represented by the following:

(₹ in crore)

Particulars	15.11.2013
Fixed /Non-current Assets	
Net block	0
Other Non-current assets	0.2212
Long term loans and advances	0.3500
Less: Loans and advances to associates	0.000
Net loans and advances	0.3500
Total fixed/Non-current assets	0.5712
Sub- Total 1	0.5712
Investments	0.000
Sub-Total 2	0.000
Total Non-current liabilities	0.000
Sub-Total 3	0.000
Current Assets	
Cash and Bank Balance	17.398
Short term loans and Advances	15.801
Less: Loans and Advances to associates	15.700
Net Loans and Advances	0.101
Inventories	0.000
Sundry Debtors	0.000
Other current assets	0.032
Total Current Assets Sub-Total 4	17.531
Sundry Creditors	0.400
Provisions	11492.57
Other liabilities to be discharged within a period of one year	0.257
Total Current Liabilities Sub-Total-5	0.7885
Net Worth (1+2-3+4-5)	17.313

9. Based on the above, the net worth, current ratio and liquidity ratio workout as under:

Particulars	15.11.2013
Net Worth (₹ in crore)	17.313
Current Ratio	22.233
Liquidity Ratio	22.233

10. In view of the above, the request made by the applicant is allowed. Accordingly, the applicant is permitted to trade beyond 500 MUs of electricity during the current year, i.e 2013-14, subject to compliance of all the provisions laid down in the Trading Licence Regulations, more specifically Regulation 7 (h) thereof.

11. Petition No. 161/RC/2013 is disposed of with the above.

Sd/-
(A.K.Singhal)
Member

sd/-
(M. Deena Dayalan)
Member

sd/-
(Gireesh B.Pradhan)
Chairperson