

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 211/RC/2015

- Subject** : Petition seeking additional time to comply with the Commission`s directions regarding Net worth Norms and Shareholding Pattern as prescribed under Regulations 18 (i), 19 (1) and 20 of the Central Electricity Regulatory Commission (Power market) Regulations, 2010.
- Date of Hearing** : 24.9.2015
- Coram** : Shri Gireesh B. Pradhan, Chairperson
Shri A. K. Singhal, Member
Shri A. S. Bakshi, Member
Dr. M.K. Iyer, Member
- Petitioner** : Power Exchange India Limited
- Parties Present** : Shri Venkatesh, Advocate, PXIL
Shri M. G. Raoot, PXIL
Shri Pawan Agarwal, PXIL
Shri Kapil Dev, PXIL

Record of Proceedings

Learned counsel for the petitioner submitted that the Commission vide ROP for the hearing dated 17.9.2015 directed the petitioner to file a concrete proposal on increasing the networth within a week. However, a week`s time is not sufficient as the promoters are regulated by SEBI and FMC and are governed by their respective Boards. Learned counsel further submitted as under:

- (a) The petitioner is not able to achieve required networth owing to regulatory issues and additional four years are required to comply with the minimum networth requirement of Rs. 25 crore as per Regulation 18 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2010 (Power Market Regulations).
- (b) As per the Power Market Regulations, `Networth` includes only paid-up equity capital. However, as per the Companies Act, 2013, the `Networth` includes equity share capital and preference share capital. Leaned counsel requested to pass suitable removal of difficulties order to relax the applicability of the shareholding pattern specified under Regulations 19 and 20 of the Power Market Regulations for a period of three years after attaining the requisite minimum networth.

(c) Introduction of new products, such as 'Two Day Ahead Spot Market', allocation of transmission corridor between the Power Exchanges and the issuance of exchange neutral NOCs are important for the business growth. Even in the REC segment, where the petitioner has retained a decent market share, the market is yet to reach its potential even four years after the launch of this contract.

(d) The petitioner has filed petitions before the State Electricity Regulatory Commissions of Karnataka, Orissa and Maharashtra to set up intra-State Power Exchanges which would increase the trading volume on Power Exchanges.

(e) The total volume accessible to Power Exchanges is around 80 MUs per day. Out of which, 99% of market share is traded on the other exchange. Out of total market size:

(i) About 45-50 MUs of volume is not accessible to PXIL, as NOCs are issued in the name of other Power Exchange. The Commission had already issued amendments for issuance of exchange neutral NOCs but the same is not being followed in many States.

(ii) About 20-30 MUs of the volume in Southern Region is not accessible to PXIL.

(iii) Out of the remaining 10 MUs, 20%-25% i.e. 2-3 MUs of electricity is traded through PXIL.

(f) The decision to infuse more equity shall be taken up in the next Board meetings of the promoters to be held in October/November, 2015.

2. The Commission directed the petitioner to submit on affidavit, by 13.11.2015 a concrete proposal with a Board resolution on increasing the networth after the next Board meetings of the promoters. The Commission directed that due date of filing the proposal shall be complied with and no further extension on that account shall be granted.

3. The petition shall be listed for hearing on 27.11.2015.

By order of the Commission
Sd/-
(T. Rout)
Chief (Law)