

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram:**

**Shri Gireesh B. Pradhan, Chairperson  
Shri A.K Singhal, Member  
Shri A.S Bakshi, Member  
Dr. M.K.Iyer, Member**

**Date of Hearing: 30.6.2016**

**Date of Order: 04.7.2016**

**Petition No. 4/SM/2016**

**In the matter of**

Non-compliance of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2009.

**And**

**In the matter of:**

Pan India Network Infravest Private Limited  
135, Continental Building, Dr. Anne Besant Road,  
Worli, Mumbai-400 018

**...Respondent**

**Petition No. 75/MP/2016**

**In the matter of**

Petition for downgrading the inter-State trading licence of Pan India Network Infravest Limited from Category I and Category IV.

**And**

**In the matter of:**

Pan India Network Infravest Private Limited  
135, Continental Building, Dr. Anne Besant Road,  
Worli, Mumbai-400 018

**... Petitioner**

**Parties Present:**

Shri Saurav Suman, PINIPL

## ORDER

The Commission vide order dated 22.8.2014 in Petition No. 12/SM/2014 directed the respondent to explain the reasons for not undertaking trading in electricity. Based on submission and difficulty projected by the respondent, the Commission vide order dated 5.1.2015 in Petition No. 12/SM/2014 allowed one year time to the respondent to undertake trading in electricity and to comply with the provisions of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2009, as amended from time to time (Trading Licence Regulations). However, the respondent did not comply with our direction in Petition No. 12/SM/2014. Accordingly, the Commission vide order dated 17.3.2016 directed the respondent to explain the reasons within one month from the issue of the order for not undertaking trading in electricity. Relevant portion of said order dated 17.3.2016 is extracted as under:

“2. It is noted that the respondent is not undertaking trading in electricity as per Regulation 7 (n) of the Trading Licence Regulations. In accordance with the Regulation 14 of the Trading Licence Regulations, 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. We are of the view that the respondent has not only failed to comply with our directions but has also failed to comply with the provisions of the Trading Licence Regulations. In our view, the licensee is not entitled to hold the licence when it has consistently failed to undertake trading of electricity in violation of Regulation 7 (n) of the Trading Licence Regulations. Accordingly, we direct the respondent to file its response within a period of one month as to why its licence should not be revoked for non-compliance of the Commission’s direction and for failure to undertake trading in electricity. This order shall also be treated as notice under Regulation 14 (2) of the Trading Licence Regulations and the licence of the licensee shall be revoked after expiry of the period of three months from the date of issue of this order.

2. In response, the respondent vide its reply dated 14.6.2016 has submitted that it has not intentionally neglected to undertake trading activity. The respondent has submitted that it has taken various initiatives to establish and flourish trading business. However, due to stiff competition in power market, high risk at low and competitive trading margin, increased quantum of open access charges and other charges across the State, Stringent current trading norms and guidelines across the States, Adoption of structured approach with a long term business vision, increasing brand awareness it could not undertaking trading in electricity. The respondent has submitted that it intends to continue the trading activity and expects to establish its trading business very soon.

3. The petition was heard on 30.6.2016. During the course of hearing, the representative of the respondent submitted that licensee is setting up 100 MW wind the solar projects and it would start trading business after commissioning of the said projects.

4. We have considered the submission of the respondent. Regulation 7 (n) of the Trading Licence Regulations provides that the licensee shall not omit or neglect to undertake trading activity. It is noted that the respondent in Petition No. 12/SM/2014 had submitted that it is making efforts to undertake trading in electricity and had committed that trading activities would be started as early as possible. Considering the commitment made by the respondents, vide order dated 5.1.2015, we had allowed the respondent one year time to comply with the provisions of the Trading Licence Regulations. The petitioner has submitted that due to existing stringent regulatory environment, tight market completion and restrictive trading margin, it is not able to

undertake trading activity as on date. The respondent has submitted that it would start its trading business after commissioning of its wind and solar power projects. Since, there is no relevance with trading activities of the respondent and commissioning of the wind and solar power projects, the respondent's case for revocation of licence is being dealt with the Trading Licence Regulations.

5. Regulation 14A of the Trading Licence Regulations provides as under:

**"14 A. Contravention by Licensee**

(1) Contraventions of the provisions of the Act, Rules and Regulations framed thereunder and non-compliance of the orders of the Commission by a licensee shall be grouped under two categories such as serious contraventions and non-serious contraventions.

(2) Serious contraventions shall cover the following:

(a) Violations and non-compliance of the provisions of the Act, Rules and the Regulations specified by the Commission, particularly, Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2009, Central Electricity Regulatory Commission (Fixation of Trading Margin) Regulations, 2010, Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010, Central Electricity Regulatory Commission (Grant of Connectivity, Long term Access and Medium-term Open Access in inter-State Transmission and related matters) Regulations, 2009, Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008, Central Electricity Regulatory Commission (Payment of Fees) Regulations, 2012, Central Electricity Regulatory Commission (Power Market) Regulations, 2010 and as amended from time to time or any subsequent amendment thereof;

(b) Deliberate under-reporting of transaction volume in monthly reporting;

(c) Non-compliance of the orders of the Commission including the orders issued for contravention of any regulation of the Commission;

(d) any willful, repeated and persistent violation of non-serious contraventions committed by the licensee.

(e) Non-payment of the licence fees and surcharge if applicable within the due date as specified in Central Electricity Regulatory Commission (Payment of Fees) Regulations, 2012."

6. The respondent not only contravened the provisions of Regulation 7 (n) and Regulation 14 of the Trading Licence Regulations by not undertaking trading, but also has not complied with the directions of the Commission issued vide order dated 5.1.2015 in Petition No. 12/SM/2014. Therefore, the licensee has committed serious contravention in terms of Regulation 14A (2) (c) of the Trading Licence Regulations.

7. Regulation 14C of the Trading Licence Regulations further provides for the penalty for contravention of the regulations and non-compliance with the directions of the Commission which is extracted as under:

**“14 C. Penalties for Contravention and non-compliance**

(1) Where the charge of serious contraventions is established against the licensee, the Commission may:

(a) direct that the licensee shall pay, by way of penalty, a sum which shall not exceed rupees one lakh for each contravention;

and /or

(b) debar the licensee, from trading in short term market or medium term market or through power exchanges for a period not exceeding one year; or

(c) suspend the licence for trading in electricity for a period not exceeding one year; or

(d) revoke the licence of the licensee; or

(e) issue such other directions or impose such other condition as the Commission may deem appropriate.”

8. The Commission is of the view that it will be appropriate to revoke licence of the respondent under Regulation 14C (1) (d) of the Trading Licence Regulations for its failure to undertake trading in electricity which is in contravention of the provisions of the regulations and non-compliance with the direction of the Commission. Accordingly, we

revoke the licence granted to Pan India Network Infrevest Private Limited. However, the respondent is granted liberty to approach the Commission for grant of inter-State trading licence after commissioning of its wind and solar power projects in accordance with law.

**Petition No. 75/MP/2016**

9. Pan India Network Infrevest Private Limited has filed this petition for down gradation of its inter-State trading licence in electricity from Category I to Category IV. Since the licence of the petitioner has been revoked, the present petition has become infructuous.

10. The Petition Nos. 4/SM/2016 and 75/MP/2016 are disposed of with the above direction.

Sd/-  
**(Dr. M.K.Iyer)**  
**Member**

sd/-  
**(A.S. Bakshi)**  
**Member**

sd/-  
**(A.K. Singhal)**  
**Member**

sd/-  
**(Gireesh B. Pradhan)**  
**Chairperson**