



उत्तराखण्ड पावर कारपोरेशन लि०  
(उत्तराखण्ड सरकार का उपक्रम)  
**Uttarakhand Power Corporation Ltd.**  
(A. Govt. of Uttarakhand Undertaking)

CIN : U40109UR2001SGC025867  
Email ID: cgmupcl@yahoo.com, Website: www.upcl.org

Letter No. 2932 /UPCL/Com/Misc/CE

Date: 16/09/2019

To,

Secretary,  
Central Electricity Regulatory Commission,  
3rd & 4th Floor, Chanderlok Building,  
36 Janpath, New Delhi-110001

*Speed Post*

**Sub: Comments on Draft Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading license and other related matters) Regulations, 2019.**

Respected Sir,

With regard to subject cited above, Uttarakhand Power Corporation Ltd. being a sole distribution licensee operating in the State of Uttarakhand wishes to submit its comments on the Draft Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading license and other related matters) Regulations, 2019 as hereunder:

(i) **Regulation 9 - Obligations of the Trading Licensee**

1. The Regulation 9(24) of the Draft Regulations is set out herein below:

“...  
...”

(24) Trading Licensee shall not engage in Banking of electricity.  
...”

The above regulation seeks to restrict trading licensees from engaging in banking of electricity. In this context, the definition of “banking”, as provided in the Draft Regulations, is set out herein below:

**“2. Definitions and Interpretation**

(1) In these regulations, unless the context or subject-matter, otherwise requires-

.....

(e) ‘Banking of electricity’ shall mean and include exchange of electricity for electricity between two grid connected entities directly on mutually agreed terms;”

In this context, it is humbly submitted that in the present draft regulations, the trading licensee is excluded from engaging in banking arrangement. However, there are various activities involved in executing banking transaction such as market intelligence, country wide power curve analysis, open access booking, timely payment to RLDCs/SLDCs, close monitoring of scheduling activities, curtailment events etc. Restriction on trading licensees



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from undertaking banking activities shall hamper smooth and efficient flow of electricity from the states having excess power to the states with power deficit.

The banking activities are undertaken smoothly on account of the expertise and efforts of the trading licensees. It is to be noted that there are DISCOMs in the country which do not have sufficient expertise to undertake the banking transaction without the expert assistance of trader. Also, at the same time it would burden the DISCOMs for making applications for scheduling of power and also undertaking financial responsibility upon their already stressed resources. It is also to be noted that if trader is not allowed for banking transaction and DISCOMs find it unable to deal directly in banking, it would result in failure to discharge obligation to continuous supply of power by DISCOMs. The optimal utilization of the resources of the State would be hampered to a great extent resulting into revenue and generation loss. At the same time, DISCOM would fail to insulate themselves from the price volatility of power in short term market leading to enormous amount of risk exposure which can be avoided by participating in banking transaction. Hon'ble Commission is requested to kindly consider present market scenario and practical difficulties associated with Energy Banking before disallowing traders from banking transactions.

Further, it is also submitted that, an electricity trader charges a minimal margin for undertaking banking. It is submitted that over the past few years, Energy Banking has turned out to be beneficial and cost effective tool for UPCL, ultimately helping it to ensure cost effective supply of power. However, Hon'ble Commission is further requested to define limits of trading margin to be charged by traders in Energy Banking transaction.

Considering the points discussed in forgoing paragraphs, UPCL humbly requests the Hon'ble CERC that same may please be taken on record and be considered while finalizing the afore said draft regulation.

  
(G. S. Dharmsattu)  
Chief Engineer (Comm.)