

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. **Shri Ashok Basu, Chairman**
2. **Shri K.N. Sinha, Member**
3. **Shri Bhanu Bhushan, Member**
4. **Shri A.H. Jung, Member**

**Petition No.21/2005
(Suo motu)**

In the matter of

Development of market in electricity sector.

ORDER

Under Section 66 of the Electricity Act, 2003, promotion and development of power market is one of the functions assigned to the Commission and for this purpose, the Commission is, inter alia, to specify the manner for development of the market.

2. National Electricity Policy announced by the Government of India also refers to the development of market. The relevant portions are reproduced below:

“5.7.1 (d) Development of power market would need to be undertaken by the Appropriate Commission in consultation with all concerned.

(e)

(f) Enabling regulations for inter and intra-state trading and also regulations on power exchange shall be notified by the appropriate Commissions within six months.”

3. Therefore, the setting up of the power exchange, an important aspect of market development has to be in accordance with the regulations to be specified by the Commission.

4. The Commission is in favour of the development of an orderly and disciplined inter-state power market for which the Commission will specify through regulations, among other things, the manner of establishment and operation of power exchanges. This will require a detailed study and deliberations on the issue.

5. Meanwhile, it has been brought to the notice of the Commission that some utilities are contemplating to develop a power market and establish power exchange even before issue of regulations by the Commission. The Commission would like to advise all concerned to submit their proposals to set up the power market or power exchanges for its approval or await issue of regulations by the Commission on the subject.

6. A copy of this order be sent to the State Electricity Regulatory Commissions, the Central and State Power Sector Utilities and the persons granted licences for inter-state trading in electricity.

**Sd/-
(A.H. JUNG)
MEMBER**

**Sd/-
(BHANU BHUSHAN)
MEMBER**

**Sd/-
(K.N. SINHA)
MEMBER**

**Sd/-
(ASHOK BASU)
CHAIRMAN**

New Delhi dated the 4th March, 2005