

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

- 1. Shri Ashok Basu, Chairman**
- 2. Shri G.S. Rajamani, Member**

Petition No. 29/2003

In the matter of

Approval for grant of Trading License to Power Trading Corporation of India Ltd.

And in the matter of

Power Trading Corporation of India Ltd.

.. **Petitioner**

The following were present:

1. Shri Mahendra Kumar, Director, PTC

**ORDER
(DATE OF HEARING: 17.7.2003)**

This petition has been filed under Section 15 of the Electricity Act, 2003 (the Act) for grant of license for trading in electricity.

2. The petitioner, PTC, is a company registered under the Companies Act. One of the main objectives of the petitioner company is stated to be to carrying on the business of purchase and sale of all forms of electrical power, both conventional and non-conventional and also to supply, import and export, or otherwise deal in all forms of electrical energy in all respects. The petitioner has stated it has been trading in power on short term basis under the provisions of Section 43(2) of the Electricity (Supply) Act, 1948 since its incorporation in April

1999. According to the petitioner, during the financial year ending 31.3.2003, it traded 4178 MUs of electricity and its trading transactions cover all the five electricity regions in the country as also the neighbouring country of Bhutan.

3. The Act has come into force with effect from 10.6.2003. Section 15 of the Act inter-alia lays down that the application for grant of license is to be made in such form and in such manner as may be specified by the Central Commission and the application is to be accompanied by such fee as may be prescribed by the Central Government. Section 52 of the Act further empowers the Central Commission to specify the technical requirements, capital adequacy requirement and credit worthiness for being an electricity trader.

4. The Commission is in the process of finalising the form and manner for making an application for grant of licence or the technical and other requirements. The regulations in this regard are likely to be finalised before the end of the current year.

5. Section 172 (b) of the Act legislates that notwithstanding anything to the contrary contained in the Act, all licenses, authorisations, approvals, clearances and permissions granted under the provisions of the repealed laws (which includes Electricity Regulatory Commissions Act, 1998) shall continue to operate for a period of one year or such earlier period as may be notified by the

Commission, as if, the repealed laws were in force in respect to such licenses, authorisations, approvals, clearances and permission, as the case may be.

6. The petitioner, had earlier filed Petition No. 17/1999 under Section 13 of the Electricity Regulatory Commissions Act, 1998 praying for, approval of tariff for sale of power to M/s. Jindal Vijaynagar Steel Limited. After hearing the petitioner, the Commission in its order dated 16.11.1999 directed as under:

“4. We have considered the petition in detail. It is certain that under section 13 (c) of the ERC Act, the Commission has the jurisdiction to regulate inter-state transmission of power. However, the terms and conditions for inter-state transmission (trading) have not been announced so far. The Commission is seized of this matter and proposes to bring out the terms and conditions for inter-state transmission (trading) for all categories of transactions, namely firm and non-firm, in due course. Meanwhile, as per the existing provisions of law as contained in the Indian Electricity Act of 1910 and the Electricity (Supply) Act of 1948 inter-state transmission (trading) transactions do take place. The Commission is desirous, for the promotion of competitive markets, for an expansion of such transactions. The legal provisions mentioned earlier, act as a barrier to the development of such markets, and the expansion of trading activities. However, while they exist in the law, these provisions have to be complied with. So long as these transactions comply with the legal provisions, the Commission will refrain from regulating them, till the formal rules in this regard are announced. PTC has stated that the proposed transaction will comply with all the relevant provisions of the two Acts. In these circumstances, there is no need for separate approval from the Commission. A separate notification permitting such transactions as an interim arrangement until further orders is being issued by the Commission. Accordingly, we dispose of this petition without further orders for a formal approval. Ordered accordingly.”

7. The petitioner in terms of the Commission's order *ibid* stands already permitted to trade in electricity. This stands further reinforced by the provisions of Section 172 (b). We, therefore, direct that the petitioner may continue to trade in

electricity on the terms applicable on the date on which the Act came into force, for a period up to 31.12.2003 for the present. The petitioner shall file a fresh application for grant of licence in accordance with the terms and conditions etc. to be notified by the Commission.

8. With this order, Petition No. 29/2003 stands disposed of.

Sd/-
(G.S. RAJAMANI)
MEMBER

Sd/-
(ASHOK BASU)
CHAIRMAN

New Delhi dated the 22nd July 2003