

Central Electricity Regulatory Commission
Core-3, SCOPE Complex, 7, Lodhi Road, New Delhi-110 003
Telephone No.24360051, Fax : 24360010

8th August, 2006

Press Release

Trader to Trader sale of electricity not permissible: CERC clarifies

Central Electricity Regulatory Commission (CERC) has restrained PTC India Ltd from buying power from any other electricity trader, including GRIDCO. CERC has ordered that all existing contracts entered into by PTC India Ltd on the basis of power purchased from an electricity trader, shall be rendered null and void as they were in contravention of Inter-State Trading Regulations of the Commission.

While disposing of petition filed by Shri Gajendra Haldea versus PTC India Ltd, the respondent, the Commission has clarified the meaning of the term "Agreement" appearing in the Regulations for Inter-State Trading issued by the Commission. The Commission has said that a trade "agreement" necessarily excludes the electricity traders from being seller of electricity to another trader. An electricity trader can buy electricity from a generating company or a distribution licensee, and in turn, sell the same to a distribution licensee. This has been the clear intention of the Commission while issuing the Regulations.

The Commission has agreed with the contention of Shri Gajendra Haldea that the prices of electricity can be artificially jacked up by two more more traders joining hands. However, in order to avoid any uncertainty or dislocation of the existing trading arrangement, the Commission has ordered that the distribution

utilities buying power from PTC India Ltd, sourced from GRIDCO or other similar entity, should enter into agreements directly with GRIDCO or other similar entity, latest by August 22, 2006. In case the concerned distribution utilities exercise the above transfer option, the transmission corridors booked by PTC India Ltd, shall be transferred in the name of concerned distribution utilities by the Regional Load Dispatch Centres.

A.K.Sachan
Secretary