

**CENTRAL ELECTRICITY REGULATORY COMMISSION
New Delhi**

NOTIFICATION

No.L-7/143/158/2008-CERC

Dated the 16th February 2009

In exercise of powers conferred under Section 178 of the Electricity Act, 2003 (36 of 2008) and all other powers enabling it in this behalf, and after previous publication, the Central Electricity Regulatory Commission hereby makes the following regulations, namely: -

CHAPTER- I: PRELIMINARY

1. Short Title and Commencement

(a) These regulations may be called the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2009.

(b) These regulations shall come into force on and from the date of their publication in the Official Gazette.

2. Definitions and Interpretation

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

(a) "Act" means the Electricity Act, 2003, (36 of 2003);

(b) "applicant" means a person who has made an application to the Commission for grant of licence;

(c) "associate", in relation to an applicant or the licensee, as the case may be, means the person—

(i) who owns or controls shares carrying not less than twenty-six percent of the voting rights of the applicant or the licensee, as the case may be; or

(ii) in respect of whom the applicant or the licensee, as the case may be, owns or controls shares carrying not less than twenty-six percent of the voting rights; or

(iii) who is under the same management as the applicant or the licensee, as the case may be.

Explanation: For the purpose of this sub-clause, the applicant or the licensee, as the case may be, and the person concerned shall be deemed to be under the same management:

(i) if the managing director or manager of the applicant or the licensee, as the case may be, is the managing director or manager of such person; or

(ii) if a majority of the directors of the applicant or the licensee, as the case may be, constitute or any time within six months immediately preceding, constituted a majority of the directors of such person; or

(iii) if not less than one third of the total voting power with respect to any matter relating to the applicant or the licensee, as the case may be, and

such person is exercised or controlled by the same individual or body corporate; or

(iv) if any of the directors of the applicant or the licensee, as the case may be, while holding the majority of shares of the applicant or the licensee as the case may be, also hold the majority of shares in such person.

(d) "Commission" means the Central Electricity Regulatory Commission referred to in Section 76 of the Act;

(e) "Conduct of Business Regulations" means the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, as amended from time to time and includes any statutory re-enactment thereof;

(f) "current ratio" means ratio between the current assets and current liabilities, where

(i) current assets include cash or cash equivalent of money, accounts receivables, inventory, marketable securities, and pre-paid expenses, and

(ii) current liabilities include sundry creditors, provisions and other liabilities to be discharged within a period of one year;

(g) "economic offence" means an offence to which the Economic Offences (Inapplicability of Limitation) Act, 1974 (12 of 1974), is applicable for the time being;

(h) "existing licensees" means the persons holding licence on the date of commencement of these regulations;

(i) "fraud" has the same meaning as is assigned to it under Section 17 of the Indian Contract Act, 1872 (9 of 1872);

(j) "Grid Code" means the Grid Code specified by the Commission under clause (h) of sub-section (1) of Section 79 of the Act;

(k) "inter-State trading" means transfer of electricity from the territory of one State for re-sale to the territory of another State and includes electricity imported from any other country for re-sale in any State of India;

(l) "licence" means a licence granted to any person by the Commission to undertake inter-State trading in electricity as an electricity trader;

(m) "licensee" means a person who has been granted licence;

(n) "liquidity ratio" means the ratio between the liquid assets and current liabilities, where

(i) liquid assets include the current assets less inventory, and

(ii) current liabilities include sundry creditors, provisions and other liabilities to be discharged within a period of one year;

(o) "net worth" means aggregate value of the paid up equity capital and free reserves (excluding reserves created out of revaluation) reduced by the

aggregate value of accumulated losses, deferred expenditure (including miscellaneous expenses) not written off and loans and advances to the associates;

(p) "other business" means any business of the licensee other than the business of inter-State trading;

(q) "promoter" with reference to a company means a person who has promoted and is actively associated with the management of the company or holds not less than twenty six percent of the share capital of such company;

(r) "year" means a period of twelve months from 1st April of a calendar year to 31st March of the following calendar year.

(2) Save as aforesaid and unless repugnant to the context or the subject-matter otherwise requires, words and expressions used in these regulations and not defined, but defined in the Act, or the Grid Code shall have the meanings assigned to them respectively in the Act or the Grid Code.

(3) The provisions of the General Clauses Act, 1897 (10 of 1897) as amended from time to time shall apply for the interpretation of these regulations as they apply for the interpretation of an Act of Parliament.

CHAPTER- II : REQUIREMENTS OF BEING AN ELECTRICITY TRADER

3. Qualifications

(1) Qualification of Domicile

The applicant shall be a citizen of India, or a partnership firm registered under the Indian Partnership Act, 1932 (9 of 1932) or a company incorporated under the Companies Act, 1956 (1 of 1956) or an association or body of individuals who are citizens of India whether incorporated or not or an artificial juridical person recognised under the Indian Laws.

(2) Technical Qualifications

The applicant shall have at least one full-time professional having, qualifications and experience in each of the following disciplines, namely:-

	Discipline	Qualifications and Experience
(a)	Power system operations and commercial aspects of power transfer	Degree in Engineering with at least 10 years experience in the field
(b)	Finance, commerce and accounts	CA/ICWA/MBA(in Finance) with at least 5 years experience in the field

(3) **Capital adequacy and Liquidity Requirements**

¹[(a) Considering the volume of inter-State trading proposed to be undertaken, the net worth of the applicant for three years immediately preceding the year in which the application is made or such lesser period during which the applicant may have been incorporated, registered or formed and on the date of special balance sheet accompanying the application, shall not be less than the amounts specified hereunder:

¹ Substituted vide amendment regulation dated 2.6.2010

ecified hereunder:

Sr No.	Category of the Trading Licence	Volume of Electricity proposed to be traded in a year	Net Worth (Rs. in crore)
1	Category I	No limit	50.00
2	Category II	Not more than 1500 MUs	15.00
3	Category III	Not more than 500 MUs	5.00
4	Category IV	Not more than 100 MUs	1.00

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(b) The applicant shall have minimum current ratio of 1:1 and liquidity ratio of 1:1 consistently for three years immediately preceding the year in which the application is made or such lesser period as may be applicable, and on the date of special balance sheet accompanying the application.

4. **Disqualifications.** The applicant shall not be qualified for grant of licence if:

(a) The applicant, or any of his associates, or partners, or promoters, or Directors is an undischarged insolvent; or

(b) The applicant, or any of his associates, or partners, or promoters, or Directors has been convicted of an offence involving moral turpitude, fraud, or any economic offence during the year of making the application or three years immediately preceding that year and a period of six months has not elapsed since his release from imprisonment, if any, consequent to such conviction; or

(c) An order canceling the licence of the applicant, or any of his associates, or partners, or promoters, or Directors, has been passed by the Commission; or

- (d) The applicant holds a licence for transmission of electricity; or
- (e) The applicant, or any of his associates, or partners, or promoters, or Directors has in the past been –

- (i) refused a licence on the grounds which continue to remain valid,

or

- (ii) found guilty in any proceedings for non-compliance of any of the provisions of the Act or the rules or the regulations made thereunder or an order made by the Appropriate Commission, during the year of making the application or five years immediately preceding that year;

²[*]

CHAPTER- III : PROCEDURE FOR GRANT OF LICENCE

5. Proceedings before the Commission

All proceedings under these regulations shall be governed by the Conduct of Business Regulations.

6. Procedure for grant of licence

(1) Any person desirous of undertaking inter-State trading in electricity shall make an application to the Commission for grant of licence in the manner specified in Form-I appended to these regulations and such application shall be accompanied by

² Omitted vide amendment regulation dated 26.5.2009

(a) such fee as may be prescribed by the Central Government from time to time payable through Bank Draft or Pay Order drawn in favour of Assistant Secretary, Central Electricity Regulatory Commission, New Delhi.

(b) Copies of the annual reports in case of the persons incorporated under the Companies Act, 1956 (1 of 1956) and audited accounts along with the Directors' Report, Auditors' Report, the Schedules and notes on accounts for three years immediately preceding the year in which the application has been made and the special balance sheet as on any date falling within 30 days immediately preceding the date of making the application:

Provided that where the applicant has not been incorporated, registered or formed during the period of three years immediately preceding the year in which the application is made, the application shall be accompanied by the copies of the annual reports and audited accounts for such lesser period for which the applicant has been in existence.

(2) The application for grant of licence, along with annexures and enclosures shall also be submitted to the Commission on compact disc (CD).

(3) The applicant shall post complete application along with annexures and enclosures on his own website so as to facilitate access to the application by any person through internet and shall keep them on the website till the disposal of his application.

(4) The applicant shall within 7 days after making such application, publish a notice of his application, in two daily newspapers having circulation in each of the five regions in addition to those published from Delhi, including one economic daily newspaper in Form II,

with the following particulars, namely:-

(a) Name of the applicant (in bold) at the top clearly bringing out whether the applicant is an individual/sole proprietor, an association or body of individuals, a partnership firm registered under the Indian Partnership Act 1932 (9 of 1932), a private limited company or a public limited company, incorporated under the Companies Act, 1956, (1 of 1956) giving full particulars of its registered office address in case of a company incorporated under the Companies Act, 1956 (1 of 1956) and address for correspondence;

(b) A statement that the applicant has made an application for grant of licence for Category I or Category II or Category III, as the case may be, under sub-section (1) of Section 15 of the Act, to the Central Electricity Regulatory Commission;

(c) Share capital

(Rs. In lakh)

(i) Authorised:

(ii) Issued:

(iii) Subscribed:

(iv) Paid up:

(d) Shareholding pattern (List of details of shareholders holding 5% or more shares, number of shares held by each of them and percentage of shares of the total paid-up capital) of the applicant;

(e) Financial and technical strength of the applicant;

- (f) Volume of electricity intended to be traded per year;

- (g) Management profile of the applicant including details of past experience of the applicant or the persons on its management in same or similar activity;

- (h) Geographical areas within which the applicant will undertake trading in electricity;

- (i) Net worth, current ratio and liquidity ratio of the applicant as on 31st March of three consecutive years immediately preceding the year of making of the application or for such lesser period as may be applicable and on the date of the special balance sheet accompanying the application;

- (j) A statement whether the applicant or any of his associates, or partners, or promoters, or Directors has been declared insolvent, and if so, the details thereof and whether or not they have been discharged;

- (k) Details of cases resulting in conviction of an offence involving moral turpitude, fraud or economic offence of the applicant, or any of his associates, or partners, or promoters, or Directors during the year of making the application or three years immediately preceding that year and the date of release of the above person from imprisonment, if any, consequent to such conviction;

- (l) A statement whether the applicant or any of his associates, or partners, or promoters, or Directors was ever refused licence, and if so, the particulars of the application, date of making the application, date of order refusing licence and reasons for such refusal;

(m) A statement whether the applicant is in possession of a licence for transmission of electricity and if so, the details thereof;

(n) A statement whether an order canceling the licence of the applicant or any of his associates, or partners, or promoters, or Directors has been made by the Commission and if so the details thereof;

(o) A statement whether the applicant or any of his associates, or partners, or promoters, or Directors has been found guilty of non-compliance of any of the provisions of the Act or the rules or the regulations made thereunder or an order made by the Appropriate Commission, and if so the details thereof;

(p) A statement to the effect that the application and other documents filed before the Commission, are available with the applicant for inspection by any person;

(q) Name and address and other relevant details of the person under the control of the applicant with whom the application and other documents can be inspected by any person;

(r) Address of the website where the complete application along with annexures, enclosures, has been posted;

(s) A statement that objections or suggestions, if any, be filed before the Secretary, Central Electricity Regulatory Commission, (Give here address where the office of the Commission is situate), New Delhi with a copy of the objections or suggestions to the applicant, within 30 days of publication of the notice;

(5) The applicant shall within 7 days from the date of publication of the notice as aforesaid submit to the Commission on affidavit the details of the notice published and shall also file the original complete page of the newspaper in which the notice has been published.

(6) The applicant may file his reply to the objections or suggestions received in response to the notice within 45 days of its publication in the newspapers.

(7) The Commission after consideration of the objections or suggestions received in response to the notice published by the applicant and his reply may propose to grant licence.

(8) When the Commission proposes to grant licence, it shall publish a notice of its proposal in two daily newspapers, as the Commission may consider appropriate, stating the name and address of the person to whom it proposes to issue the licence, with such other details as the Commission considers appropriate, to invite further objections or suggestions to its proposal.

(9) On consideration of further objections or suggestions received and the reply of the applicant thereto, if any, the Commission may grant the licence or reject the application, for reasons to be recorded in writing if the application does not conform to the provisions of the Act, the rules or the regulations or provisions of any other law for the time being in force:

Provided that no application shall be rejected, unless the applicant has been given an opportunity of being heard.

(10) As far as practicable the licence shall be granted in accordance with format prescribed in Form III appended to these regulations.

CHAPTER - IV : TERMS AND CONDITIONS OF THE LICENCE

7. Obligations of the Licensee

The licensee shall be subject to the following obligations; namely:-

(a) The licensee shall comply with the requirements of laws in force and, in particular, the Act, the Rules and the Regulations, Grid Code, orders and directions issued from time to time by the Commission and any of the State Electricity Regulatory Commissions in accordance with law.

(b) The licensee shall not exceed the volume of trading authorized under the licence, but may, in exceptional circumstances, undertake trading in electricity up to the maximum of 120 per cent of the volume of trade authorized under the licence granted to him:

Provided that the licensee, on exceeding the volume of trading authorized in a year under the licence granted to him shall pay licence fee applicable to the higher category for that particular year:

Provided further that the licensee may with the prior approval of the Commission and on such terms and conditions as the Commission may decide,

exceed the specified limit of 120% in a year.

(c) The licensee shall not charge any amount exceeding the trading margin for the inter-State trading in electricity, fixed by the Commission from time to time.

(d) The licensee shall continue to be governed by the qualifications or disqualifications specified in these regulations for making an application for licence throughout the period of licence.

(e) The licensee shall establish adequate communication facilities like telephone, fax, computer, internet facilities, before undertaking trading.

(f) The licensee may coordinate with Regional Power Committees, the Central Transmission Utility, State Transmission Utilities, the Regional Load Despatch Centres, and the State Load Despatch Centres with regard to his trading- related activities, to the extent authorized by the concerned buyer and seller.

(g) The licensee shall render all assistance to any person authorised by the Commission to carry out his duties relating to the licence.

(h) The licensee shall carry out trading in accordance with the agreed terms and conditions, and may take such safeguards as he may consider necessary with regard to payment security mechanism from the buyers, but shall always ensure timely payment of dues to the seller for purchase of the agreed quantum of electricity either through a letter of credit or any other appropriate instrument or as may be mutually agreed between the seller and the licensee.

(i) The licensee shall ensure that appropriate agreement for purchase and sale of electricity are entered into by him with the sellers and the buyers prior to scheduling a transaction, and that the agreement shall specify the following, namely-

(i) the boundaries, that is to say, upper and lower MW limits of electricity to be purchased or sold,

(ii) modalities for scheduling,

(iii) persons authorized to specify the schedule, or to modify it after it has been intimated to the Regional Load Despatch Centre or the State Load Despatch Centre,

(iv) whether the buyer or the seller can unilaterally advise modification of the schedule, or whether the modification can only be advised jointly by the buyer and the seller,

(v) the liabilities of the parties (seller, buyer and licensee) in case the scheduled quantum (MW) and time of scheduling differs from the agreed terms, or in case of modification in schedule, and in the latter case, the party that will bear non-refundable part of short-term open access charges.

(j) The licensee shall ensure that there is no discrepancy or scope for dispute in the scheduling advised to the Regional Load Despatch Centre and in case of any discrepancy or ambiguity in the scheduling advice, the decision of the Regional Load Despatch Centre on the acceptance or otherwise of such advice shall be

binding.

(k) The licensee shall ensure that the buyer and the seller are, either grid connected entities or represent such entities, with special energy meters on their periphery and that the mechanism for Unscheduled Interchange accounting by the appropriate authority is in place.

(l) The licensee shall not purchase electricity from the entities and the associates of such entities, defaulting in payment of Unscheduled Interchange charges, transmission charges, reactive energy charges, congestion charge and fee and charges for National Load Despatch Centre or Regional load Despatch Centre or the Unified Load Despatch and Communication Scheme or any other payment levied by the Commission or any of the State Commissions under the provisions of the Act or any regulation made thereunder, when so advised by the Commission.

(m) The licensee shall regularly pay the licence fee specified by the Commission from time to time.

(n) The licensee shall not omit or neglect to undertake trading activity.

(o) The licensee shall not enter into any agreement for purchase or sale of electricity that may lead to abuse of his dominant position or enter into a combination which causes or is likely to cause an adverse effect on competition in electricity industry.

(p) The licensee shall maintain up-to-date record of all the trading transactions

undertaken by him, separately for bilateral transactions, inter State ³[*] and those through the power exchange.

(q) The licensee shall make an appropriate application before the Commission for prior approval of the Commission whenever so required, in accordance with the Conduct of Business Regulations.

(r) The licensee shall, subject to settlement of commercial terms in accordance with law, not omit sale of electricity to a consumer allowed open access by the concerned State Commission.

8. **Accounts of the Licensee**

(1) The licensee shall -

(a) Keep the accounts of the business covered by the licence separate from any other business, whether licensed or otherwise.

(b) maintain the statement of accounts in such form and containing such particulars as may be specified by the Commission and till such time these are specified by the Commission, the accounts shall be maintained in accordance with the Companies Act, 1956, (1 of 1956) as amended from time to time;

(c) prepare on a consistent basis from such records, accounting statements for each year comprising a Profit and Loss Account, a Balance Sheet and a statement

³ The words "as well as intra-State" has been omitted vide CERC (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2009 notified on 16.10.09.

of source and application of funds together with notes thereto and showing separately the amounts of any revenue, cost, asset, liability, reserve, or provision which has been either:

(i) charged from or to any other business together with a description of the basis of that charge; or

(ii) determined by apportionment or allocation between the various business activities together with a description of the basis of the apportionment or allocation.

(d) provide in respect of the accounting statements prepared in accordance with foregoing clauses, a report by the Auditors in respect of each year, stating whether in their opinion the statements have been properly prepared and give a true and fair view of the revenue, costs, assets, and liabilities, reserves reasonably attributable to the business to which the statements relate; and

(e) submit to the Commission copies of the accounting statements and Auditor's report not later than nine months after the close of the year to which they relate and shall keep them posted in its website or any other authorized website for a period of at least two years thereafter.

(2) Any person authorised by the Commission shall be entitled to inspect and verify the accounts of the licensee and the licensee shall render all necessary assistance to such person.

9. **Submission of Information** The licensee shall -

(a) supply such information, as may be called for by the Commission from time to time;

(b) furnish monthly information in Forms IV-A, IV-B and IV-C appended to these regulations, separately in respect of inter-State trading, ⁴[*] and trading through power exchange so as to reach the Commission before 10th of the succeeding month.

Provided that the information sent to the Commission shall be posted on the website of the licensee or any other website, and such report shall be available on the website for not less than two years.

(c) submit to the Commission copies of the Annual Reports including Directors' report, Auditors' report, Balance Sheet and Profit and Loss Account pertaining to inter-State trading segment of the business alongwith all the schedules and notes to the accounts, not later than nine months after the close of the year to which they relate and shall keep them posted in its website or in any authorized website for a period of at least two years thereafter.

(d) report to the Commission the following events as soon as possible:

(i) when the licensee or any of his associates, or partners, or promoters, or

⁴ The words "intra-State trading" has been omitted vide CERC (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2009 notified on 16.10.09.

Directors has been declared insolvent;

(ii) when the licensee, or any of his associates, or partners, or promoters, or Directors has been convicted of an offence involving moral turpitude, fraud, or any economic offence.

(iii) When the licence of any of the associates, partners, promoters, Directors has been cancelled by the Commission.

(iv) When the licensee, or any of his associates, or partners, or promoters, or Directors has been found guilty for non-compliance of any of the provisions of the Act or the rules or the regulations made thereunder or an order made by the Appropriate Commission.

10. **Standards of performance**

(1) The Commission may, after consultation with the licensee specify the standards of performance of a licensee or a class of licensees.

(2) Till such time the standards of performance are specified under clause (1) the licensee shall furnish to the Commission the performance details for each year in the format prescribed in Form V, appended to these regulations by 30th April immediately following the year ending on 31st March.

11. **Prudential Reporting**

The licensee shall, as soon as possible, report to the Commission -

(a) any significant change in the circumstances which may affect his ability to

meet the obligations under the Act, the Rules and the Regulations, directives and orders issued by the Commission, the Grid Code, agreement or the licence;

(b) any material breach of the provisions of the Act, the Rules and the Regulations, directives and orders issued by the Commission, the Grid Code, agreement or the licence; and

(c) any major change in its shareholding pattern, ownership or management.

12. **Amendment of Licence**

(1) The terms and conditions of the licence may be modified by the Commission in public interest or on an application made by the licensee:

Provided that before ordering any substantive alteration or modification in the licence, proposed to be made otherwise than on the application of the licensee, the Commission shall publish a notice in two such daily newspapers as it considers necessary with the following particulars, namely:-

(a) name and address of the licensee;

(b) alterations and modifications proposed to be made;

(c) grounds for such alterations and modifications; and

(d) inviting suggestions, if any, on the proposal for consideration of the Commission within the time specified in the notice.

(2) The procedure specified in Regulation 6 shall *mutatis mutandis* be applicable in case the licensee makes an application for any substantive alteration of or modification to the terms and conditions of the licence:

Provided that where the licensee has made an application under subsection (1) of Section 18 of the Act, proposing any substantive alteration and modifications in his licence, he shall publish a notice of such application in two daily newspapers having circulation in all the five regions, in addition to those published from Delhi, including one economic newspaper, in Form VI, with the following particulars, namely:-

- (a) name of the applicant;
- (b) category of the licence granted to him;
- (c) that an application for alteration and modifications has been made before the Commission;
- (d) details of alteration and modifications proposed in the application,
- (e) reasons for seeking such alterations and modifications;
- (f) a statement that the application made before the Commission has been posted on the website and can also be inspected in the office of the applicant;
- (g) a statement that any suggestion to the proposal for alteration and modifications made in the application may be submitted to the Secretary of the Commission within 30 days of publication of the notice.

13. **Procedure for securing compliance of terms and conditions of licence**

(1) Where the Commission, on the basis of material in its possession is satisfied that

the licensee is contravening, or is likely to contravene, the terms and conditions of licence, it shall serve a notice to the licensee narrating the terms and conditions of licence contravened or likely to be contravened by him to invite his objections or suggestions.

(2) The notice may be served on him by delivering the same at the registered office or at the usual or his last known place of residence or business, either through registered post or speed post or by hand delivery through a messenger or publication in a newspaper where the Commission is satisfied that it is not reasonably practicable to serve the notice on the licensee through registered post or speed post or by hand delivery or in any other manner as considered appropriate by the Commission in the facts and circumstances of the case.

(3) The Commission shall publish a notice in two newspapers specifying the terms and conditions contravened or likely to be contravened by the licensee to bring the matters to the attention of persons affected or likely to be affected by such contraventions, to invite suggestions from such persons.

(4) The licensee or the persons affected or likely to be affected by the contravention of the terms and conditions of the licence by the licensee may file their objections or suggestions within 30 days from the date of receipt of notice under clause (1) or publication of notice in the newspapers under clause (3), as the case may be.

(5) The Commission shall on consideration of the objections and suggestions received as aforesaid, pass such order or give such directions as may be necessary

to secure compliance of the terms and conditions of license.

CHAPTER- V : REVOCATION OF LICENCE

14. Revocation of Licence

(1) The Commission may revoke the licence, in any of the following circumstances, namely:-

(a) 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;

(b) Where the licensee breaches any of the terms and conditions of his licence, the breach of which is expressly declared by such licence to render it liable to revocation;

(c) Where the licensee fails, within the period fixed in this behalf by his licence, or any longer period which the Commission may allow therefor, to show to the satisfaction of the Commission, that he is in a position fully and efficiently to discharge the duties and obligations imposed on him by his licence;

(d) Where in the opinion of the Commission the financial position of the licensee is such that he is unable to fully and efficiently discharge the duties and obligations imposed on him by his licence;

(e) Where the licensee has neglected to undertake trading in electricity;

(f) Where the licensee fails to meet the qualifications specified for making an application or incurs any of the disqualifications under these regulations;

(g) Where the licensee fails to submit the information as required in accordance with the regulations 9, 10 and 11 or knowingly furnishes false and wrong information;

Provided that the licence shall not be revoked except after an enquiry by the adjudicating officer appointed by the Commission under Section 143 of the Act in the manner prescribed by the Central Government:

Provided further that the Commission may, instead of revoking a licence under clause (1) above, permit the licence to remain in force subject to such further terms and conditions as it thinks fit to impose, and any further terms and conditions so imposed shall be binding upon and be observed by the licensee and shall be of like force and effect as if they were contained in the licence.

(2) When the licensee makes an application for revocation of the licence and the Commission is satisfied that such revocation of licence shall not prejudicially affect the public interest, the Commission may revoke his licence, on such terms and conditions as it thinks fit.

(3) The Commission shall serve a notice of revocation upon the licensee and fix a date on which the revocation shall take effect.

CHAPTER-VI : MISCELLANEOUS

15. Existing Licensees.

⁵[(1) The existing licensees granted licence under the provisions of Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2009 and CERC (Procedure,

⁵ Substituted vide amendment regulation dated 2.6.2010

Terms and Conditions for grant of trading licence and other related matters)

(Amendment) Regulations, 2006 shall be re-classified as under, namely:

Category as per Trading License Regulations, 2004 as amended.	Existing Category	Proposed Category
F (if trading above 1500 MUs)	I (if trading above 1500 MUs)	I
D, E & F (if trading upto 1500 MUs)	I (if trading upto 1500 MUs)	II
B & C	II	III
A	III	IV

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(2) The existing licensees shall meet the net worth, current ratio and liquidity ratio criteria specified in these regulations within a period up to 31.3.2010.

(3) The existing licensees shall pay the licence fee as may be specified by the Commission from time to time:

Provided that the licence fee when revised, shall be payable by the existing licensees on pro rata basis from the date of such revision to the end of the year.

16. **Communication**

(1) Unless otherwise specified in these regulations, all communications relating to the licence shall be in writing and shall be delivered either in person to the addressee or his authorized agent, or sent by registered or speed post at the place of business of the addressee.

(2) All communications shall be regarded to have been given by the sender and

received by the addressee, –

- (i) when delivered in person to the addressee or to his authorised agent;
- (ii) on expiry of 15 days from the date of sending by registered or speed post at the address of the addressee.

17. **Power to relax** The Commission may in appropriate cases and for reasons to be recorded in writing relax any of the provisions of these regulations.

18. **Repeal and Saving**

(1) Save as otherwise provided in these regulations, the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2004 shall stand repealed from the date of commencement of these regulations.

(2) Notwithstanding such repeal, anything done or purported to have been done under the repealed regulations shall be deemed to have been done or purported to have been done under these regulations.

Sd/-
(Alok Kumar)
Secretary

Note: Principal regulations were published on 24.2.2009 in Part III, Section 4 of the Gazette of India (Extraordinary) No 28 and amended in terms of

(a) Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) (Amendment) Regulations, 2009 published in Gazette of India (Extraordinary) Part III Section 4 dated 2.6.2009 and

(b) Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) (Second Amendment) Regulations, 2009 published in Gazette of India (Extraordinary) Part III Section 4 No.197 dated 23.10.2009.

(c) Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) (Second Amendment) Regulations, 2009, dated 2.6.2010.

FORM - I

1. Name of the applicant :
2. Address :
 - (a) Registered office address
 - (b) Address for correspondence
 - (c) Website address
3. Name, Designation and Address of the contact person :
4. Contact Tel. Nos. :
5. Fax No. :
6. E-mail ID :
7. Status of the applicant :

(Whether a citizen of India or a partnership firm registered under the Indian Partnership Act, 1932 (9 of 1932) or a company incorporated under the Companies Act, 1956 (1 of 1956) or an association or a body of individuals who are citizens of India whether incorporated or not or an artificial juridical person recognized under the Indian Laws. If a listed company, name of Stock Exchanges on which listed and latest share price to be given)
8. Place of Incorporation/Registration :
9. Year of Incorporation/Registration :
10. Clause of the Memorandum of Association which authorizes undertaking interState trading in electricity (Extract the relevant portion)
11. Whether the Memorandum of Association authorizes undertaking transmission of electricity. If so, the extract of the relevant portion.
12.
 - (a) Authorised share capital
 - (b) Issued share capital
 - (c) Subscribed share capital
 - (d) Paid up share capital

Note : Copies of the following documents shall be enclosed

- (a) Certificate of incorporation/registration
- (b) Certificate for commencement of business, where applicable :
- (c) Memorandum of Association and Articles of Association :
- (d) Original power of attorney in favour of the signatory to commit the applicant :
13. Category of licence applied for :
14. Volume of power intended to be traded :
15. Area of Trading:
- State the geographical areas within which the applicant proposes to undertake inter-State trading in electricity
16. (i) Net worth as per the audited accounts for immediate past 3 (three) years or such shorter period as may be applicable, (Specify financial year as applicable)

(DD/MM/YY) to (DD/MM/YY)

	In Rs.
(a) Year 1() to ()	-----
(b) Year 2() to ()	-----
(c) Year 3() to ()	-----

(ii) Net worth on the date of preparation of the special balance sheet accompanying the application.

Note: Copies of Annual Reports or certified audited accounts to be enclosed in support of above.

17. (i) Current Ratio as per the audited accounts for immediate past 3 (three) financial years or such shorter period as may be applicable. (Specify financial year as applicable)

(DD/MM/YY) to (DD/MM/YY)

(a) Year 1() to ()	-----
(b) Year 2() to ()	-----
(c) Year 3() to ()	-----

- (ii) Current ratio on the date of preparation of the special balance sheet accompanying the application.

18. (i) Liquidity Ratio as per the audited accounts for immediate past 3 (three) financial years or such shorter period as may be applicable. (Specify financial year as applicable)

(DD/MM/YY) to (DD/MM/YY)

(a) Year 1() to () -----
(b) Year 2() to () -----
(c) Year 3() to () -----

- (ii) Liquidity ratio on the date of preparation of the special balance sheet accompanying the application.

19. Details of shareholding as on the date of making application
(Give details of each of the shareholders holding 5% and above of the shares of the applicant directly or with relatives)

(a) Name of the shareholder

(b) Citizenship

(c) Residential status

(d) No. of shares held

(a) %age holding of total paid up capital of the company

20. Annual turnover for immediate past 3 (three) financial years or such shorter period as may be applicable. (Specify financial year as applicable)

(DD/MM/YY) to (DD/MM/YY)

In Rs.

(a) Year 1() to ()
(b) Year 2() to ()
(c) Year 3() to ()

21. Organisational and Managerial capability of the applicant:

(The applicant is required to enclose proof of his Organisational and Managerial capability, in terms of these regulations, in form of his organisational structure and curricula vitae of various executives, proposed office and communication facilities, etc.)

22. Approach and Methodology:

(The applicant is required to describe approach and methodology for establishment of the trading arrangements as proposed by him)

23. Other Information

(a) Whether the applicant or any of his associates, or partners, or promoters, or Directors has been declared insolvent? If so, the details thereof and whether they have been discharged for not;

(b) Details of cases resulting in conviction for moral turpitude, fraud or economic offences of the applicant, any of his associates, or partners, or promoters, or Directors during the year of making the application and three years immediately preceding the year of making application and the date of release of the above person from imprisonment, if any, consequent to such conviction;

(c) Whether the applicant or any of his associates, or partners, or promoters, or Directors was ever refused licence. If so, give the details of date of making application, date of refusal and reasons for refusal;

(d) Whether the applicant holds a transmission licence. If so, give the details thereof;

(e) Whether an order canceling the licence of the applicant or any of his associates, or partners, or promoters, or Directors was ever passed by the Commission;

Procedure, Terms and Conditions for grant of trading licence and other related matters Regulations, 2009.

(f) Whether the applicant or any of his associates, or partners, or promoter, or Directors was ever found guilty of contravention of any of the provisions of the Act or the rules or the regulations made thereunder or an order made by the Appropriate Commission, in any proceedings. If so, give the details thereof.

24. List of documents enclosed:

Name of the document

- (a)
- (b)
- (c)
- (d)

Place :
Date :

(Signature of the Applicant)
or the authorised person

Name of the Applicant (in Bold letters)

Registered Office/Corporate Office Address (in Bold letters) Notice under sub-section (2) of Section 15 of the Electricity Act,2003 (in Bold letters)

1. The person above-named, a company incorporated under the Companies Act, 1956/a partnership firm or sole proprietorship firm/an individual/an association or body of individuals/an artificial juridical person (strike out whichever is not applicable) (the applicant) has made an application under sub-section (1) of Section 15 of the Electricity Act, 2003 for grant of Category ____ licence for inter State trading in electricity in_____ (indicate the geographical area within which the applicant proposes to undertake trading) before the Central Electricity Regulatory Commission, New Delhi. The necessary details in respect of the applicant are given hereunder:

(i) Authorised, issued, subscribed and paid up capital.

(ii) Shareholding pattern (indicate the details of the shareholders holding 5% or more shares)

<u>Name of the shareholder</u>	<u>citizenship</u>	<u>Residential status</u>	<u>No. of shares</u>	<u>Percentage of share</u>	<u>of the total paid up capital</u>
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(iii) Financial and technical strength

(iv) Management profile of the applicant including details of past experience of the applicant and/or the persons on the management of the applicant in generation, transmission, distribution and trading of electricity or similar activity.

- (v) Volume of electricity intended to be traded during the first year after grant of licence and future plans of the applicant to expand volume of trading
- (vi) Geographical areas within which the applicant will undertake trading in electricity; (vii) Net worth as on 31st March of three consecutive years immediately preceding the year of application or for such lesser period as may be applicable and on the date of the special balance sheet accompanying the application;
- (viii) Year-wise current ratio and liquidity ratio of the applicant for three years preceding the year in which the application is made. or for such lesser period as may be applicable and on the date of the special balance sheet accompanying the application;
- (ix) (a) A statement whether the applicant is authorized to undertake trading in electricity under the Memorandum of Association or any other document
(b) If so, reproduce the specific provision of Memorandum of Association or any other document so authorizing trading in electricity.
- (x) Details of cases, if any, where the applicant or any of his associates, or partners, or promoters, or Directors has been declared insolvent and has not been discharged.
- (xi) Details of the cases, if any, in which the applicant or any of his associates or partners or promoters or Directors has been convicted of an offence involving moral turpitude, fraud or any economic offence during the previous three years preceding the year of making the application and the year of making of applicant and the date of release of the above person from imprisonment, if any, consequent to such conviction.

(xii) Whether the applicant or any of his associates, or partners, or promoters, or Directors was ever refused licence, and if so, the detailed particular of the application, date of making application, date of order refusing licence and reasons for such refusal.

(xiii) whether the applicant has been granted a licence for transmission of electricity;.

(xiv) Whether an order canceling the licence of the applicant, or any of his associates, or partners, or promoters, or Directors has been passed by the Commission. (xv) Whether the applicant or any of his associates, or partners, or promoters, or Directors was ever found guilty in any proceedings for contravention non-compliance of any of the provisions of the Act or the rules or the regulations made thereunder or an order made by the Appropriate Commission, during the year of making the application or five years immediately preceding that year?.

2. The application made and other documents filed before the Commission are available for inspection by any person with
(Give here name, designation, address and telephone number of the person with whom the application can be inspected).

3. The application made and other documents filed before the Commission have been posted on (Give address of the website on which the application is posted).

4. Objections or suggestions, if any, on the application made before the Commission may be sent to the Secretary, Central Electricity Regulatory Commission,

Procedure, Terms and Conditions for grant of trading licence and other related matters Regulations, 2009.

..... (Give the address where office of the Commission is situated)

within 30 days of publication of this notice, with a copy to the applicant.

5. No objections or suggestions shall be considered by the Commission if received after expiry of 30 days of publication of this notice.

Place:

Name and Designation of the
Authorised Signatory

Date :

CENTRAL ELECTRICITY REGULATORY COMMISSION
LICENCE FOR INTER-STATE TRADING IN ELECTRICITY

1. The Central Electricity Regulatory Commission (hereinafter referred to as “the Commission”), in exercise of the powers conferred under Section 14 of the Electricity Act, 2003 (hereinafter referred to as “the Act”), hereby grants this licence as a Category trader to , (hereinafter referred to as “the licensee”) having its registered office situated at to undertake inter-State trade in electricity as an electricity trader in the area subject to the terms and conditions contained in the Act, (in particular, Sections 17 to 22 thereof, both inclusive), the Rules made by the Central Government (hereinafter referred to as “the Rules”) and the Regulations specified by the Commission (hereinafter referred to as “the Regulations”), including statutory amendments, alterations, modifications, re-enactments thereof, which shall be read as part and parcel of this licence.

2. This licence is not transferable, except in accordance with the provisions of the Act, the Rules and the Regulations.

3. (1) The licensee shall not without prior approval of the Commission—
 - (a) undertake any transaction to acquire by purchase or take over or otherwise, the utility of any other licensee; or
 - (b) merge its utility with utility of any other licensee;(2) The licensee shall not at any time assign its licence, or transfer its utility, or any part thereof, by sale, lease, exchange or otherwise without the prior approval of the Commission;

- (3) Any agreement relating to any transaction referred to in sub-clause (1) and sub-clause (2) unless made with the approval of the Commission, shall be void.
4. The grant of this licence to the licensee shall not in any way hinder or restrict the right of the Commission to grant a licence to any other person within the same area for inter-State trading in electricity as an electricity trader. The licensee shall not claim any exclusivity.
5. This licence shall commence on the date of its issue and unless revoked earlier, shall continue to be in force for a period of 25 (twenty five) years.
6. The licensee may with prior intimation to the Commission, engage in any business for optimum utilisation of its assets:
- Provided that the licensee shall not engage in the business of transmission of electricity.
7. Unless otherwise specified by the Commission, the licensee shall pay annual license fee of Rs.____lakh, and license fee for a part of the year shall be paid on pro-rata basis rounded off to the nearest hundred rupees.
8. The provisions contained in Sections 19 to 22, both inclusive, of the Act shall apply to the licensee with regard to revocation of licence and sale of his utility.

SECRETARY

VOLUME AND PRICE OF ELECTRICITY TRADED BY TRADING LICENSEES (RTC*)

Name of the Trading Licensee:

Licence Details (No & Date): Month:

Sr.No	Period of transaction, Date (from-to)	Time of transaction, Hours (from-to)	Actually Scheduled Volume (MUs)	Purchased from		Sold to		Purchase Price (Rs)	Sale Price (Rs)	Trading Margin (Rs)	Remarks
				Name of the Seller*	State	Name of the Buyer*	State				
Inter-State Trading Transactions											
1											
2											
Inter-State Trading Transactions through Swapping or Banking Arrangement											
1											
2											
Transactions through Power Exchange											
1											
2											
Total											

*RTC: Round The Clock

Note: (1) Data shall be submitted transaction-wise and should not be aggregated.

Note: (2) Besides the name of the seller/buyer, indicate the category of the seller/buyer namely generator, captive power plant, distribution licensee, Government, consumer (when applicable) etc.

Note: (3) Data shall be posted on the website of the electricity trader or any other authorised website (Name of the link on the home page: Statutory Information)

Note: (4) Data shall be submitted on a monthly basis by 10th of the following month to the Commission, Regional Load Dispatch Centre and Regional Power Committee

Note: (5) Data shall be submitted to the Commission i.e. hard copy to Secretary, CERC and soft copy in an Excel Sheet by E-mail:

Note: (6) Full form of the abbreviations used for Name of the Seller/Buyer etc. shall be provided at the end of the Table.

⁶ Form IV-A, IV-B and IV-C substituted vide CERC (Procedure, Terms and Conditions for grant of trading licence and other related matters) (Second Amendment) Regulations, 2009 notified on 16.10.09.

VOLUME AND PRICE OF ELECTRICITY TRADED BY TRADING LICENSEES (Peak*)

Name of the Trading Licensee:

Licence Details (No & Date): Month:

Sr.No	Period of transaction, Date (from-to)	Time of transaction, Hours (from-to)	Actually Scheduled Volume (MUs)	Purchased from		Sold to		Purchase Price (Rs)	Sale Price (Rs)	Trading Margin (Rs)	Remarks
				Name of the Seller	State	Name of the Buyer	State				
<u>Inter-State Trading Transactions</u>											
1											
5											
<u>Inter-State Trading Transactions through Swapping or Banking Arrangement</u>											
1											
2											
<u>Transactions through Power Exchange</u>											
1											
Total											

* Evening Peak from 17.00 to 23.00. Peak period may be revised by the Commission from time to time

Note: (1) Data shall be submitted transaction-wise and should not be aggregated.

Note: (2) Besides the name of the seller/buyer, indicate the category of the seller/buyer namely generator, captive power plant, distribution licensee, Government, consumer (when applicable) etc.

Note: (3) Data shall be posted on the website of the electricity trader or any other authorised website (Name of the link on the home page: Statutory Information)

Note: (4) Data shall be submitted on a monthly basis by 10th of the following month to the Commission, Regional Load Dispatch Centre and Regional Power Committee

Note: (5) Data shall be submitted to the Commission i.e. hard copy to Secretary, CERC and soft copy in an Excel Sheet by E-mail.

Note: (6) Full form of the abbreviations used for Name of the Seller/Buyer etc. shall be provided at the end of the Table.

VOLUME AND PRICE OF ELECTRICITY TRADED BY TRADING LICENSEES (Other than Peak & RTC)

Name of the Trading Licensee:

Licence Details (No & Date): Month:

Sr.No	Period of transaction, Date (from-to)	Time of transaction, Hours (from-to)	Actually Scheduled Volume (MUs)	Purchased from		Sold to		Purchase Price (Rs)	Sale Price (Rs)	Trading Margin (Rs)	Remarks
				Name of the Seller	State	Name of the Buyer	State				
<u>Inter-State Trading Transactions</u>											
1											
2											
<u>Inter-State Trading Transactions through Swapping or Banking Arrangement</u>											
1											
2											
<u>Transactions through Power Exchange</u>											
1											
2											
Total											

Note: (1) Data shall be submitted transaction-wise and should not be aggregated.

Note: (2) Besides the name of the seller/buyer, indicate the category of the seller/buyer namely generator, captive power plant, distribution licensee, Government, consumer (when applicable) etc.

Note: (3) Data shall be posted on the website of the electricity trader or any other authorised website (Name of the link on the home page: Statutory Information)

Note: (4) Data shall be submitted on a monthly basis by 10th of the following month to the Commission, Regional Load Dispatch Centre and Regional Power Committee

Note: (5) Data shall be submitted to the Commission i.e. hard copy to Secretary, CERC and soft copy in an Excel Sheet by E-mail:

Note: (6) Full form of the abbreviations used for Name of the Seller/Buyer etc. shall be provided at the end of the Table.]

Proforma for submission of Standards of Performance by Electricity Trader for the year ending 31st March 20

(To be submitted to the Commission)

Name of the Trader: Licence
details (No. & date):

S.No.	Volume of electricity traded during the year	Cumulative trading up to the year of report, since grant of licence	Whether there is any change in the category of the electricity trader after grant of licence. If so, give the necessary details	Whether net worth has increased/ decreased for change of category. If yes, give the necessary details	Details of current ratio and liquidity ratio as on 31 st March	Whether additional licence fee, because of change of category deposited with the Commission. If so, give the necessary details thereof	Whether any violation to the licence conditions pointed out by any agency or observed by the licensee himself. If so, give details thereof	Payment track record for electricity purchased for trading	Whether the applicant or any of his associates, or partners, or promoters, or Directors has been declared insolvent during the year, if so, give details thereof	Whether the applicant or any of his associates, or partners, or promoters, or Directors has been convicted of an offence involving moral turpitude, fraud, or any economic offence during the year, if so, give details thereof	Whether the licence of the applicant, or partners, or promoters, or Directors has been cancelled during the year, if so, give details thereof	Whether the applicant or any of his or associates, or partners, or promoters, or Directors has been found guilty for non-compliance of any of the provisions of the Act or the rules or the regulations made thereunder during the year, if so, give details thereof	Remarks

Name and address of the Applicant (in Bold letters)

Notice under Clause (b) of sub-section (2) of Section 18 of the Electricity Act, 2003

1. The person above-named, who has been granted a Category _____ licence by the Central Electricity Regulatory Commission (the Commission) for inter-State trading of _____ Million Units in a year, has made an application before the Commission under sub-section (1) of Section 18 of the Electricity Act, 2003 for alterations and modifications in the licence as given hereunder:

(Give here the details of alterations and modifications in the licence given in the application)

2. The grounds for seeking alteration and modification are that:

(Give here the grounds for alterations and modifications in the licence given in the application)

3. The application made before the Commission is posted on _____ (Give here details of website address) and can be inspected by any person with

(Give here the name of the person authorised as given in the application)

4. The objections or suggestions, if any, on the above-noted proposals for alteration and modifications in the licence, in the application made before the Commission, may be sent to the Secretary, Central Electricity Regulatory Commission,

.....(Give the address where the Office of the Commission is situated) within 30 days of publication of this notice, with a copy to the

- 5. applicant. No objections or suggestions shall be considered by the Commission, if received after expiry of period of 30 days.

Place:

Name and Designation of the
Authorised Signatory

Date :