

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram

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

Petition No.31/2004

In the matter of

Grant of licence for inter-state trading in electricity to Global Energy Limited (GEL)

And in the matter of

Global Energy Limited, Mumbai

...Applicant

The following were present:

1. Ms. Sampada Narang, Advocate, Global Energy Limited
2. Shri Vikrant Negi, Advocate, Global Energy Limited
3. Shri Harry Dhaul, Global Energy Limited
4. Shri V. Suresh, Global Energy Limited,
5. Shri Unni Viswanathan, Global Energy Limited
6. Ms Tavleen Kaur, Global Energy Limited
7. Shri M.D. Salkar, Objector

**ORDER
(DATE OF HEARING: 17.6.2004)**

The application has been made under sub-section (1) of Section 15 of the Electricity Act, 2003 (the Act) for grant of licence for inter-state trading in electricity. The public notices in accordance with sub section (2) of Section 15 of the Act read with Central Electricity Regulatory Commission (Procedure, Terms and Conditions for Grant of Trading Licence and other related matters) Regulations, 2004 (the Regulations) were published. Shri Manish D. Salkar, Advocate, Goa has filed objections in response to the public notices issued by the applicant.

2. We heard Ms. Sampada Narang and Shri Harry Dhaul for the applicant and Shri Manish D. Salkar, the Objector.

3. Shri Salkar has alleged that the applicant has been buying power from the State Government of Goa since 2003 and was making huge profits at the expense of Government of Goa and consumers in the State by charging margin up to 50 paise per unit. According to the objector, as a result Government of Goa was suffering loss of about Rs.1 crore per month, though the applicant earned huge profits. It has been further alleged that the applicant has been involved in unethical irresponsible business operations. Certain other allegations which are unspecific and vague have also been made by the objector. The objector stated that the applicant owes an amount of Rs.2.50 crore to the State Government. We take notice of the fact that the State Government with whom the applicant has entered into agreement for sale of power have not filed any objection. No evidence in support of this allegation except a newspaper report has been produced. Shri Salkar requested for a week's time to place on record the evidence in support of the allegations made by him. Let the affidavit be filed by the objector before the next date of hearing.

4. In accordance with sub-clause (c) of Clause (4) of Regulation 4, the applicant was to publish its shareholding pattern in the public notice. This has, however, not been done. An objection to this effect also has been taken by Shri Salkar. The shareholding pattern has neither been indicated in the application filed before the Commission. Shri Dhaul undertook that the shareholding pattern will be filed before the Commission, with copy to the objector.

5. The provision for publication of share-holding pattern in the public notice has been made with the object that the public at large should be made aware of the persons in the ultimate control of the affairs of the applicant for grant of licence, so that, if considered necessary, the antecedents of such persons could be brought to

the notice of the Commission before it decides to grant licence. This purpose cannot be achieved by mere filing of the shareholding pattern before the Commission, We, therefore, direct that the applicant shall publish fresh notice after complying with the requirements of Clause (4) of Regulation 4.

6. The applicant proposes to undertake trading of 100 MUs in the first year after grant of trading licence by the Commission. The net worth requirement prescribed in Regulation 6 for this category of electricity trader is Rs.1.50 crore. On perusal of the details submitted by the applicant in support of its net worth, it is noted that part of the power plant under Belgundi Cement Power Limited has been transferred to the applicant on "right to use" basis. These assets are valued at Rs.15 crore. The consideration for this was paid by converting the security deposits of Rs.12 crore into purchase price, the balance consideration of Rs. 3 crore is payable and shown as current liability to Belgundi Cement Power Limited. It is further noted that the deficit of income over the expenditure are classified under the head CWIP. The applicant needs to clarify whether it has acquired absolutely the ownership of the assets from Belgundi Cement Power Limited or has only "right to use", to enable the Commission to take a view on its net worth. It is further noted that the applicant has not accounted for the assets financed by BSES Limited towards completion of balance works with regard to 5 MW Bio Gas Based Power Project at Belgundi Cement Power Limited, though the statement of expenditure was received from BSES. Further, the schedule of fixed assets is not available in the review report for the period 2003-2004 (up to December 2003). Also, the applicant is stated to have increased its authorised capital from Rs.5 crore to Rs.15 crore in December 2003. The applicant is stated to have allotted 53,00,000 equity shares of Rs.10 each at par against the share application money being carried forward from previous year. The statutory formalities in regard to

allocation of shares have not been complied with by the applicant and therefore, the money received cannot be accounted for towards the net worth of the applicant. Before the Commission takes a view on the net worth of the applicant and consequently its eligibility for grant of licence, the applicant has to file clarifications on all the above noted issues.

7. Shri Harry Dhaul explained that the applicant has been in the business of trading in electricity since June 2003. He undertook to file the details of the transactions conducted by the applicant during the period up to May 2004. Let the details as per Form III annexed to the Regulations be filed for the period from June 2003 to May 2004, as undertaken by the representative of the applicant. The applicant is further directed to place on record the copies of the agreements entered into by it for purchase and sale of electricity during the period from June 2003 to May 2004.

8. The details as per paras 6 and 7 above shall be filed by the applicant, duly supported by affidavit before the next date of hearing.

9. The petition be listed for further directions on 29.6.2004 as already decided in the presence of the applicant and the objector.

Sd/-
(BHANU BHUSHAN)
MEMBER

Sd/-
(K.N. SINHA)
MEMBER

Sd/-
(ASHOK BASU)
CHAIRMAN

New Delhi dated 22nd June, 2004