

CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

Petition No.101/2011

Subject: Petition for grant of additional time to the petitioner to comply with Regulation 18 (1) of the Power Market Regulation 2010, such additional time being 3 years from the notification of the said regulations.

Date of hearing 21.4.2011

Coram : Dr. Promod Deo, Chairperson
Shri S. Jayaraman, Member
Shri V.S. Verma, Member and
Shri M.Deena Dayalan, Member

Petitioner: Power Exchange India Ltd., New Delhi

Parties present: Sh. Hemant Sahai, Advocate
Sh. S. Venkatesh, Advocate
Sh. Gyan Mohan

RECORD OF PROCEEDINGS

This petition has been filed by the Power Exchange India Ltd. (PXIL) with the request to grant additional time to achieve the net-worth of ₹ 25 crores prescribed in the Regulation 18 (1) of Central Electricity Regulatory Commission (Power Market) Regulations, 2010 (Power Market Regulations).

2. PXIL had previously filed Petition No. 134 of 2010 seeking time extension to raise additional equity share capital to achieve the net-worth. The Commission vide its order dated 25.5.2010 had allowed PXIL a period of one year from the date of notification of Power Market Regulations i.e. till 20.1.2011 to achieve the prescribed net-worth criteria. In this petition, PXIL has sought extension of time upto 3 years from the date of notification of Power Market Regulations.

3. The learned counsel for the petitioner submitted that though the petitioner had initiated various measures to achieve the prescribed net-worth criteria, the required net-worth has not been achieved due to reasons beyond the control of the petitioner. The learned counsel submitted that the Board of PXIL in its meetings held on 26.5.2010 and 24.9.2010 had decided to offer equity shares on preferential basis to existing and other strategic investors to the tune of ₹ 26 crores and also to offer equity shares at a premium. He further submitted that the petitioner was at the advanced stage of negotiation with various equity participants to raise additional capital. The learned counsel for the petitioner submitted the following reasons for its inability to achieve the net-worth criteria within the given timeline:

- (a) Regulatory uncertainty;
- (b) Delay in launch of new products; and
- (c) Loss caused to petitioner due to congestion in transmission corridor.

4. The learned counsel for the petitioner further submitted that the deficit in the net-worth has not affected the performance of the power exchange as the exchange collects 100% margin for all trades before execution of trade. Moreover, the petitioner has incurred significant legal expenses to defend its position in Appellate Tribunal for Electricity and High Court of Judicature, Bombay. Apart from the above, various steps has been taken to promote renewable energy certificates during the last one year in the larger interest of the power market development.

5. In response to the query of the Commission whether the petitioner has envisaged any clear road map to achieve the net-worth, the learned counsel for the petitioner submitted that the petitioner is working on Renewable Energy Certificate (REC) and the new contracts like intra-day and any day contracts. The Commission directed the petitioner to submit a detailed road map with their business plan to achieve the net-worth criteria.

Sd/-
(T. Rout)

Joint Chief (Legal)