

EXPLANATORY MEMORANDUM

Draft Central Electricity Regulatory Commission (Payment of Fees) (Second Amendment) Regulations, 2020

1. The CERC (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2009 (Trading Licence Regulations, 2009) has been repealed by CERC (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2020 (Trading Licence Regulations, 2020) w.e.f. 31.01.2020. In the Trading License Regulations, 2020, categories of licensees and the volume of electricity proposed to be traded in a financial year under each category of licensee have been revised.

2. The categories of licensees and the volume of electricity proposed to be traded under Trading License Regulations, 2009 and Annual License Fee applicable for each license category as per Regulation 7 (3) of the CERC (Payment of Fees) Regulations, 2012 is provided in the table below:

S.No.	Category	Volume proposed to be traded in a financial year (MUs)	Annual License Fee (Rs/lakh)
1	Category I	No Limit	40
2	Category II	1500	15
3	Category III	500	6
4	Category IV	100	3

3. Consequent to the revision in categories of licensees and the volume of electricity proposed to be traded by the Trading Licence Regulations, 2020, the Annual License Fees applicable for each category is proposed to be revised through an amendment to Regulation 7 (3) of the CERC (Payment of Fees) Regulations, 2012 as provided in the table below:

S.No.	Category	Volume proposed to be traded in a financial year (MUs)	Annual License Fee (Rs/lakh)
1	Category I	No Limit	40
2	Category II	7000	15
3	Category III	4000	6
4	Category IV	2000	3
5	Category V	500	3

4. As may be seen from paragraph 2 above, the licence fee for the lowest category of licensee i.e. Category IV as per prevailing CERC (Payment of Fees) Regulations, 2012 is Rs 3 lakh. It is, therefore, proposed to keep the minimum fee payable by Category V licensees, which is the lowest category under Trading Licence Regulations, 2020, also at Rs. 3 lakh per annum, fee payable by Category IV licensees under Trading Licence Regulations, 2009. This gives a relief to those traders whose volume of trade is between 101 MUs to 500 MUs.

5. In order to address the transition of categories of licensees from Trading License Regulations 2009 to Trading License Regulations 2020 and the applicability of Annual License Fees to each category, the following provision has been added:

“Provided that the Category III and IV licensees with respect to the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2009 (hereinafter called Trading Licence Regulations, 2009) shall pay annual license fee as applicable for Category V of the Trading License Regulations, 2020. Category II licensee of Trading Licence Regulations, 2009 shall pay annual license fee as applicable for Category IV under the Trading License Regulations, 2020. Category I licensee of the Trading Licence Regulations, 2009 shall pay annual license fee as applicable for Category I or II or III under the Trading License Regulations, 2020 based on the volume proposed to be traded in a financial year.”

5. Accordingly, Regulation 7 (3) of the CERC (Payment of Fees) Regulations, 2012 is proposed to be amended as per the draft amendment regulations.
