

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 14/SM/2020**

**Coram:**  
**Shri P. K. Pujari, Chairperson**  
**Shri I. S. Jha, Member**  
**Shri Arun Goyal, Member**

**Date of Order: 30<sup>th</sup> July, 2020**

**In the matter of:**

Non-compliance of the Central Electricity Regulatory Commission (Payment of Fees) Regulations, 2012.

**And**

**In the matter of**

Global Energy Private Limited  
1<sup>st</sup> Floor, Shangri-La`s-Eros,  
Corporate Plaza, 19 Ashoka Road,  
Connaught Place, New Delhi-110 001

**...Respondent**

**ORDER**

By order dated 28.11.2008, Global Energy Limited, Mumbai was granted trading licence for Category `A` to trade in electricity as an electricity trader in the whole of India in terms of Regulation 6 of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2004, which was upgraded vide order dated 22.12.2008 from Category `A` to Category `F`. Consequent to issue of certificate of change of name by the Assistant Registrar of Companies, Goa, Daman and Diu, the licensee made a request for change of name from "Global Energy limited" to "Global Energy Private Limited" (hereinafter referred to as "GEPL") which was allowed by the Commission vide order dated 13.5.2009. Consequent to the notification of the



Central Electricity Regulatory Commission (Procedure, Terms and Conditions of Trading Licence and other related matters) Regulations, 2009 (hereinafter referred to as the “2009 Trading Licence Regulations”), the licence granted to the licensee, GEPL was re-categorised as Category “I”. The 2009 Trading Licence Regulations has since been repealed and in its place, the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2020 (hereinafter referred to as the “2020 Trading Licence Regulations”) has been notified. Under the 2020 Trading Licence Regulations, GEPL is required to approach the Commission for re-categorisation of its licence based on its net-worth and volume of electricity proposed to be traded during a year.

2. Relevant provisions of Regulation 7 of the Central Electricity Regulatory Commission (Payment of Fees) Regulations, 2012 (hereinafter referred to as ‘the Fees Regulations’) provides as under:

**“7. Licence Fee:** (1) *A transmission licensee for inter-State transmission, including a person deemed to be an inter-State transmission licensee under any of the provisos to Section 14 of the Act, shall pay licence fee at the rate of 0.10% and 0.11% per annum of the annual transmission charges for the years 2012-13 and 2013-14, respectively, rounded off to the nearest one hundred rupees subject to minimum of ` 5 lakh. ( ` five lakh only):*

*Provided that the transmission licensee including the deemed transmission licensee shall furnish by 30th June of each year the audited statement of annual transmission charges for the preceding financial year and a certificate from the auditor with regard to licence fee payable during the corresponding financial year and shall deposit the differential amount of licence fee, if any, by 30th June of each year.*

(2) xxxxx.....

(3) *Any person who has been granted licence by the Commission for inter-State trading in electricity in accordance with Central Electricity Regulatory Commission (procedure, terms and conditions grant of trading licence and related matters) Regulations, 2009 as amended from time to time shall pay annual licence fee at the rates specified hereunder:*



Ser No	Category of Licence	Fee per annum (Rs. in lakh)
1	Category I (No limit)	40
2	Category II (up to 1500 MUs)	15
3	Category III (up to 500 MUs)	6
4	Category IV (up to 100 MUs)	3

*(4) Fees specified in this regulation shall be paid within thirty days of the date of grant of licence and thereafter, annually by 30th April of each year subject to proviso to clause (1) of this regulation.”*

3. Thus, the inter-State trading licensees are required to pay licence fee within thirty days of the date of grant of licence and thereafter, annually by 30<sup>th</sup> April of each year. In view of the above provisions, the licensee “Global Energy Private Limited” was required to pay the licence fee of Rs.40 lakh for the year 2019-20 by 30.4.2019 and to pay surcharge thereon, if the payment is delayed beyond 30.4.2019.

4. Regulation 21(3) of the 2020 Trading Licence Regulations provides as under:

**“21. Additional provisions in respect of Existing Licensees**

*(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 till the end of the Year.”*

5. The Commission through 2<sup>nd</sup> Amendment to the Fees Regulations substituted Clause (3) of Regulation 7 and specified the licence fee for different categories of licence. The amended Clause (3) of Regulation 7 is reproduced below:



“3. Any person who has been granted or is deemed to have been granted licence by the Commission for inter-State trading in electricity in accordance with Trading Licence Regulations, 2020 shall pay the annual licence fee at the rates specified hereunder:

<b>S. No.</b>	<b>Category of license</b>	<b>Volume of electricity proposed to be traded in a Financial Year</b>	<b>Annual License Fee (Rs. in lakh)</b>
1	Category I	No Limit	40
2	Category II	Up to 7000 MUs	15
3	Category III	Up to 4000 MUs	6
4	Category IV	Up to 2000 MUs	3
5	Category V	Up to 500 MUs	2

Provided that the licensees shall pay the annual license fee of their respective categories of license under the Trading License Regulations, 2020 based on their Net Worth and volume of electricity, as determined in accordance with Regulation 21 of Trading License Regulations, 2020:  
xxxxx”

Accordingly, GEPL is required to pay the licence fee for the year 2020-21 for the appropriate category of its licence by 30.4.2020.

6. Regulation 7(m) of the 2009 Trading Licence Regulations provides that “the licensee shall regularly pay the licence fees by the stipulated date specified by the Commission from time to time. Regulation 9(15) of the 2020 Trading Licence Regulations provides that “the Trading Licensee shall pay the licence fee by the stipulated date specified by the Commission from time to time.”

7. Regulation 17(6) of the 2020 Trading Licence Regulations provides as under:

**“17. Contravention by Trading Licensee**

(6) Non-payment of the licence fees and surcharge, if applicable within the due date as specified in Central Electricity Regulatory Commission (Payment of Fees) Regulations, 2012 or statutory re-enactment thereof;”



8. Regulations 18 and 19 of the 2020 Trading Licence Regulations provides as under:

**“18. Procedure for taking cognizance of the contraventions**

*(1) The Commission, on being satisfied on the basis of the information in its possession or on the basis of the information submitted by any person that a prima facie case exists against any Trading Licensee with respect to any of the provisions of Regulation 17, may initiate suo-motu proceedings against the Trading Licensee and may direct the Trading Licensee to submit such information and explanation as may be considered necessary for the purpose of the proceeding:*

*Provided that the proceedings for non-payment of fee shall be initiated if the Trading Licensee fails to deposit the fees and surcharge, if any, within seven days of the expiry of due date of payment as per the Central Electricity Regulatory Commission (Payment of Fee) Regulations, 2012:*

*Provided further that the licence shall be deemed to be suspended after expiry of fifteen days from the due date of payment and shall remain suspended till the payment of fees and surcharge, if any, is made or suspension is withdrawn.*

*(2) No penalty shall be imposed on the Trading Licensee without giving it an opportunity of being heard.*

*(3) The penalties, if any, shall be imposed in accordance with Regulation 19 of these regulations.*

**19. Penalties for Contravention and non-compliance**

*Where the charge of contraventions is established against the Trading Licensee, the Commission may:*

*(1) give warning to the Trading Licensee subject to such conditions as may be deemed fit in the facts and circumstances of the case; or*

*(2) direct that the Trading Licensee shall pay, by way of penalty, a sum which shall not exceed rupees one lakh for each contravention and in case of a continuing failure with an additional penalty which may extend to six thousand rupees for every day during which the failure continues after contravention of the first such direction; and/or*

*(3) debar the Trading Licensee from trading in short term market or long term market or through power exchanges or banking or Cross Border Trade of Electricity for a period as may be specified by the Commission; or*

*(4) suspend the licence for a period as maybe specified by the Commission; or*

*(5) revoke the licence of the Trading Licensee; or*



(6) issue such other directions or impose such other conditions as the Commission may deem appropriate;

*Provided that in case of debarment or suspension, National Load Despatch Centre or concerned Regional Load Despatch Centre or State Load Despatch Centre, as the case may be, shall take appropriate action with regard to scheduling and despatch of electricity in respect of the transactions of the Trading Licensee."*

9. Section 19(1) of the Electricity Act, 2003 (hereinafter referred to as "the Act")

provides as under:

**“Section 19. (Revocation of licence):** --- (1) *If the Appropriate Commission, after making an enquiry, is satisfied that public interest so requires, it may revoke a licence in any of the following cases, namely: -*

*(a) where the licensee, in the opinion of the Appropriate Commission, makes wilful and prolonged default in doing anything required of him by or under this Act or the rules or regulations made thereunder;*

*(b) where the licensee breaks any of the terms or 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 Appropriate Commission may have granted therefor –*

*(i) to show, to the satisfaction of the Appropriate Commission, that he is in a position fully and efficiently to discharge the duties and obligations imposed on him by his licence; or*

*(ii) to make the deposit or furnish the security, or pay the fees or other charges required by his licence;*

*----”*

Further, Section 19(3) of "the Act" provides as under:

**“Section 19. (Revocation of licence):** --- (3) *No licence shall be revoked under sub-section (1) unless the Appropriate Commission has given to the licensee not less than three months’ notice, in writing, stating the grounds on which it is proposed to revoke the licence, and has considered any cause shown by the licensee within the period of that notice, against the proposed revocation.”*

10. Thus, in accordance with the provisions of Section 19 of “the Act”, where the licensee, in the opinion of the Commission, makes wilful and prolonged default in doing anything required of him by or under the Act or the Rules or the Regulations or the licensee breaks any of the terms or conditions of his licence breach of which is



expressly declared by such licence to render it liable to revocation, the Commission may revoke the licence after serving a notice of not less than three months.

11. It has been brought to our notice by the staff of the Commission that the licensee, GEPL has defaulted in payment of licence fee for the year 2019-20, which was payable by 30.4.2019 and surcharge thereon despite issuance of reminders dated 4.11.2019 and 6.1.2020. Further, GEPL has defaulted in payment of licence fee for the year 2020-21 even though the stipulated date of 30.4.2020 has long since passed. Thus, the licensee, GEPL has failed to pay the fee as required by its licence and the Trading Licence Regulations.

12. In our view, the conduct of the licensee “Global Energy Private Limited” amounts to non-compliance of the provisions of the Act, the 2009 Trading Licence Regulations, 2020 Trading Licence Regulations and the Fee Regulations. Accordingly, we direct the Respondent licensee “Global Energy Private Limited” to file its response within two months of issue of this order as to why its inter-State trading licence should not be revoked for wilful default in depositing the licence fee.

13. This order shall also be treated as notice under sub-section (3) of Section 19 of the Act and if no reply is received within two months of issue of this order or unless otherwise directed by the Commission, the licence of the licensee shall stand revoked after expiry of the period of three months from the date of issue of this order.

sd/-  
**(Arun Goyal)**  
Member

sd/-  
**(I.S. Jha)**  
Member

sd/-  
**(P. K. Pujari)**  
Chairperson

