



केन्द्रीय विद्युत विनियामक आयोग
CENTRAL ELECTRICITY REGULATORY COMMISSION



Dr. Pramod Deo
Chairperson

D.O. No. L-7/143/158/2008-CERC
Dated the 13th April, 2009

Dear Shri Sampath,

This refers to the communications received from the Ministry of Power and the Ministry of External Affairs regarding the draft regulations of CERC on "Procedure, terms and Conditions" for grant of trading license and other related matters. Copies of MEA's d.o. letter No. 4573/JS(North)/08 dated 18th September, 2008 from Ms. Preeti Saran, JS and MOP's letter No. 23/54/2005-R&R (Vol.III) dated 20th October, 2008 from Shri Malay Shrivastava, Director are enclosed.

2. The communications from the Ministry of Power and the Ministry of External Affairs were duly considered by the Commission and the regulations have been notified.
3. However, there is an important issue involved which has been engaging attention of the Commission. It has been mentioned by MEA that they would continue to be responsible for designating the electricity trader for transfer of electricity from Bhutan and Nepal.
4. The Commission fully recognizes that cross-border international trading in electricity is a matter within the exclusive purview of the Government of India. However, the Commission is of the view that while taking decisions in the matter, the statutory provisions of the Electricity Act for promoting competition in the electricity industry need to be kept in view.
5. If the electricity trader(s) for international trading in electricity are designated by the Central Government in a manner which creates market domination in India, it will definitely impact the competition in electricity industry in India. Attention of the Central Government is drawn to the section 60 of the Electricity Act which obliges the Appropriate Electricity Regulatory Commission to issue directions as it considers appropriate to a licensee or a generating company if such licensee or generating company

enters into an agreement or abuses its dominant position or enters into a combination which is likely to cause or causes an adverse effect on competition in electricity industry.

6. Section 79(2) of the Electricity Act provides that CERC shall advise the Central Government inter-alia, on the matters regarding promotion of competition in electricity industry. The Commission hereby advises the Central Government that while designating the electricity trader(s) for cross-border international trading, the Government should keep in view the legislative imperatives of promoting competition in electricity industry. If only one or a few electricity traders are given dominant role in importing electricity in India, it would have to be potential of adversely effecting competition in electricity industry.

With best regards,

Yours sincerely,

Pramod Deo
(Dr. Pramod Deo)

Encl: As above.

Shri V.S. Sampath,
Secretary
Ministry of Power
Shram Shakti Bhawan
New Delhi.