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CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

No.L-7/143/158/2008-CERC

Dated: 16<sup>th</sup> February, 2009

## NOTIFICATION

In exercise of powers conferred under Section 178 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf, and after previous publication, the Central Electricity Regulatory Commission hereby makes the following regulations, namely:-

### CHAPTER-I

#### PRELIMINARY

##### 1. Short Title and Commencement

- (a) These regulations may be called the Central Electricity Regulatory Commission

(Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2009.

- (b) These regulations shall come into force on and from the date of their publication in the Official Gazette.

## 2. **Definitions and Interpretation**

- (1) In these regulations, unless the context or subject-matter, otherwise requires-
  - (a) **‘Act’** means the Electricity Act, 2003, (36 of 2003);
  - (b) **‘Applicant’** means a person who has made an application to the Commission for grant of licence;
  - (c) **‘Associate’** in relation to an applicant or the licensee, as the case may be, means the person–
    - (i) who owns or controls shares carrying not less than twenty-six percent of the voting rights of the applicant or the licensee, as the case may be; or
    - (ii) in respect of whom the applicant or the licensee, as the case may be, owns or controls shares carrying not less than twenty-six percent of the voting rights; or
    - (iii) who is under the same management as the applicant or the licensee, as the case may be.

Explanation: For the purpose of this sub-clause, the applicant or the licensee, as the case may be, and the person concerned shall be deemed to be under the same management:

- (i) if the managing director or manager of the applicant or the licensee, as the case may be, is the managing director or manager of such person; or

- (ii) if a majority of the directors of the applicant or the licensee, as the case may be, constitute or any time within six months immediately preceding, constituted a majority of the directors of such person; or
  - (iii) if not less than one third of the total voting power with respect to any matter relating to the applicant or the licensee, as the case may be, and such person is exercised or controlled by the same individual or body corporate; or
  - (iv) if any of the directors of the applicant or the licensee, as the case may be, while holding the majority of shares of the applicant or the licensee as the case may be, also hold the majority of shares in such person.
- (d) **‘Commission’** means the Central Electricity Regulatory Commission referred to in Section 76 of the Act;
- (e) **‘Conduct of Business Regulations’** means the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, as amended from time to time and includes any statutory re-enactment thereof;
- (f) **‘Current ratio’** means ratio between the current assets and current liabilities, where
- (i) current assets include cash or cash equivalent of money, accounts receivables, inventory, marketable securities, and pre-paid expenses, and
  - (ii) current liabilities include sundry creditors, provisions and other liabilities to be discharged within a period of one year;
- [(g) **‘Economic offence’** means an offence under any of the statutes listed in the Schedule to the Economic Offences (Inapplicability of Limitation) Act, 1974 (12 of 1974);]<sup>1</sup>

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<sup>1</sup> Substituted vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

- (h) **‘Existing licensees’** means the persons holding licence on the date of commencement of these regulations;
- (i) **‘Fraud’** has the same meaning as is assigned to it under Section 17 of the Indian Contract Act, 1872 (9 of 1872);
- (j) **‘Grid Code’** means the Grid Code specified by the Commission under clause (h) of sub-section (1) of Section 79 of the Act;
- [(k) **‘Inter-State Trading’** means purchase of electricity from one State for re-sale in another State and includes electricity imported from any other country for re-sale within India or exported to any other country subject to compliance with applicable laws and clearance by appropriate authorities;]<sup>2</sup>
- [(ki) **‘Intra-State Trading’** means purchase of electricity for re-sale within the territory of the same State;]<sup>3</sup>
- (l) **‘Licence’** means a licence granted to any person by the Commission to undertake inter-State trading in electricity as an electricity trader;
- [(m) **‘Licensee’** means a person who has been granted licence for inter-State trading under section 14 of the Act:

Provided that if any licensee undertakes intra-State trading based on the licence for inter-State trading granted by the Commission, the licensee shall be regulated under these regulations for the purposes as specified which shall be in addition to and not in derogation of any regulations on intra-State trading specified by the concerned State Commission.]<sup>4</sup>

- (n) **‘Liquidity Ratio’** means the ratio between the liquid assets and current liabilities, where
  - (i) liquid assets include the current assets less inventory, and

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<sup>2</sup> Substituted vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

<sup>3</sup> Inserted vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

<sup>4</sup> Substituted vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

- (ii) current liabilities include sundry creditors, provisions and other liabilities to be discharged within a period of one year;
  - (o) **‘Net Worth’** means aggregate value of the paid up equity capital and free reserves (excluding reserves created out of revaluation) reduced by the aggregate value of accumulated losses, deferred expenditure (including miscellaneous expenses) not written off and loans and advances to the associates;
  - (p) **‘Other Business’** means any business of the licensee other than the business of inter-State trading;
  - (q) **‘Promoter’** with reference to a company means a person who has promoted and is actively associated with the management of the company or holds not less than twenty six percent of the share capital of such company;
  - (r) **‘Year’** means a period of twelve months from 1<sup>st</sup> April of a calendar year to 31<sup>st</sup> March of the following calendar year.
- (2) Save as aforesaid and unless repugnant to the context or the subject-matter otherwise requires, words and expressions used in these regulations and not defined, but defined in the Act, or the Grid Code shall have the meanings assigned to them respectively in the Act or the Grid Code.
- (3) The provisions of the General Clauses Act, 1897 (10 of 1897) as amended from time to time shall apply for the interpretation of these regulations as they apply for the interpretation of an Act of Parliament.

## CHAPTER-II

### REQUIREMENTS OF BEING AN ELECTRICITY TRADER

#### 3. Qualifications

##### (1) Qualification of Domicile

The applicant shall be a citizen of India, or a partnership firm registered under the Indian Partnership Act, 1932 (9 of 1932) or a company incorporated under the Companies Act, 1956 (1 of 1956) or an association or body of individuals who are citizens of India whether incorporated or not or an artificial juridical person recognised under the Indian Laws:

[Provided that the applicant should have been authorized to undertake trading in electricity in accordance with its constitutional/organizational documents such as the Main Objects in the Memorandum of Association (in case of a company incorporated under the Companies Act, 1956) or the Partnership Deed (in case of a partnership firm registered under the Indian Partnership Act, 1932) or the constitutional documents of Limited Liability Partnerships under Limited Liability Partnership Act, 2008.]<sup>5</sup>

##### (2) Technical Qualifications

The applicant shall have at least one full-time professional having, qualifications and experience in each of the following disciplines, namely:-

Discipline	Qualifications and Experience
(a) Power system operations and commercial aspects of power transfer	Degree in Engineering with at least 10 years experience in the field
(b) Finance, commerce and accounts	CA/ICWA/MBA(in Finance) with at least 5 years experience in the field

<sup>5</sup> Added vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

**[(3) Capital Adequacy and Liquidity Requirements:**

- (a) Considering the volume of inter-State and intra-State trading proposed to be undertaken by the applicant on the basis of the inter-State trading licence, the minimum net worth of the applicant on the date of application, as per audited special balance sheet accompanying the application, shall not be less than the amounts specified hereunder:

S. No.	Category of the Trading Licence	Volume of electricity proposed to be traded in a year including intra-State trading, where applicable	Minimum Net Worth (Rs. In crore)
1.	Category I	No Limit	50.00
2.	Category II	Not more than 1500 MUs	15.00
3.	Category III	Not more than 500 MUs	5.00
4.	Category IV	Not more than 100 MUs	1.00

- (b) An applicant shall be required to maintain the net worth as specified in this clause at all times:

Provided that if an existing licensee is required to possess the net worth requirement of any particular category based on the volume of inter-State and intra-State trading proposed to be undertaken during 2012-13 on the basis of the inter-State trading licence, the licensee shall furnish by 15<sup>th</sup> of November 2012, the information about the volume of electricity proposed to be traded during 2012-13 supported by special balance sheet as on 31<sup>st</sup> August 2012.

- (c) The applicant shall have minimum current ratio of 1:1 and liquidity ratio of 1:1 on the date of audited special balance sheet accompanying the application.

**Note:** The net worth and the current and liquidity ratios specified in this regulation shall be computed on the basis of the audited balance sheet prepared in accordance with the financial reporting framework prescribed under the Companies Act, 1956.<sup>6</sup>

<sup>6</sup> Initially Sub-clause (a) of clause (3) was substituted vide First Amendment Regulations, 2010 w.e.f. 07.06.2010 and later clause (3) of Regulation (3) was Substituted vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

4. **Disqualifications:** The applicant shall not be qualified for grant of licence if:
- (a) The applicant, or any of his associates, or partners, or promoters, or Directors is an undischarged insolvent; or
  - (b) The applicant, or any of his associates, or partners, or promoters, or Directors has been convicted of an offence involving moral turpitude, fraud, or any economic offence during the year of making the application or three years immediately preceding that year and a period of six months has not elapsed since his release from imprisonment, if any, consequent to such conviction; or
  - [(c) An order revoking the licence of the applicant, or any of his associates, or partners, or promoters, or Directors, has been passed by the Commission for the reasons mentioned in sub-section (1) of section 19 of the Act and a minimum period of three years has not passed from the date of such revocation ; or]<sup>7</sup>
  - (d) The applicant holds a licence for transmission of electricity; or
  - [(e) Where an applicant or any of his associates or partners or promoters or Directors has in the past been found guilty in any proceedings for non-compliance of any of the provisions of the Act or the rules or the regulations made thereunder or an order made by the Commission, the applicant shall be debarred from applying for trading licence for a maximum period of three years from the date such non-compliance was established by an order of the Appropriate Commission:  
  
Provided further that the period of disqualification specified under this clause may be commuted by the Commission depending on the gravity of such non-compliance; or]<sup>8</sup>
  - [(f) On the date of application or thereafter, if any proceeding for non-compliance of any provision of the Act, or the Rules or the Regulations

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<sup>7</sup> Substituted vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

<sup>8</sup> Substituted vide First Amendment Regulations, 2012 w.e.f. 11.10.2012



framed thereunder or for non-compliance of the order of the Commission is initiated against the applicant, the application shall be considered after the final disposal of the proceedings:

Provided that where the applicant is found guilty of non-compliance in the proceeding, its application shall be dealt with in accordance with Clause (e) of this regulation.]<sup>9</sup>

### **CHAPTER-III**

#### **PROCEDURE FOR GRANT OF LICENCE**

##### **5. Proceedings before the Commission**

All proceedings under these regulations shall be governed by the Conduct of Business Regulations.

##### **6. Procedure for grant of licence**

(1) Any person desirous of undertaking inter-State trading in electricity shall make an application to the Commission for grant of licence in the manner specified in Form-I appended to these regulations and such application shall be accompanied by –

[(a) such fee as may be prescribed by the Central Government from time to time and payable through NEFT/ RTGS only as per the procedure specified in Central Electricity Regulatory Commission (Payment of Fees) Regulations, 2012 or any subsequent enactment thereof.]<sup>10</sup>

[(b) Copies of the annual reports in case of the persons incorporated under the Companies Act, 1956 (1 of 1956) and audited accounts along with the Directors' Report, Auditors' Report, the Schedules and notes on accounts for one year immediately preceding the year in which the application has been made and the special balance sheet as on any date falling within 30

<sup>9</sup> Initially omitted vide Amendment Regulations 2009 w.e.f. 02.06.2009 and later added vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

<sup>10</sup> Substituted vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

days immediately preceding the date of making the application.]<sup>11</sup>

- (2) The application for grant of licence, along with annexures and enclosures shall also be submitted to the Commission on compact disc (CD).
- (3) The applicant shall post complete application along with annexures and enclosures on his own website so as to facilitate access to the application by any person through internet and shall keep them on the website till the disposal of his application.
- (4) The applicant shall within 7 days after making such application, publish a notice of his application, in two daily newspapers having circulation in each of the five regions in addition to those published from Delhi, including one economic daily newspaper in Form II, with the following particulars, namely:-
  - (a) Name of the applicant (in bold) at the top clearly bringing out whether the applicant is an individual/sole proprietor, an association or body of individuals, a partnership firm registered under the Indian Partnership Act 1932 (9 of 1932), a private limited company or a public limited company, incorporated under the Companies Act, 1956, (1 of 1956) giving full particulars of its registered office address in case of a company incorporated under the Companies Act, 1956 (1 of 1956) and address for correspondence;
  - (b) A statement that the applicant has made an application for grant of licence for Category I or Category II or Category III, as the case may be, under sub-section (1) of Section 15 of the Act, to the Central Electricity Regulatory Commission;
  - (c) Share capital  
(Rs. In lakh)
    - (i) Authorised:
    - (ii) Issued:
    - (iii) Subscribed:
    - (iv) Paid up:

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<sup>11</sup> Substituted vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

- (d) Shareholding pattern (List of details of shareholders holding 5% or more shares, number of shares held by each of them and percentage of shares of the total paid-up capital) of the applicant;
- (e) Financial and technical strength of the applicant;
- (f) Volume of electricity intended to be traded per year;
- (g) Management profile of the applicant including details of past experience of the applicant or the persons on its management in same or similar activity;
- (h) Geographical areas within which the applicant will undertake trading in electricity;
- [(i) Net worth, current ratio and liquidity ratio of the applicant as on the date of the audited special balance sheet accompanying the application;]<sup>12</sup>
- (j) A statement whether the applicant or any of his associates, or partners, or promoters, or Directors has been declared insolvent, and if so, the details thereof and whether or not they have been discharged;
- (k) Details of cases resulting in conviction of an offence involving moral turpitude, fraud or economic offence of the applicant, or any of his associates, or partners, or promoters, or Directors during the year of making the application or three years immediately preceding that year and the date of release of the above person from imprisonment, if any, consequent to such conviction;
- (l) A statement whether the applicant or any of his associates, or partners, or promoters, or Directors was ever refused licence, and if so, the particulars of the application, date of making the application, date of order refusing licence and reasons for such refusal;
- (m) A statement whether the applicant is in possession of a licence for transmission of electricity and if so, the details thereof;

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<sup>12</sup> Substituted vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

- (n) A statement whether an order canceling the licence of the applicant or any of his associates, or partners, or promoters, or Directors has been made by the Commission and if so the details thereof;
  - (o) A statement whether the applicant or any of his associates, or partners, or promoters, or Directors has been found guilty of non-compliance of any of the provisions of the Act or the rules or the regulations made thereunder or an order made by the Appropriate Commission, and if so the details thereof;
  - (p) A statement to the effect that the application and other documents filed before the Commission, are available with the applicant for inspection by any person;
  - (q) Name and address and other relevant details of the person under the control of the applicant with whom the application and other documents can be inspected by any person;
  - (r) Address of the website where the complete application along with annexures, enclosures, has been posted;
  - (s) A statement that objections or suggestions, if any, be filed before the Secretary, Central Electricity Regulatory Commission, \_\_\_\_\_  
\_\_\_\_\_ (Give here address where the office of the Commission is situate), New Delhi with a copy of the objections or suggestions to the applicant, within 30 days of publication of the notice;
  - [(t) A statement on affidavit in case the applicant is in possession of any intra-State trading licence and the details of the volume of trading allowed (in Million Units) as per the said licence.]<sup>13</sup>
- (5) The applicant shall within 7 days from the date of publication of the notice as aforesaid submit to the Commission on affidavit the details of the notice published and shall also file the original complete page of the newspaper in which the notice has been published.

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<sup>13</sup> Added vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

- (6) The applicant may file his reply to the objections or suggestions received in response to the notice within 45 days of its publication in the newspapers.
- (7) The Commission after consideration of the objections or suggestions received in response to the notice published by the applicant and his reply may propose to grant licence.
- (8) When the Commission proposes to grant licence, it shall publish a notice of its proposal in two daily newspapers, as the Commission may consider appropriate, stating the name and address of the person to whom it proposes to issue the licence, with such other details as the Commission considers appropriate, to invite further objections or suggestions to its proposal.
- (9) On consideration of further objections or suggestions received and the reply of the applicant thereto, if any, the Commission may grant the licence or reject the application, for reasons to be recorded in writing if the application does not conform to the provisions of the Act, the rules or the regulations or provisions of any other law for the time being in force:

Provided that no application shall be rejected, unless the applicant has been given an opportunity of being heard.

- (10) As far as practicable the licence shall be granted in accordance with format prescribed in Form III appended to these regulations.

## CHAPTER-IV

### TERMS AND CONDITIONS OF THE LICENCE

#### 7. **Obligations of the Licensee**

The licensee shall be subject to the following obligations; namely:-

- (a) The licensee shall comply with the requirements of laws in force and, in particular, the Act, the Rules and the Regulations, Grid Code, orders and directions issued from time to time by the Commission and any of the State Electricity Regulatory Commissions in accordance with law.
- (b) The licensee shall not exceed the volume of trading authorized under the licence, but may, in exceptional circumstances, undertake trading in electricity up to the maximum of 120 per cent of the volume of trade authorized under the licence granted to him:

Provided that the licensee, on exceeding the volume of trading authorized in a year under the licence granted to him shall pay licence fee applicable to the higher category for that particular year:

Provided further that the licensee may with the prior approval of the Commission and on such terms and conditions as the Commission may decide, exceed the specified limit of 120% in a year.

[Provided also that a licensee may make an appropriate Application accompanied by prescribed fees for upgradation of its licence to a higher category or downgradation of its licence to a lower category if it fulfills the conditions of these regulations for grant of such licence but it shall not be required to follow the procedure specified in Regulation 6 of these regulations:

Provided further that the licensee shall be heard by the Commission before taking a decision on the application.]<sup>14</sup>

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<sup>14</sup> Added vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

- (c) The licensee shall not charge any amount exceeding the trading margin for the inter-State trading in electricity, fixed by the Commission from time to time:

[Provided that where it is established on the basis of regulatory audit carried out in accordance with clause (3) of Regulation 8 of these regulations that the licensee has charged trading margin above the ceiling specified in the Central Electricity Regulatory Commission (Fixation of Trading Margin) Regulations, 2010, the Commission may direct disgorgement of excess margin along with interest, at the rate as may be specified by the Commission, after giving an opportunity of hearing to the licensee.]<sup>15</sup>

- (d) The licensee shall continue to be governed by the qualifications or disqualifications specified in these regulations for making an application for licence throughout the period of licence.
- (e) The licensee shall establish adequate communication facilities like telephone, fax, computer, internet facilities, before undertaking trading.
- (f) The licensee may coordinate with Regional Power Committees, the Central Transmission Utility, State Transmission Utilities, the Regional Load Despatch Centres, and the State Load Despatch Centres with regard to his trading-related activities, to the extent authorized by the concerned buyer and seller.
- (g) The licensee shall render all assistance to any person authorised by the Commission to carry out his duties relating to the licence.
- (h) The licensee shall carry out trading in accordance with the agreed terms and conditions, and may take such safeguards as he may consider necessary with regard to payment security mechanism from the buyers, but shall always ensure timely payment of dues to the seller for purchase of the agreed quantum of electricity either through a letter of credit or any other appropriate instrument or as may be mutually agreed between the seller and the licensee.
- (i) The licensee shall ensure that appropriate agreement for purchase and sale of electricity are entered into by him with the sellers and the buyers prior to

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<sup>15</sup> Added vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

scheduling a transaction, and that the agreement shall specify the following, namely-

- (i) the boundaries, that is to say, upper and lower MW limits of electricity to be purchased or sold,
  - (ii) modalities for scheduling,
  - (iii) persons authorized to specify the schedule, or to modify it after it has been intimated to the Regional Load Despatch Centre or the State Load Despatch Centre,
  - (iv) whether the buyer or the seller can unilaterally advise modification of the schedule, or whether the modification can only be advised jointly by the buyer and the seller,
  - (v) the liabilities of the parties (seller, buyer and licensee) in case the scheduled quantum (MW) and time of scheduling differs from the agreed terms, or in case of modification in schedule, and in the latter case, the party that will bear non-refundable part of short-term open access charges.
- (j) The licensee shall ensure that there is no discrepancy or scope for dispute in the scheduling advised to the Regional Load Despatch Centre and in case of any discrepancy or ambiguity in the scheduling advice, the decision of the Regional Load Despatch Centre on the acceptance or otherwise of such advice shall be binding.
- (k) The licensee shall ensure that the buyer and the seller are, either grid connected entities or represent such entities, with special energy meters on their periphery and that the mechanism for Unscheduled Interchange accounting by the appropriate authority is in place.
- (l) The licensee shall not purchase electricity from the entities and the associates of such entities, defaulting in payment of Unscheduled Interchange charges, transmission charges, reactive energy charges, congestion charge and fee and charges for National Load Despatch Centre or Regional load Despatch Centre



or the Unified Load Despatch and Communication Scheme or any other payment levied by the Commission or any of the State Commissions under the provisions of the Act or any regulation made thereunder, when so advised by the Commission.

- (m) The licensee shall regularly pay the licence fee [by the stipulated date]<sup>16</sup> specified by the Commission from time to time.
- (n) The licensee shall not omit or neglect to undertake trading activity.
- (o) The licensee shall not enter into any agreement for purchase or sale of electricity that may lead to abuse of his dominant position or enter into a combination which causes or is likely to cause an adverse effect on competition in electricity industry.
- [(p) The licensee shall maintain up to date record of all trading transactions undertaken by him, separately for OTC inter-State transactions, OTC intra-State transactions, if any, made on the basis of inter-State trading licence and transactions through the power exchange.]<sup>17</sup>
- (q) The licensee shall make an appropriate application before the Commission for prior approval of the Commission whenever so required, in accordance with the Conduct of Business Regulations.
- (r) The licensee shall, subject to settlement of commercial terms in accordance with law, not omit sale of electricity to a consumer allowed open access by the concerned State Commission.
- [(s) The licensee shall immediately but not later than one month report to the Commission any change in the net worth which makes it ineligible to continue in the category for which the licence has been granted.
- (t) The licensee shall not at any time transfer or assign its license in any manner without the prior approval of the Commission:

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<sup>16</sup> Added vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

<sup>17</sup> Substituted vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

Provided that the licensee can transfer or assign its licence only to such person who fulfills the conditions of Regulations 3 and 4 of these regulations with prior approval of the Commission:

Provided further that the licensee shall make an appropriate application before the Commission containing the details of the person to whom the licence is proposed to be transferred or assigned, its eligibility to hold the licence under these regulations and an affidavit from the proposed transferee or assignee that it will abide by the terms and conditions of licence and comply with the provisions of the Act, Rules and regulations made thereunder and the orders of the Commission as may be issued from time to time:

Provided also that the licensee shall be required to publish in brief in two daily newspapers having circulation in each of the five regions in addition to those published from Delhi, including one economic daily newspaper about its application for transfer or assignment of its licence and invite suggestions/objections within 30 days and submit the copies of the publication along with its response to the suggestions/objections, if any, within 45 days from the date of publication.

- (u) The licensee shall designate one of its officers as Compliance Officer who shall be the nodal officer for communication with the Commission and shall be responsible for compliance with all matters pertaining to the terms and conditions of the licence, the provisions of the Act and the regulations of the Commission. The licensee shall vest adequate freedom and powers in its Compliance Officer for the effective discharge of his duties under these regulations.]<sup>18</sup>

## 8. **Accounts of the Licensee**

- (1) The licensee shall-
  - (a) Keep the accounts of the business covered by the licence separate from any other business, whether licensed or otherwise.
  - (b) maintain the statement of accounts in such form and containing such

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<sup>18</sup> Added vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

particulars as may be specified by the Commission and till such time these are specified by the Commission, the accounts shall be maintained in accordance with the Companies Act, 1956, (1 of 1956) as amended from time to time;

(c) prepare on a consistent basis from such records, accounting statements for each year comprising a Profit and Loss Account, a Balance Sheet and a statement of source and application of funds together with notes thereto and showing separately the amounts of any revenue, cost, asset, liability, reserve, or provision which has been either:

(i) charged from or to any other business together with a description of the basis of that charge; or

(ii) determined by apportionment or allocation between the various business activities together with a description of the basis of the apportionment or allocation.

(d) provide in respect of the accounting statements prepared in accordance with foregoing clauses, a report by the Auditors in respect of each year, stating whether in their opinion the statements have been properly prepared and give a true and fair view of the revenue, costs, assets, and liabilities, reserves reasonably attributable to the business to which the statements relate; and

(e) submit to the Commission copies of the [audited annual financial statement]<sup>19</sup> and Auditor's report not later than nine months after the close of the year to which they relate and shall keep them posted in its website or any other authorized website for a period of at least two years thereafter.

(2) Any person authorised by the Commission shall be entitled to inspect and verify the accounts of the licensee and the licensee shall render all necessary assistance to such person.

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<sup>19</sup> Substituted vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

- [(3) The Commission may, if considered necessary, appoint auditors and/or experts to carry out regulatory audit to investigate into the compliance of the terms and conditions of the licence by the licensee in accordance with Section 128 of the Act and in such cases, the cost of audit shall be paid by the Commission and recovered from the licensee.]<sup>20</sup>

## 9. Submission of Information

The licensee shall-

- (a) supply such information, as may be called for by the Commission from time to time;
- [(b) furnish monthly information in Forms IV-A, IV-B, IV-C, IV-D, IV-E, IV-F, IV-G and IV-H in respect of inter-State trading, intra-State trading [on the basis of the inter-State trading licence]<sup>21</sup>, trading through power exchanges and long term trading, cross border trading and banking transactions so as to reach the Commission before 15<sup>th</sup> of the succeeding month:

Provided that the information sent to the Commission shall be posted on the website of the licensee by 15<sup>th</sup> of the succeeding month, and such report shall be available on the website for not less than two years.]<sup>22</sup>

[ ]<sup>23</sup>

- (bb) Submit information regarding OTC Contracts on weekly basis as per Form IV-J by Tuesday of the following week.

- [(bc) Submit annual return of inter-State transactions detailing total volume transacted (in MU and Rupees) and the total trading margin charged thereon, total volume transacted in intra-State transactions [on the basis of the inter-State trading licence]<sup>24</sup> (in MU and Rupees), total volume transacted on Power Exchange and the total trading margin charged

<sup>20</sup> Added vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

<sup>21</sup> Inserted vide Second Amendment Regulations, 2013 w.e.f. 03.09.2013

<sup>22</sup> Substituted vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

<sup>23</sup> Deleted vide Second Amendment Regulations, 2013 w.e.f. 03.09.2013

<sup>24</sup> Inserted vide Second Amendment Regulations, 2013 w.e.f. 03.09.2013

thereon, total volumes of Renewable Energy Certificates transacted and margin charged thereon and complete list of Buyers and Sellers in the above categories, certified by Chartered Accountant or Cost Accountant by 31<sup>st</sup> May every year [as per Form IV-K]<sup>25</sup>:

Provided that the above information shall be submitted by the licensee without prejudice to the submission of transaction wise information as per Forms IV-A, IV-B, IV-C, IV-F, IVG and IV-H for compliance of Central Electricity Regulatory Commission (Fixation of Trading Margin) Regulations, 2010.]<sup>26</sup>

- (c) submit to the Commission copies of the Annual Reports including Directors' report, Auditors' report, Balance Sheet and Profit and Loss Account pertaining to inter-State [and intra-State]<sup>27</sup> trading [on the basis of the inter-State trading licence ]<sup>28</sup> segment of the business alongwith all the schedules and notes to the accounts, not later than nine months after the close of the year to which they relate and shall keep them posted in its website or in any authorized website for a period of at least two years thereafter.

[(ca) The information as required under clauses (b) to (bc) of this regulation shall also be furnished by the deemed trading licensees as defined in section 14 of the Act for the purpose of monitoring inter-State trading transactions;]<sup>29</sup>

- (d) report to the Commission the following events as soon as possible:
  - (i) when the licensee or any of his associates, or partners, or promoters, or Directors has been declared insolvent;
  - (ii) when the licensee, or any of his associates, or partners, or promoters, or Directors has been convicted of an offence involving moral turpitude, fraud, or any economic offence;

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<sup>25</sup> Added vide Second Amendment Regulations, 2013 w.e.f. 03.09.2013

<sup>26</sup> Added vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

<sup>27</sup> Added vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

<sup>28</sup> Inserted vide Second Amendment Regulations, 2013 w.e.f. 03.09.2013

<sup>29</sup> Added vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

- (iii) When the licence of any of the associates, partners, promoters, Directors has been cancelled by the Commission;
- (iv) When the licensee, or any of his associates, or partners, or promoters, or Directors has been found guilty for non-compliance of any of the provisions of the Act or the rules or the regulations made thereunder or an order made by the Appropriate Commission;
- [(v) Where any proceeding has been initiated in any court of law against the licensee for material breach of any law or before the Appropriate Commission for contravention of the Act, the Rules and Regulations made thereunder or non-compliance with the orders and directions of the Commission or of the State Commissions.]<sup>30</sup>

## 10. **Standards of performance**

- (1) The Commission may, after consultation with the licensee specify the standards of performance of a licensee or a class of licensees.
- (2) Till such time the standards of performance are specified under clause (1) the licensee shall furnish to the Commission the performance details for each year in the format prescribed in Form V, appended to these regulations by 30<sup>th</sup> April immediately following the year ending on 31<sup>st</sup> March.
- [(3) The licensee shall display on its website (i) the volume of inter-State and intra-State trading [on the basis of the inter-State trading licence]<sup>31</sup>, if any, on monthly basis; (ii) trading licences held by it; (iii) petitions filed before the Commission and the orders including interim orders, if any, issued by the Commission to ensure dissemination of information to its clients.]<sup>32</sup>

## 11. **Prudential Reporting**

The licensee shall, as soon as possible, report to the Commission-

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<sup>30</sup> Added vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

<sup>31</sup> Inserted vide Second Amendment Regulations, 2013 w.e.f. 03.09.2013

<sup>32</sup> Added vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

- (a) any significant change in the circumstances which may affect his ability to meet the obligations under the Act, the Rules and the Regulations, directives and orders issued by the Commission, the Grid Code, agreement or the licence;
- (b) any material breach of the provisions of the Act, the Rules and the Regulations, directives and orders issued by the Commission, the Grid Code, agreement or the licence; and
- (c) any major change in its shareholding pattern, ownership or management.

## 12. **Amendment of Licence**

- (1) The terms and conditions of the licence may be modified by the Commission in public interest or on an application made by the licensee:

Provided that before ordering any substantive alteration or modification in the licence, proposed to be made otherwise than on the application of the licensee, the Commission shall publish a notice in two such daily newspapers as it considers necessary with the following particulars, namely:-

- (a) name and address of the licensee;
  - (b) alterations and modifications proposed to be made;
  - (c) grounds for such alterations and modifications; and
  - (d) inviting suggestions, if any, on the proposal for consideration of the Commission within the time specified in the notice.
- (2) The procedure specified in Regulation 6 shall mutatis mutandis be applicable in case the licensee makes an application for any substantive alteration or modification to the terms and conditions of the licence:

Provided that where the licensee has made an application under sub-section (1) of Section 18 of the Act, proposing any substantive alteration and modifications in his licence, he shall publish a notice of such application in two daily newspapers

having circulation in all the five regions, in addition to those published from Delhi, including one economic newspaper, in Form VI, with the following particulars, namely:-

- (a) name of the applicant;
- (b) category of the licence granted to him;
- (c) that an application for alteration and modifications has been made before the Commission;
- (d) details of alteration and modifications proposed in the application;
- (e) reasons for seeking such alterations and modifications;
- (f) a statement that the application made before the Commission has been posted on the website and can also be inspected in the office of the applicant;
- (g) a statement that any suggestion to the proposal for alteration and modifications made in the application may be submitted to the Secretary of the Commission within 30 days of publication of the notice.

**13. Procedure for securing compliance of terms and conditions of licence**

- (1) Where the Commission, on the basis of material in its possession is satisfied that the licensee is contravening, or is likely to contravene, the terms and conditions of licence, it shall serve a notice to the licensee narrating the terms and conditions of licence contravened or likely to be contravened by him to invite his objections or suggestions.
- (2) The notice may be served on him by delivering the same at the registered office or at the usual or his last known place of residence or business, either through registered post or speed post or by hand delivery through a messenger or publication in a newspaper where the Commission is satisfied that it is not reasonably practicable to serve the notice on the licensee through registered



post or speed post or by hand delivery or in any other manner as considered appropriate by the Commission in the facts and circumstances of the case.

- (3) The Commission shall publish a notice in two newspapers specifying the terms and conditions contravened or likely to be contravened by the licensee to bring the matters to the attention of persons affected or likely to be affected by such contraventions, to invite suggestions from such persons.
- (4) The licensee or the persons affected or likely to be affected by the contravention of the terms and conditions of the licence by the licensee may file their objections or suggestions within 30 days from the date of receipt of notice under clause (1) or publication of notice in the newspapers under clause (3), as the case may be.
- (5) The Commission shall on consideration of the objections and suggestions received as aforesaid, pass such order or give such directions as may be necessary to secure compliance of the terms and conditions of licence.

## **CHAPTER-V**

### **REVOCATION OF LICENCE**

#### **14. Revocation of Licence**

- (1) The Commission may revoke the licence, in any of the following circumstances, namely:-
  - (a) Where the licensee in the opinion of the Commission, makes willful and prolonged default in doing anything required of him by or under the Act, or the Rules or the Regulations;
  - (b) Where the licensee breaches any of the terms and 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 Commission may allow therefore,

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

- (d) Where in the opinion of the Commission the financial position of the licensee is such that he is unable to fully and efficiently discharge the duties and obligations imposed on him by his licence;
- (e) Where the licensee has neglected to undertake trading in electricity;
- (f) Where the licensee fails to meet the qualifications specified for making an application or incurs any of the disqualifications under these regulations;
- (g) Where the licensee fails to submit the information as required in accordance with the regulations 9, 10 and 11 or knowingly furnishes false and wrong information;

[ ]<sup>33</sup>

- [(h) Where the licensee has failed to pay the fees by the due date as per the Central Electricity Regulatory Commission (Payment of Fee) Regulations, 2012 or other charges required by its licence or any penalty imposed by the Commission;]<sup>34</sup>

- [(2) If the Commission, after making an enquiry, is satisfied that any of the grounds for revocation as mentioned in clause (1) exists and public interest so requires, the Commission may revoke the licence subject to such terms and conditions as may be deemed appropriate:

Provided that the Commission has given a notice of not less than three months to the licensee stating the grounds on which it is proposed to revoke the licence and has considered the cause shown by the licensee within the period of notice against the proposed revocation:

Provided further that the Commission may, instead of revoking the licence,

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<sup>33</sup> Proviso was deleted vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

<sup>34</sup> Added vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

permit the licence to remain in force subject to such further terms and conditions as the Commission may consider appropriate to impose, and any further terms and conditions so imposed shall be deemed to be terms and conditions of the licence and shall be binding on the licensee.

- (3) Where the licensee makes an application for revocation of licence, the application shall contain the following information and documents:
  - (a) reasons for seeking revocation;
  - (b) an affidavit to the effect that the licensee has deposited the licence fee for the year in which revocation is sought; that there are no undischarged liabilities against the licensee; that there are no operative contracts for trading of electricity to which the applicant is a party at the time of filing the said application;
  - (c) an affidavit to the effect that the applicant has posted the complete application on its website and shall keep the application uploaded on its website till its disposal by the Commission;
  - (d) documents showing that the licensee has published the notice about its application for revocation in two daily newspapers having circulation in each of the five regions in addition to those published from Delhi including one economic newspaper;
- (4) Where the Commission, after considering the application made in accordance with clause (3), is satisfied that public interest so requires, the Commission shall revoke the licence, as to the whole or any part of the area of trading upon such terms and conditions as the Commission may consider appropriate;
- (5) Where the licence is revoked under clauses (2) and (4) of this regulation, the Commission shall serve a notice of revocation on the licensee and fix a date from which revocation shall take effect.]<sup>35</sup>

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<sup>35</sup> Substituted vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

**[CHAPTER-V A**

**A CONTRAVENTION AND PENALTIES]<sup>36</sup>**

**[14A. Contravention by Licensee**

- (1) Contraventions of the provisions of the Act, Rules and Regulations framed thereunder and non-compliance of the orders of the Commission by a licensee shall be grouped under two categories such as serious contraventions and non-serious contraventions.
- (2) Serious contraventions shall cover the following:
  - (a) Violations and non-compliance of the provisions of the Act, Rules and the Regulations specified by the Commission, particularly, Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2009, Central Electricity Regulatory Commission (Fixation of Trading Margin) Regulations, 2010, Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010, Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) Regulations, 2009, Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008, Central Electricity Regulatory Commission (Payment of Fees) Regulations, 2012, Central Electricity Regulatory Commission (Power Market) Regulations, 2010 and as amended from time to time or any subsequent amendment thereof;
  - (b) Deliberate under-reporting of transaction volume in monthly reporting;
  - (c) Non-compliance of the orders of the Commission including the orders issued for contravention of any regulation of the Commission;
  - (d) any willful, repeated and persistent violation of non-serious contraventions committed by the licensee;

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<sup>36</sup> New Chapter VA was inserted vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

- (e) 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.
- (3) The following contraventions by a licensee shall be treated as non-serious contravention:
- (a) non-submission or delay in submission of any report required to be submitted by the licensee under any of the regulations mentioned in sub-clause (a) of clause (2) of this regulation;
  - (b) delay in submission of monthly transaction information sought under clause (b) of Regulation 9;
  - (c) delay in submission of any other information sought by the Commission ;
  - (d) failure to make mandatory disclosures or reporting in accordance with the proviso to clause (b) of Regulation 9 of these regulation on licensee's website ;

#### **14 B. 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 licensee under any of the provisions of Regulation 14A, shall initiate suo-motu proceedings against the licensee and shall direct the licensee to submit such information and explanation as may be considered necessary for the purpose of the proceeding;

Provided that proceedings for non-payment of fee shall be initiated if the 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 and the seven days period shall be deemed to be a notice under this regulation:

Provided further that the licence shall be deemed to be suspended after expiry of seven 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 licensee without giving an opportunity of hearing.
- (3) The penalties if any shall be imposed in accordance with Regulation 14C of these regulations.

#### **14 C. Penalties for Contravention and non-compliance**

- (1) Where the charge of serious contraventions is established against the licensee, the Commission may:
  - (a) direct that the licensee shall pay, by way of penalty, a sum which shall not exceed rupees one lakh for each contravention; and /or
  - (b) debar the licensee, from trading in short term market or medium term market or through power exchanges for a period not exceeding one year; or
  - (c) suspend the licence for trading in electricity for a period not exceeding one year; or
  - (d) revoke the licence of the licensee; or
  - (e) issue such other directions or impose such other condition as the Commission may deem appropriate.

Provided that in case of debarment or suspension, NLDC or concerned RLDC or SLDC, as the case may be, shall take appropriate action with regard to scheduling and despatch of electricity in respect of the transactions of the licensee.

- (2) Where the charge of non-serious contravention has been established against the licensee, the Commission may:
  - (a) give warning to the licensee subject to such conditions as may be deemed fit in

the facts and circumstances of the case; or

- (b) direct that such person shall pay, by way of penalty, a sum which shall not exceed rupees one lakh; or
- (c) issue such other directions or impose such other conditions as the Commission may deem appropriate.]<sup>37</sup>

## Chapter-VI

### MISCELLANEOUS

#### 15. Existing Licensees

- [(1) The existing licensees granted licence under the provisions of Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2009 and CERC (Procedure, Terms and Conditions for grant of trading licence and other related matters) (Amendment) Regulations, 2006 shall be re-classified as under, namely:]<sup>38</sup>

Category of Licence (As per Notification dated 6.2.2004)	Category of Licence (As per Notification dated 24.2.2009)	Category of Licence (As per Notification dated 7.6.2010)
F (Above 1000 MUs)	I (No limit)	I (No limit)
E(between 700 and 1000MUs)		II (Not more than 1500 MUs)
D(between 500 and 700MUs)		
C( between 200 and 500MUs)	II (Not more than 500 MUs)	III (Not more than 500 MUs)
B (between 100 and 200 MUs)		
A (Upto 100 MUs)	III Upto 100 MUs	IV (Not more than 100MUs)

] <sup>39</sup>

<sup>37</sup> Inserted vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

<sup>38</sup> Substituted vide First Amendment Regulations, 2010 w.e.f. 07.06.2010

<sup>39</sup> Substituted vide First Amendment Regulations, 2012 w.e.f. 11.10.2012

- (2) The existing licensees shall meet the net worth, current ratio and liquidity ratio criteria specified in these regulations within a period up to 31.3.2010.
- (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 to the end of the year.

## **16. Communication**

- (1) Unless otherwise specified in these regulations, all communications relating to the licence shall be in writing and shall be delivered either in person to the addressee or his authorized agent, or sent by registered or speed post at the place of business of the addressee.
- (2) All communications shall be regarded to have been given by the sender and received by the addressee -
  - (i) when delivered in person to the addressee or to his authorised agent;
  - (ii) on expiry of 15 days from the date of sending by registered or speed post at the address of the addressee.

[**16A.** Wherever the licensees are required under these regulations to post the information on their website, the licensees shall be required to post such information only in text converted PDF format, and not images of the documents.]<sup>40</sup>

- 17. Power to relax:** The Commission may in appropriate cases and for reasons to be recorded in writing relax any of the provisions of these regulations.

## **18. Repeal and Saving**

- (1) Save as otherwise provided in these regulations, the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading

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<sup>40</sup> Inserted vide Second Amendment Regulations 2013 w.e.f. 03.09.2013



licence and other related matters) Regulations, 2004 shall stand repealed from the date of commencement of these regulations.

- (2) Notwithstanding such repeal, anything done or purported to have been done under the repealed regulations shall be deemed to have been done or purported to have been done under these regulations.

**Sd/-**  
**(ALOK KUMAR)**  
**Secretary**

**NOTE:** The Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2009, were published in Part III, Section 4, No. 28, of the Gazette of India (Extraordinary) dated 24.02.2009 and amended vide:

- (a) Amendment Regulations, 2009, published in Part III, Section 4, No. 92, of the Gazette of India (Extraordinary) dated 02.06.2009.
- (b) Second Amendment Regulations, 2009, published in Part III, Section 4, No. 197 of the Gazette of India (Extraordinary) dated 23.10.2009.
- (c) First Amendment Regulations, 2010, published in Part III, Section 4, No. 152 of the Gazette of India (Extraordinary) dated 07.06.2010.
- (d) First Amendment Regulations, 2012 published in Part III, Section 4, No. 224, of the Gazette of India (Extraordinary) dated 11.10.2012.
- (e) Second Amendment Regulations, 2013 published in Part III, Section 4, No. 230, of the Gazette of India (Extraordinary) dated 03.09.2013.

**[FORM-I**

**Application form for grant of Licence for Inter-State Trading**

1. Name of the applicant:

2. Address :

(a) Registered office address :

(b) Address for correspondence :

(c) Website address :

3. Name, Designation and Address of the contact person:

4. Contact Tel. Nos. :

5. Fax No. :

6. E-mail ID :

7. Status of the applicant :

(Whether a citizen of India or a partnership firm registered under the Indian Partnership Act, 1932 (9 of 1932) or a company incorporated under the Companies Act, 1956 (1 of 1956) or an association or a body of individuals who are citizens of India whether incorporated or not or an artificial juridical person recognized under the Indian Laws. If a listed company, name of Stock Exchanges on which listed and latest share price to be given)

8. Place of Incorporation/Registration :

9. Year of Incorporation/Registration :

10. Clause of the Memorandum of Association which authorizes undertaking inter-State trading in electricity (Extract the relevant portion)

11. Whether the Memorandum of Association authorizes undertaking transmission of electricity. If so, the extract of the relevant portion.

12. (a) Authorised share capital

(b) Issued share capital

(c) Subscribed share capital

(d) Paid up share capital

**Note:** Copies of the following documents shall be enclosed

(a) Certificate of incorporation/registration

(b) Certificate for commencement of business, where applicable

- (c) Memorandum of Association and Articles of Association
- (d) Original power of attorney in favour of the signatory to commit the applicant

13. Category of licence applied for

14. Volume of power intended to be traded

15. Area of Trading:

State the geographical areas within which the applicant proposes to undertake inter-State trading in electricity

16. (i) Net worth as per the last year's audited accounts prior to the date of application (if applicable).  
(ii) Net worth on the date of preparation of the special balance sheet accompanying the application.
17. (i) Current Ratio as per the last year's audited accounts prior to the date of application (if applicable).  
(ii) Current ratio on the date of preparation of the special balance sheet accompanying the application.
18. (i) Liquidity Ratio as per the last year's audited accounts prior to the date of application (if applicable).  
(ii) Liquidity ratio on the date of preparation of the special balance sheet accompanying the application.
19. Details of shareholding as on the date of making application  
(Give details of each of the shareholders holding 5% and above of the shares of the applicant directly or with relatives)
- (a) Name of the shareholder
  - (b) Citizenship
  - (c) Residential status
  - (d) No. of shares held
  - (e) Percentage holding of total paid up capital of the company
20. (i) Annual turnover as per the audited accounts for the past one year prior to the date of application (if applicable).  
(ii) Turnover on the date of preparation of the special balance sheet accompanying the application.

21. Organizational and Managerial capability of the applicant: The applicant is required to enclose proof of his Organizational and Managerial capability, in terms of these regulations, in form of his organizational structure and curricula vitae of various executives, proposed office and communication facilities, etc.
22. Approach and Methodology: The applicant is required to describe approach and methodology for establishment of the trading arrangements as proposed by him.
23. Other Information
  - (a) Whether the applicant or any of his associates, or partners, or promoters, or Directors has been declared insolvent? If so, the details thereof and whether they have been discharged or not;
  - (b) Details of cases resulting in conviction for moral turpitude, fraud or economic offences of the applicant, any of his associates, or partners, or promoters, or Directors during the year of making the application and three years immediately preceding the year of making application and the date of release of the above person from imprisonment, if any, consequent to such conviction;
  - (c) Whether the applicant or any of his associates, or partners, or promoters, or Directors was ever refused licence. If so, give the details of date of making application, date of refusal and reasons for refusal;
  - (d) Whether the applicant holds a transmission licence. If so, give the details thereof;
  - (e) Whether an order canceling the licence of the applicant or any of his associates, or partners, or promoters, or Directors was ever passed by the Commission;
  - (f) Whether the applicant or any of his associates, or partners, or promoter, or Directors was ever found guilty of contravention of any of the provisions of the Act or the rules or the regulations made thereunder or an order made by the Appropriate Commission, in any proceedings. If so, give the details thereof.
24. List of documents enclosed: Name of the document
  - (a) \_\_\_\_\_
  - (b) \_\_\_\_\_
  - (c) \_\_\_\_\_
  - (d) \_\_\_\_\_Place: \_\_\_\_\_ (Signature of the Applicant or the Authorized Person)  
Date:]<sup>41</sup>

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<sup>41</sup> Form-I Replaced vide Second Amendment Regulations, 2013 w.e.f 03.09.2013

Name of the Applicant (in Bold letters)

Registered Office/Corporate Office Address (in Bold letters)

Notice under sub-section (2) of Section 15 of the Electricity Act, 2003 (in Bold letters)

1.	<p>The person above-named, a company incorporated under the Companies Act, 1956/a partnership firm or sole proprietorship firm/an individual/an association or body of individuals/an artificial juridical person (strike out whichever is not applicable) (the applicant) has made an application under sub-section (1) of Section 15 of the Electricity Act, 2003 for grant of Category ____ licence for inter State trading in electricity in _____ (indicate the geographical area within which the applicant proposes to undertake trading) before the Central Electricity Regulatory Commission, New Delhi. The necessary details in respect of the applicant are given hereunder:</p> <p>i) Authorised, issued, subscribed and paid up capital.</p> <p>ii) Shareholding pattern (indicate the details of the shareholders holding 5% or more shares)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Name of the shareholder</u></th> <th style="text-align: left;"><u>Citizenship</u></th> <th style="text-align: left;"><u>Residential status</u></th> <th style="text-align: left;"><u>No. of shares</u></th> <th style="text-align: left;"><u>Percentage of share of the total paid up capital</u></th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table> <p>iii) Financial and technical strength.</p> <p>iv) Management profile of the applicant including details of past experience of the applicant and/or the persons on the management of the applicant in generation, transmission, distribution and trading of electricity or similar activity.</p> <p>v) Volume of electricity intended to be traded during the first year after grant of licence and future plans of the applicant to expand volume of trading.</p> <p>vi) Geographical areas within which the applicant will undertake trading in electricity;</p> <p>vii) Net worth as on 31st March of three consecutive years immediately preceding the year of application or for such lesser period as may be applicable and on the date of the special balance sheet accompanying the application;</p> <p>viii) Year-wise current ratio and liquidity ratio of the applicant for three years preceding the year in which the application is made. or for such lesser period as may be applicable and on the date of the special balance sheet accompanying the application;</p> <p>ix) (a) A statement whether the applicant is authorized to undertake trading in electricity under the Memorandum of Association or any other document.</p> <p>(b) If so, reproduce the specific provision of Memorandum of Association or any other document so authorizing trading in electricity.</p> <p>x) Details of cases, if any, where the applicant or any of his associates, or partners, or promoters, or Directors has been declared insolvent and has not been discharged.</p>	<u>Name of the shareholder</u>	<u>Citizenship</u>	<u>Residential status</u>	<u>No. of shares</u>	<u>Percentage of share of the total paid up capital</u>					
<u>Name of the shareholder</u>	<u>Citizenship</u>	<u>Residential status</u>	<u>No. of shares</u>	<u>Percentage of share of the total paid up capital</u>							

	<p>xi) Details of the cases, if any, in which the applicant or any of his associates or partners or promoters or Directors has been convicted of an offence involving moral turpitude, fraud or any economic offence during the previous three years preceding the year of making the application and the year of making of applicant and the date of release of the above person from imprisonment, if any, consequent to such conviction.</p> <p><u>Name of the person</u>      <u>Relationship with the applicant</u>      <u>Nature of offence</u>      <u>Date of conviction</u></p> <p>xii) Whether the applicant or any of his associates, or partners, or promoters, or Directors was ever refused licence, and if so, the detailed particular of the application, date of making application, date of order refusing licence and reasons for such refusal.</p> <p>xiii) Whether the applicant has been granted a licence for transmission of electricity.</p> <p>xiv) Whether an order canceling the licence of the applicant, or any of his associates, or partners, or promoters, or Directors has been passed by the Commission.</p> <p>xv) Whether the applicant or any of his associates, or partners, or promoters, or Directors was ever found guilty in any proceedings for contravention non-compliance of any of the provisions of the Act or the rules or the regulations made thereunder or an order made by the Appropriate Commission, during the year of making the application or five years immediately preceding that year?</p>
2.	The application made and other documents filed before the Commission are available for inspection by any person with ..... (Give here name, designation, address and telephone number of the person with whom the application can be inspected).
3.	The application made and other documents filed before the Commission have been posted on _____ (Give address of the website on which the application is posted).
4.	Objections or suggestions, if any, on the application made before the Commission may be sent to the Secretary, Central Electricity Regulatory Commission ..... (Give the address where office of the Commission is situated) within 30 days of publication of this notice, with a copy to the applicant.
5.	No objections or suggestions shall be considered by the Commission if received after expiry of 30 days of publication of this notice.

Place:

Name and Designation of the

Date:

Authorised Signatory

**CENTRAL ELECTRICITY REGULATORY COMMISSION**

**LICENCE FOR INTER-STATE TRADING IN ELECTRICITY**

1. The Central Electricity Regulatory Commission (hereinafter referred to as ‘the Commission’), in exercise of the powers conferred under Section 14 of the Electricity Act, 2003 (hereinafter referred to as ‘the Act’), hereby grants this licence as a Category \_\_\_\_\_ trader to \_\_\_\_\_, (hereinafter referred to as ‘the licensee’) having its registered office situated at \_\_\_\_\_ to undertake inter-State trade in electricity as an electricity trader in the area \_\_\_\_\_ subject to the terms and conditions contained in the Act, (in particular, Sections 17 to 22 thereof, both inclusive), the Rules made by the Central Government (hereinafter referred to as ‘the Rules’) and the Regulations specified by the Commission (hereinafter referred to as ‘the Regulations’), including statutory amendments, alterations, modifications, re-enactments thereof, which shall be read as part and parcel of this licence.
2. This licence is not transferable, except in accordance with the provisions of the Act, the Rules and the Regulations.
3. (1) The licensee shall not without prior approval of the Commission —
  - (a) undertake any transaction to acquire by purchase or take over or otherwise, the utility of any other licensee; or
  - (b) merge its utility with utility of any other licensee;(2) The licensee shall not at any time assign its licence, or transfer its utility, or any part thereof, by sale, lease, exchange or otherwise without the prior approval of the Commission;
- (3) Any agreement relating to any transaction referred to in sub-clause (1) and sub-clause (2) unless made with the approval of the Commission, shall be void.
4. The grant of this licence to the licensee shall not in any way hinder or restrict the right of the Commission to grant a licence to any other person within the same area for inter-State trading in electricity as an electricity trader. The licensee shall not claim any exclusivity.
5. This licence shall commence on the date of its issue and unless revoked earlier, shall

continue to be in force for a period of 25 (twenty five) years.

6. The licensee may with prior intimation to the Commission, engage in any business for optimum utilisation of its assets:

Provided that the licensee shall not engage in the business of transmission of electricity.

7. Unless otherwise specified by the Commission, the licensee shall pay annual license fee of Rs. \_\_\_ lakh, and license fee for a part of the year shall be paid on pro-rata basis rounded off to the nearest hundred rupees.
8. The provisions contained in Sections 19 to 22, both inclusive, of the Act shall apply to the licensee with regard to revocation of licence and sale of his utility.



Form IV-A

**Short-term Inter-State Transactions of Electricity by Trading Licensees ( RTC\*)**

Name of the Trading Licensee:

Licence Details (No & Date) :

Month:

Sr.No	Period of Power Delivery		Time of Power Delivery		Scheduled Volume (MUs)	Purchased from			Sold to			Purchase Price (₹/Kwh)	Sale Price (₹/kwh)	Trading Margin (₹/kwh)	
	Start date (DD/MM/YYYY)	End date (DD/MM/YYYY)	Start Time (HH:MM)	End Time (HH:MM)		Name of the Seller	Category	State	Name of the Buyer	Category	State				
<b>A Inter State Trading Transactions</b>															
1															
2															
3															
<b>B Inter State Trading Transactions through Swapping or Banking Arrangement</b>															
1															
2															
3															
<b>C Cross Border Transactions</b>															
1															
2															
3															

\*RTC= Roud The Clock (24 Hours i.e. from 00:00 to 24:00)

Note: (1) Data shall be submitted transaction-wise and should not be aggregated.

Note: (2) Indicate the names and the category of the seller/buyer namely generator, captive power plant, distribution licensee, Government, industrial open access consumer, commercial open access consumer, trader (when applicable) etc.

Note: (3) Data shall be posted on the website of the electricity trader or any other authorised website (Name of the link on the home page: Statutory Information)

Note: (4) Data shall be submitted on a monthly basis by 15th of the following month to the Commission, Regional Load Dispatch Centre and Regional Power Committee

Note: (5) Data shall be submitted to the Commission i.e. hard copy to Secretary, CERC and soft copy in an Excel Sheet by E-mail:

Note: (6) Full form of the abbreviations used for Name of the Seller/Buyer etc. shall be provided at the end of the Table.

**Short Term Transaction means**

where period of contract of the licensee with both the seller and the buyer is up to 1 year



Where S stands for Seller, T stands for Trader and B stands for Buyer.

Form IV-B

**Short-term Inter-State Transactions of Electricity by Trading Licensees ( Peak\* )**

Name of the Trading Licensee:

Licence Details (No & Date) :

Month:

Sr.No	Period of Power Delivery		Time of Power Delivery		Scheduled Volume (MUs)	Purchased from			Sold to			Purchase Price (₹/Kwh)	Sale Price (₹/kwh)	Trading Margin (₹/kwh)
	Start date (DD/MM/YYYY)	End date (DD/MM/YYYY)	Start Time (HH:MM)	End Time (HH:MM)		Name of the Seller	Category	State	Name of the Buyer	Category	State			
<b>A Inter State Trading Transactions</b>														
1														
2														
3														
<b>B Inter State Trading Transactions through Swapping or Banking Arrangement</b>														
1														
2														
3														
<b>C Cross Border Transactions</b>														
1														
2														
3														

\*Peak= Peak Period (Evening Peak from 17 :00hrs to 23 :00hrs). Peak period may be revised by the Commission form time to time

Note: (1) Data shall be submitted transaction-wise and should not be aggregated.

Note: (2) Indicate the names and the category of the seller/buyer namely generator, captive power plant, distribution licensee, Government, industrial open access consumer, commercial open access consumer, trader (when applicable) etc.

Note: (3) Data shall be posted on the website of the electricity trader or any other authorised website (Name of the link on the home page: Statutory Information)

Note: (4) Data shall be submitted on a monthly basis by 15th of the following month to the Commission, Regional Load Dispatch Centre and Regional Power Committee

Note: (5) Data shall be submitted to the Commission i.e. hard copy to Secretary, CERC and soft copy in an Excel Sheet by E-mail:

Note: (6) Full form of the abbreviations used for Name of the Seller/Buyer etc. shall be provided at the end of the Table.

**Short Term Transaction means**

where period of contract of the licensee with both the seller and the buyer is up to 1 year



Where S stands for Seller, T stands for Trader and B stands for Buyer.

Form IV-C

**Short-term Inter-State Transactions of Electricity by Trading Licensees ( Other than Peak & RTC)**

Name of the Trading Licensee:

Licence Details (No & Date) :

Month:

Sr.No	Period of Power Delivery		Time of Power Delivery		Scheduled Volume (MUs)	Purchased from			Sold to			Purchase Price (₹/Kwh)	Sale Price (₹/kwh)	Trading Margin (₹/kwh)
	Start date (DD/MM/YYYY)	End date (DD/MM/YYYY)	Start Time (HH:MM)	End Time (HH:MM)		Name of the Seller	Category	State	Name of the Buyer	Category	State			
<b>A Inter State Trading Transactions</b>														
1														
2														
3														
<b>B Inter State Trading Transactions through Swapping or Banking Arrangement</b>														
1														
2														
3														
<b>C Cross Border Transactions</b>														
1														
2														
3														

Note: (1) Data shall be submitted transaction-wise and should not be aggregated.

Note: (2) Indicate the names and the category of the seller/buyer namely generator, captive power plant, distribution licensee, Government, industrial open access consumer, commercial open access consumer, trader (when applicable) etc.

Note: (3) Data shall be posted on the website of the electricity trader or any other authorised website (Name of the link on the home page: Statutory Information)

Note: (4) Data shall be submitted on a monthly basis by 15th of the following month to the Commission, Regional Load Dispatch Centre and Regional Power Committee

Note: (5) Data shall be submitted to the Commission i.e. hard copy to Secretary, CERC and soft copy in an Excel Sheet by E-mail:

Note: (6) Full form of the abbreviations used for Name of the Seller/Buyer etc. shall be provided at the end of the Table.

**Short Term Transaction means**

where period of contract of the licensee with both the seller and the buyer is up to 1 year



Where S stands for Seller, T stands for Trader and B stands for Buyer.

Form IV-D

**Long-term Inter-State Transactions of Electricity by Trading Licensees**

Name of the Trading Licensee:

Licence Details (No & Date) :

Month:

Sr.No	Period of Power Delivery		Scheduled Volume (MUs)	Purchased from			Sold to			Sale Price (₹/kwh)
	Start date (DD/MM/YYYY)	End date (DD/MM/YYYY)		Name of the Seller	Category	State	Name of the Buyer	Category	State	
<b>A</b> Inter State Trading Transactions										
1										
2										
3										
<b>B</b> Inter State Trading Transactions through Swapping or Banking Arrangement										
1										
2										
3										
<b>C</b> Cross Border Transactions										
1										
2										
3										

Note: (1) Data shall be submitted transaction-wise and should not be aggregated.

Note: (2) Indicate the names and the category of the seller/buyer namely generator, captive power plant, distribution licensee, Government, industrial open access consumer, commercial open access consumer, trader (when applicable) etc.

Note: (3) Data shall be posted on the website of the electricity trader with link on the home page as statutory information

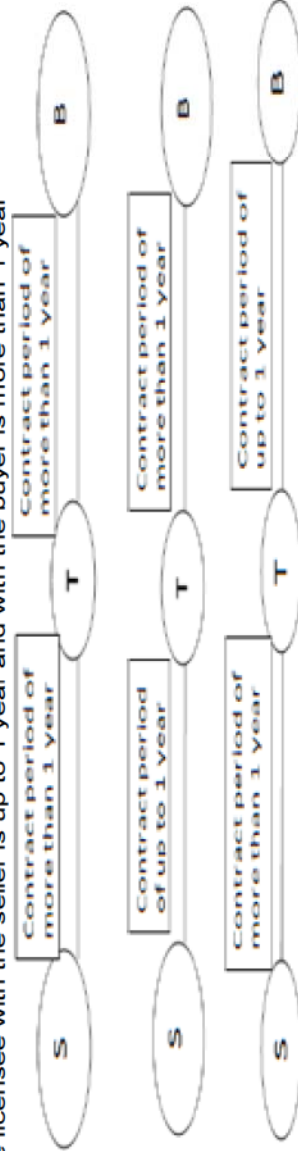
Note: (4) Data shall be submitted on a monthly basis by 15th of the following month to the Commission, Regional Load Dispatch Centre and Regional Power Committee

Note: (5) Data shall be submitted to the Commission i.e. hard copy to Secretary, CERC and soft copy in an Excel Sheet by E-mail:

Note: (6) Full form of the abbreviations used for Name of the Seller/Buyer etc. shall be provided at the end of the Table.

**Long Term transaction means**

- (a) where period of contract of the licensee with the seller is more than 1 year and with the buyer is up to 1 year
- (b) where period of contract of the licensee with both the seller and the buyer is more than 1 year
- (c) where period of the contract of the licensee with the seller is up to 1 year and with the buyer is more than 1 year



Where S stands for Seller, T stands for Trader and B stands for Buyer.

Form IV-E

**Intra-State Transactions of Electricity by Trading Licensees**

Name of the Trading Licensee: \_\_\_\_\_

Month: \_\_\_\_\_

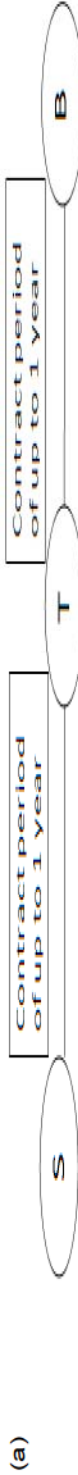
Sr. No.	Total Transacted Volume (Mus)	State
<b>Short Term transactions</b>		
1		
2		
3		
4		
<b>Long Term Transactions</b>		
1		
2		
3		
4		

Note: (1) Total Transacted Volume shall be aggregated for all transactions within each state

Note: (2) Name of the parties and the price of these transactions are not required.

**Short Term Transaction means**

(a) where period of contract of the licensee with both the seller and the buyer is up to 1 year

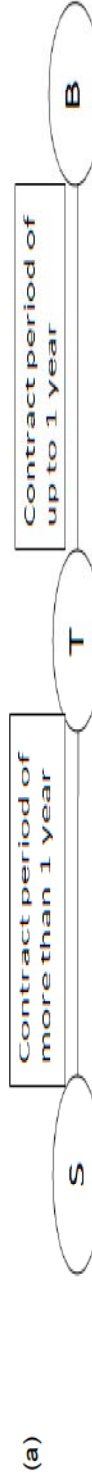


**Long Term transaction means**

(a) where period of contract of the licensee with the seller is more than 1 year and with the buyer is up to 1 year

(b) where period of contract of the licensee with both the seller and the buyer is more than 1 year

(c) where period of the contract of the licensee with the seller is up to 1 year and with the buyer is more than 1 year



Where S stands for Seller, T stands for Trader and B stands for Buyer.

Form IV-F

**Day Ahead Power Exchange Transactions of Electricity by Trading Licensees**

Name of the Trading Licensee:

Month:

Sr.No	Date of Delivery (DD/MM/YYYY)	Total Scheduled Volume (MUs) for each client	Purchased from		Sold to	
			Name of Seller/ Name of PX	State	Name of Buyer / Name of PX	State
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

Note: Trading Margin shall be charged for each 15 minutes contract separately. However, the reporting shall be made on daywise basis in light of the large volume of data.

Sr.No	Name of the Client	IEX		PXIL	
		Margin charged when MCP is lesser than or equal to ₹3/Kwh (₹/ Kwh)	Margin charged when MCP is greater than ₹3/Kwh (₹/ Kwh)	Margin charged when MCP is lesser than or equal to ₹3/Kwh (₹/ Kwh)	Margin charged when MCP is greater than ₹3/Kwh (₹/ Kwh)
1					
2					
3					
4					
5					
6					
7					
8					

Form IV-G

**Term Ahead Power Exchange Transactions of Electricity by Trading Licensees**

Name of the Trading Licensee:

Month:

Sr.No	Name of Power Exchange (IEX/PXIL)	Period of Power Delivery		Time of Power Delivery		Scheduled Volume (MUs)	Purchased from		Sold to		Transaction Price (₹/Kwh)	Trading Margin (₹/kwh)
		Start date (DD/MM/YYYY)	End date (DD/MM/YYYY)	Start Time (HH:MM)	End Time (HH:MM)		Name of Seller	State	Name of Buyer	State		
<b>A Intra-Day Contracts</b>												
1												
2												
3												
<b>B Day-Ahead Contingency Contracts</b>												
1												
2												
3												
<b>C Daily Contracts</b>												
1												
2												
3												
<b>D Weekly Contracts</b>												
1												
2												
3												

Note: Any other Contract on the Power Exchange should be included as and when it introduced.

Form IV-H

**Renewable Energy Certificates(REC) Trading on Power Exchange by Trading Licensees**

Name of the Trading Licensee:

Date of Trading: DD/MM/YYYY

Sr. No.	Name of REC Client	Client Type (Renewable generator/Obligated Entities)	Name of Power Exchange	Volume (RECs)	Market Clearing Price (₹/REC)	Trading Margin (₹/KWh)
<b>Non Solar RECs</b>						
1						
2						
3						
4						
<b>Solar RECs</b>						
1						
2						
3						
4						

Note: 1 REC = 1 MWh

[ ]<sup>42</sup>

42. Form IV – I Deleted vide Second Amendment Regulations, 2013 w.e.f 03.09.2013



Form IV-J

**Details of Over the Counter (OTC) Contracts Executed by Electricity Traders in Inter-State Market**

<b>Contracted Week</b>	<b>From</b>	<b>To</b>
	<b>dd/mm/yyyy</b>	<b>dd/mm/yyyy</b>

Sr. No.	Contract Date (dd/mm/yyyy)	Purchase Price (Rs/Kwh)	Sale Price (Rs/Kwh)	Contracted Quantity (MU)	Period of Contract		Purchased from		Sold To	
					Power Schedule Start Date (dd/mm/yyyy)	Power Schedule End Date (dd/mm/yyyy)	Name	State	Name	State
<b>A</b>	<b>ROUND THE CLOCK</b>									
1										
2										
<b>B</b>	<b>PEAK</b>									
1										
2										
<b>C</b>	<b>OTHER THAN RTC &amp; PEAK</b>									
1										
2										

*Note: Introduced as per Commission's Suo-Motu Order 155/2010 dated 14.5.2010 and to be reported on a weekly basis by Tuesday of the following week.*

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## Annual Return of Bilateral and Power Exchange Transactions by Trading Licensee

**Name of the Trading Licensee** :  
**Licence Details (No. and Date)** :  
**Financial Year** :

1	Inter-State Bilateral Transactions		
	Total Annual Volume Transacted (in MUs)	Total Annual Volume Transacted (in ₹)	Total Annual Trading Margin Charged (in ₹)

2	Power Exchange Transactions		
	Total Annual Volume Transacted (in MUs)	Total Annual Volume Transacted (in ₹)	Total Annual Trading Margin Charged (in ₹)

3	Renewable Energy Certificates Trading (REC)		
	Total Annual Volume of REC Transacted (No. of REC)	Total Annual Volume of REC Transacted (in ₹)	Total Annual Trading Margin Charged on REC (in ₹)

4	Intra-State Bilateral Transactions	
	Total Annual Volume Transacted (in MUs)	Total Annual Volume Transacted (in ₹)

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<sup>44</sup> Form IV-K added vide Second Amendment Regulations, 2013 w.e.f 03.09.2013

**FORM-V**

Proforma for submission of Standards of Performance by Electricity Trader for the year ending 31<sup>st</sup> March 20...  
(To be submitted to the Commission)

Name of the Trader:

Licence details (No. & date):

S.No.	Volume of electricity traded during the year	Cumulative trading upto the year of report, since grant of licence	Whether there is any change in the category of electricity trader after the grant of licence. If so, give the necessary details	Whether net worth has increased/decreased for change of category. If yes, give the necessary details.	Details of current ratio and liquidity ratio as on 31 <sup>st</sup> March	Whether additional licence fee, because of change of category, deposited with the Commission? If so, give the necessary details	Whether any violation to the licence conditions pointed out by any agency or observed by the licensee himself. If so, give the details thereof	Payment track record for electricity purchased for trading	Whether the applicant or any of his associates or partner or promoters or Directors has been declared insolvent during the year. If so give the details thereof	Whether the applicant or any of his associates or partner or promoters or Directors has been convicted of an offence involving moral turpitude, fraud or any economic offence during the year. If so, give details thereof.	Whether the licence of the associates or partners or promoters or Directors has been cancelled during the year. If so, give details thereof.	Whether the applicant or any of his associates or partners or promoters or Directors has been found guilty for non-compliance of any of the provisions of the Act or the rules or the regulations made thereunder during the year. If so, give details thereof.	Remarks

**FORM-VI**

Name and address of the Applicant (in Bold letters)  
 Notice under Clause (b) of sub-section (2) of Section 18 of the Electricity Act, 2003

1.	The person above-named, who has been granted a Category _____ licence by the Central Electricity Regulatory Commission (the Commission) for inter-State trading of _____ Million Units in a year, has made an application before the Commission under sub-section (1) of Section 18 of the Electricity Act, 2003 for alterations and modifications in the licence as given hereunder: ..... (Give here the details of alterations and modifications in the licence given in the application)
2.	The grounds for seeking alteration and modification are that: ..... (Give here the grounds for alterations and modifications in the licence given in the application)
3.	The application made before the Commission is posted on _____ (Give here details of website address) and can be inspected by any person with ..... (Give here the name of the person authorised as given in the application)
4.	The objections or suggestions, if any, on the above-noted proposals for alteration and modifications in the licence, in the application made before the Commission, may be sent to the Secretary, Central Electricity Regulatory Commission,..... (Give the address where the Office of the Commission is situated) within 30 days of publication of this notice, with a copy to the applicant.
5.	No objections or suggestions shall be considered by the Commission, if received after expiry of period of 30 days.

Place:  
Date :

Name and Designation of the  
Authorised Signatory