

10 August 2017

To

The Secretary,
Central Electricity Regulatory Commission
3rd & 4th Floor, Chanderlok Building,
36, Janpath, New Delhi- 110001

Subject : Submission of Comments/ Suggestions on Draft Guidelines on Cross Border Trade of Electricity, 2017

Dear Sir,

Independent Power Producers' Association, Nepal (IPPAN) is an umbrella organization of independent power producers, with sole aim of advocating for investor friendly environment for power development in Nepal.

This is with reference to draft guidelines on Cross Border Trade of Electricity, 2017. We have gone through the draft notification issued by CERC. We will like to submit some comments/suggestions and request the Honorable Commission to take these views into consideration while finalizing the Regulations. The comments are attached along this letter.

Thanking you,

Yours sincerely,



Shailendra Guragain
President
IPPAN



Enclosure:

- Comments/suggestions of IPPAN on Draft Guidelines on Cross Border Trade of Electricity, 2017

Cc:

Mr. Anup Kumar Upadhyay
Secretary, Ministry of Energy, Nepal

President

Mr. Shailendra Guragain

Vice President

Mr. Kumar Pandey

Secretary General

Mr. Tuk Prasad Poudel

Treasurer

Mr. Ananda Chaudhary

Executive

Committee Members

Mr. Ashish Garg

Mr. Ganesh Karki

Mr. Him Prasad Pathak

Mr. Narendra Prajapati

Mr. Pratik Man Singh Pradhan

Mr. Sudhir Pd. Timilsina

Imme. Past President

Mr. Khadga Bdr. Bisht

17/08/17
18/8/17
11/8/17
18-8-17
SRQ(PM)

**Independent Power Producers' Association, Nepal (IPPAN) Comments and Suggestions on the Draft Guidelines
on Cross Border Trade of Electricity, 2017**

S. No.	Clause No.	Current Provision	Comments
1	5.2.1	5.2.1 Considering the electricity trade shall be involving issues of strategic, national and economic important, participating entities (Participating Entity (ies)) complying with following conditions shall be eligible to participate in the cross border trade of electricity after obtaining one -time approval from the Designated Authority: a) Import of electricity by Indian entities from Generation Projects located outside India and owned or funded by Government of India or by Indian Public Sector Unites or by Private companies with 51% or more Indian entity (entities) ownership, b) Import of electricity by Indian entities from projects having 100% equity by Indian entity and/ or the Government/ Government owned or controlled company (ies) of neighboring country. c) Import of electricity by Indian entities from licensed traders of neighboring countries having more than 51% or more Indian entity (entities) ownership, from the sources as indicated in para 5.2.1 (a) and 5.2.1 (b) above d) Export of electricity by distribution licenses/ Public Sector Undertakings (PSUs), if surplus capacity is	A Power Trading Agreement (PTA) between Nepal and India, " Agreement between the Government of Nepal and the Government of the Republic of India on Electric Power Trade, Cross Border Transmission Interconnection and Grid Connectivity" was signed in October 2014 and, among other provisions, provides for "non -discriminatory" access Similar SAARC Frame Work Agreement for Energy Cooperation (Electricity) signed on 27 November, 2014 also provides the non-discriminatory access to the respective transmission grids as per the applicable laws, rules, regulations and applicable inter-governmental bilateral trade agreements. Article II (b) of PTA provides: The Parties shall allow non-discriminatory access to the cross-border interaction (s) for all authorized/licensed participants in the common electricity market. 1. Reconcile the inherent inconsistency between the bilateral PTA & SAARC Frame Work Agreement for Energy Cooperation (Electricity) and the proposed regulation so that generation investments in Nepal and



		available and certified by concerned distribution licensee or the PSU as the case may be	subsequently electricity trade with India can occur on a non-discriminatory manner,
			2. Consider harmonizing the language such that approval for import from generation projects owned by government entities as well as non-government owned entities are treated the same way- whether "one time approval" or "case by case" approval. 3. Clarify how electricity imports into India by a Government of Nepal or Nepali Private-Sector owned but India registered power trading company will be treated under the proposed regulations
5.2.2		5.2.2 Any other participating entity shall be eligible to participate in cross border trade of electricity after obtaining approval of the Designated Authority on case to case basis.	Clarify what "case to case" approval means and how that will be implemented so as to avoid perceived regulatory risk by power sector investors in Nepal

