

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram**

- 1. Dr. Pramod Deo, Chairperson**
- 2. Shri Bhanu Bhushan, Member**
- 3. Shri R. Krishnamoorthy, Member**

**Petition No.88/2008  
(suo motu)**

**In the matter of**

Non-compliance of the provisions of Central Electricity Regulatory Commission (Fixation of Trading Margin) Regulations, 2006.

**And in the matter of**

PTC India Limited

**...Respondent**

**ORDER**

In accordance with the Central Electricity Regulatory Commission (Fixation of Trading Margin) Regulations, 2006 (hereinafter referred to as “the trading margin regulations”), an inter-State trading licensee cannot charge trading margin exceeding four paise/kWh, (including all charges) except the charges for scheduled energy, open access and transmission charges, for the electricity traded.

2. The Commission has separately specified the Central Electricity Regulatory Commission (Procedure, Terms & Conditions for grant of Trading Licence and other related matters) Regulations, 2004. In terms of these regulations, a trader is required to submit to the Commission quarterly statements, in the prescribed form, of electricity traded.

3. PTC India Limited, the respondent, an inter-State trading licensee, has been submitting quarterly statements to the Commission. On perusal of the statements for the period April-September 2007 and subsequent periods it has been noticed that the

respondent has been purchasing electricity from Chukha HEP and Kurichhu HEP in Bhutan and selling it to the utilities in Eastern Region,. The respondent has explained that the Bhutanese authorities are being paid at the rate of Rs.2/kWh for purchase of power from Chukha HEP, sold at the rate of Rs.1.50/kWh, excluding trading margin, up to 31.3.2008 and at the rate of Rs.1.55/kWh, excluding trading margin, thereafter. The respondent's actual sale price is stated to be Rs.2.05/kWh. The differential amount between the respondent's actual sale price and price charged from the utilities is claimed by the respondent as subsidy from the Central Government. For Kurichhu HEP, the respondent's purchase price is stated to be Rs.1.75/kWh, but the respondent is charging 5 paise/kWh as service charge, which amounts to charging of trading margin. In this manner, the respondent has been charging trading margin of 5 paise/kWh for the power purchased by it from the two generating stations in Bhutan and sold to the utilities in Eastern Region.

4. The above acts of the respondent amount to non-compliance of the trading margin regulations specified by the Commission.

5. The respondent is directed to show cause, latest by 30.9.2008, as to why appropriate proceedings under the law should not be initiated for non-compliance of the trading margin regulations.

6. List on 11.11.2008 for further directions.

Sd/-  
**(R. KRISHNAMOORTHY)**  
**MEMBER**

Sd/-  
**(BHANU BHUSHAN)**  
**MEMBER**

Sd/-  
**(DR. PRAMOD DEO)**  
**CHAIRPERSON**

**New Delhi dated 1<sup>st</sup> September 2008**