

# Joint Electricity Regulatory Commission for the UT of Jammu & Kashmir and the UT of Ladakh (Electricity Trading) Regulations, 2023

UNION OF INDIA

India

## Joint Electricity Regulatory Commission for the UT of Jammu & Kashmir and the UT of Ladakh (Electricity Trading) Regulations, 2023

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In exercise of powers vested under Section 181 read with Section 15, 16, 18 and 52 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in that behalf, the Joint Electricity Regulatory Commission for Union Territory of Jammu and Kashmir & Union Territory of Ladakh hereby makes the following Regulations specifying the eligibility criteria for grant of trading licence, the duties of the electricity trader and other related matters:

### 1. Short Title, Extent and Commencement.

a. These Regulations shall be called the Joint Electricity Regulatory Commission for the UT of Jammu & Kashmir and the UT of Ladakh (Electricity Trading) Regulations, 2023. b. These Regulations shall be applicable to Trading within Union Territory of Jammu and Kashmir & Union Territory of Ladakh. c. These Regulations shall come into force from the date of notification in the Official Gazette.

### 2. Definitions and Interpretation.

2.1. In these Regulations, unless the context 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 for Trading in electricity; c. "Agreement" means agreement(s) entered into by the electricity trader with the seller of electricity, buyer of electricity, other licensees and State Load Despatch Centre, that enables the trading transactions; d. "Auditors" means the auditors appointed by the Trading Licensee; e. "Commission" means the Joint Electricity Regulatory Commission; for UT of J&K and UT of Ladakh; f. "Electricity Trader" means a person who has been granted a licence to undertake trading in electricity under Section 14 of the Act; g. "Licence" means a licence granted

under Section 14 of the Act;h. *"Licensee"* means a person who has been granted a Licence under Section 14 of the Act to undertake trading in electricity as an Electricity Trader.i. *"Licensed Business"* means the business of trading in electricity in the State as authorized under the licence;j. *"Net worth"* at any point of time is the sum total of paid up capital (including Share Premium) and free reserves minus accumulated losses, but shall not include reserves created out of revaluation of assets, write back of depreciation provisions and amalgamations;k. *"Other Business"* means any business of the trader other than the licenced business of trading;l. *"Person"* shall include any company or body corporate or association or body of individuals, whether incorporated or not, or artificial juridical person;m. *"Quarter"* means a three-month period starting from 1st day of April, July, October or January and ending respectively on the last day of June, September, December or March of a financial year;n. *"Trading"* means purchase of electricity for resale thereof and the expression "trade" shall be construed accordingly;o. *"Year"* means a financial year ending on 31st March.2.2. Words and expressions occurring in these Regulations and not defined above shall have the same meaning as in the Act.

### 3. Eligibility Conditions for being an Electricity Trader.

3.1. Capital Adequacy Requirement and Credit Worthiness:a. The applicant shall be categorized depending upon the volume of trading proposed to be undertaken and accordingly the net worth of the Applicant shall not be less than the amounts specified hereunder:

S.No.	Category of the Trading Licence	Volume of Electricity proposed to be traded per year (in MU)	Net worth (Rs. in crores)
1	A	Up to 50 MU	1.0
2	B	51 MU to 100 MU	2.0
3	C	101 MU to 200 MU	4.0
4	D	201 MU to 500 MU	8.0
5	E	Above 500 MU	10.0

b. The Applicant, and if the Applicant is a company, the promoters of the company, and if the Applicant is a partnership firm, the partners of the firm, shall at no point of time have been classified as-wilful defaulter by the Reserve Bank of India or other relevant authority.c. The Applicant will demonstrate his net worth duly certified by an auditor to the satisfaction of the Commission at the time of making the application.d. The Commission may from a date as may be specified by it, vary requirement of the net worth from time to time for new applicants.3.2.

Technical Requirementsa. The applicant will engage at least one full-time professional having minimum 5 years' experience in each of the following disciplines, namely: -i. Power System Operations and commercial aspects of power transfer, andii. Finance, commerce and accounts.The minimum qualification for (i) above shall be a graduate in Electrical Engineering and for (ii) above shall be CA/ICWA.b. The applicant will furnish to the Commission details of the professional and supporting staff engaged by him on full time basis before undertaking trading.c. The aforesaid information shall be filed along with the supporting documents.i. The applicant shall justify to the satisfaction of the Commission that the technical capability and resources exhibited by the applicant are adequate to manage the intended volume of trading.ii. The applicant shall comply with the

technical requirements when applying for the licence for trading: Provided that the Commission may grant the trading licence to the applicant subject to the trader furnishing the details and exhibiting compliance to the technical requirements, in accordance with regulations 3.2 above, before undertaking the trading.

#### **4. Procedure for Grant of Licence for Trading.**

a. The application for grant of licence for trading will be submitted to the Commission in the manner specified in the Conduct of Business Regulations in the form contained in Annexure-1A to these Regulations and will be accompanied by such fee as may be prescribed by the UT of J&K and UT of Ladakh. The application will be processed by the Commission as per the provisions of Joint Electricity Regulatory Commission, Jammu & Kashmir and Ladakh (Conduct of Business) Regulations 2022 which will include publication of notice of application, inviting objections from stakeholders and seeking response of the applicant thereto and shall be finally disposed of within a period of 45 days.

b. The application shall be accompanied by:

- i. a statement of the capital proposed to be expended in carrying on the Licensed Business and such other particulars as the Commission may require;
- ii. a copy of the Memorandum and Articles of Association of the company, where the Applicant is a body corporate, and similar applicable documents of incorporation, registration or agreement in case of other business entities;
- iii. a receipt for payment of the application fee specified in accordance with clause (a) above;
- iv. an affidavit by the Applicant verifying the information disclosed in the application;
- v. where the Applicant is a body corporate, details of any group company(ies) engaged in the business of generation, distribution, transmission or trading of electricity, whether within the UT of J&K and UT of Ladakh or in any other State;
- vi. where the Applicant is not a body corporate, details of any business of generation, distribution, transmission or trading of electricity, whether within the UT of J&K and UT of Ladakh or in any other State, in which the Applicant is directly or indirectly interested;
- vii. Details of any financial holdings of the Applicant in the power sector;
- viii. Brief history of the promoters in case the Applicant is a body corporate;
- ix. Such other documents or information as the Commission may seek.

c. After the applicant has published the notice of the application and after considering the objections received, if any, the Commission may decide, provisionally, to grant or refuse the licence and if it decides to grant the licence it may do so on such specific terms and conditions and with such modifications to the general conditions as the Commission may decide.

d. When the Commission decides to grant the Licence, the Commission shall publish notice informing the name and address of the person to whom it intends to grant the Licence and other details as considered necessary and seek suggestions/objections from public and also indicate a date for hearing those who desire to be heard in person.

e. After considering all suggestions/objections and after hearing those desiring to be heard in person, the Commission may finally decide either to grant or refuse the Licence.

f. If the Commission grants the Licence, the Secretary of the Commission shall immediately after issue of a licence, forward a copy of the licence to the State Government, Central Electricity Authority, Central Electricity Regulatory Commission, and to such other persons as the Commission considers necessary.

g. The Licensee will pay to the Commission licence fee as per Fees, Fines and Charges Regulations for the grant of Trading Licence. Full licence fee would be payable for the year whether licence is operative for full or part of the year. The fee will be remitted in the form and manner as mentioned in the Fees, Fines and Charges Regulations. The licence fee will be paid by first week of

April of each year. Provided that the licence fee for the first year of operation will be paid within one week of the Commission informing the applicant of its in principle approval for the issue of a licence.

## 5. Applicability of Trading Margin.

Trading margin shall be applicable to the following transactions undertaken by the Trading Licensee: (a) Transactions under short term contracts (where period of the contract of the Trading Licensee with both the seller and the buyer, including transactions undertaken through power exchanges, is up to one year); (b) Transactions under long term contracts (where period of the contract of the Trading Licensee with either the seller or the buyer or both is more than one year); (c) Banking of electricity, irrespective of duration of the contract; (d) Transactions under Back to Back contracts, irrespective of duration of the contract;

**5.1 Trading Margin**

1. Trading Licensee shall comply with the trading margin as given below:

a. The trading margin shall be charged on the scheduled quantity of electricity.

b. The trading margin shall include all charges, except the charges for scheduled energy, open access and transmission losses: Provided that the charges for open access include the transmission charge, operating charge and the application fee.

c. For transactions under **short term and Long term** contracts and contracts through power exchanges up to one year, the Trading Licensee shall charge a trading margin of not less than zero (0.0) paisa/kWh and not exceeding four (4.0) paisa/kWh.

f. The Licensee will, within one month of the beginning of each year of trading operations, furnish his auditor's report regarding his net worth.

g. The Licensee will be subject to trading margins for Trading as notified by the Commission from time to time.

h. The Licensee will maintain an up to date record of all business transactions undertaken by him. He will also render necessary assistance to any person authorized by the Commission to inspect the records of the Licensee.

i. The Licensee will ensure that all trading is carried out after entering into appropriate agreements with the seller of electricity or buyer of electricity as the case may be. Necessary safeguards concerning supply of electricity through trading and payment for the electricity traded will be included in the agreements between the parties. All financial transactions will be through letters of credit of scheduled banks.

j. The trader shall pay to the Commission the non-refundable annual licence fee as mentioned in Fees, Fines and Charges Regulations.

k. The Licensee will ensure that meters installed for the purpose of energy accounting comply with the specifications of the Grid Code; Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006.

l. The Licensee will have requisite Agreements with the Transmission Licensee (s) and Distribution Licensee (s) for transmission and/or wheeling of electricity as the case may be.

m. The licensee will provide his annual business plan to the Commission, the State Transmission Utility and the SLDC within one month of the beginning of each year of trading operations.

n. The trader shall maintain separate accounts for his trading business, prepare and maintain the same in accordance with the provisions of the Companies Act, 1956/2013, as amended from time to time and such other particulars in details in the manner as the Commission may direct from time to time.

o. The trader shall submit to the Commission copies of the accounting statements and Auditor's report thereon not later than six months after the close of the financial year to which they relate. Any person authorised by the Commission shall be entitled to inspect and verify the accounts of the trader and the trader shall render all necessary assistance to such person.

p. The Licensee will duly comply with the orders and directions of the State Load Dispatch Centre, (SLDC), State

Transmission Utility and Central Electricity Authority issued in the discharge of their functions under the Act;q. The Licensee will comply with the requirements specified by the Commission from time to time under Section 66 of the Act.r. The trader shall not engage in the business of transmission of electricity.s. The trader shall not, without prior approval of the Commission assign or transfer his licence to any person, by sale, lease, exchange or otherwise. Wherever prior approval of the Commission is required, the trader shall file an appropriate petition before the Commission, in accordance with the Conduct of Business Regulations.

## **8. Supply of Information to the Commission and others.**

a. The Licensee will supply such information as may be prescribed by the Commission from time to time.b. The Licensee will supply information in the format prescribed at **Annexure-3** to these Regulations to the State Load Dispatch Centre (SLDC) or any other utility as may be specified by the Commission with a copy to the Commission, on quarterly basis and also post on the website.The SLDC will verify the correctness of the quantum of energy traded, as indicated in the said quarterly information and report to the Commission.

## **9. Standards of Performance.**

a. The Commission may, after consultation with the licensee, specify the standards of performance of the licensee.b. The licensee will furnish performance details to the Commission on quarterly basis in the format prescribed in **Annexure-4** to these Regulations.

## **10. Contravention of terms and conditions of licence.**

The Commission may pass such orders as it deems fit in accordance with the provisions of the Act, if there is a contravention or the likelihood of a contravention of the terms and conditions of licence by the Licensee.

## **11. Refusal of Licence.**

If the Commission is not inclined to grant the Licence, the Commission shall give an opportunity to the Applicant for being heard in person before rejecting the application.

## **12. Revocation of a Licence.**

a. The proceedings for revocation of a Licence and/or for issuing any other orders under section 19 of the Act shall be initiated by the Commission by means of an order. The Commission may initiate such proceedings suo motu or on application of the licensee or on receiving any complaint or information from any person.b. The Commission shall give notice of the proceedings for the revocation of the licence to the licensee and to such other person, authority or body as the Commission may consider appropriate.c. Subject to the provisions of the Act and the procedure prescribed therein, the inquiry by the Commission for revocation of the licence, in so far as it is

applicable, shall be in the same manner as provided in the Conduct of Business Regulations of the Commission in force. d. If the Commission decides to revoke the licence, the Commission shall communicate the order of revocation to the licensee stating the date from which such revocation shall take effect. e. The Commission may instead of revoking the licence pass any other order imposing such terms or conditions subject to which the Licensee is permitted to operate thereafter.

### 13. Issue of orders and practice directions.

Subject to the provisions of the Act, and these Regulations, the Commission may, from time to time, issue orders and practice directions in regard to the implementation of these Regulations, the procedure to be followed etc., and other matters, which the Commission has been empowered by these Regulations to specify or direct.

### 14. Power to Remove Difficulties.

If any difficulty arises in giving effect to any of the provisions of these Regulations, the Commission may, by general or special order, do anything, not being inconsistent with the provisions of the Act or rules framed thereunder, which appears to be necessary or expedient for the purpose of removing such difficulty.

### 15. Power to Amend.

The Commission may, from time to time, add, modify or amend any provisions of these Regulations after following the necessary procedures. **Annexure - 1A (See Regulation-4) Joint Electricity Regulatory Commission Application form for the Grant of Trading Licence in the UT of J&K and UT of Ladakh** The applicant must submit the completed application in six (6) copies to the Secretary, Joint Electricity Regulatory Commission for UT for J&K and UT of Ladakh, Ambedkar Chowk (Panama Chowk), Railway Line, Jammu along with application fee of Rs..... (Rupees ..... only) as prescribed by Appropriate Government in the form of DD / Pay Order drawn in favour of Joint Electricity Regulatory Commission for UT of J&K and UT of Ladakh, and payable at Jammu. **Part - A: General Information on Applicant** 1. Details of Applicant (a) Full Name of the Applicant: (b) Full Address of the Applicant: (c) Name, Designation & Address of the Contact Person : (d) Contact Telephone Numbers: Fax Number(s): Email ID: 2. Details of Ownership (a) Company/ Firm/ Co-op Society/ Individual/ Others (specify): (b) Particulars of Incorporation/ Registration Place of Incorporation/ Registration: Year of Incorporation/ Registration: Registration Number: (c) Name and Address of Directors: 3. Principal Shareholders/ Partners/ Members: 4. (a). Details of the area of operation (b). Nature of other electricity licenses / authorisation, if any, of the applicant for electricity transmission, distribution or trading already granted: 5. Details of Operation: Maximum trading volume proposed to be undertaken by the applicant on a monthly basis for the first five years: 6. Funding arrangements (sources and application) to meet the obligations: 7. Arrangement for purchase of energy: 8. Arrangement, if any, proposed with other existing licensees (a) Resume of the Organisation with details of (b) Management capability (c) Financial strength (d) Ability to attend to the activities in a sustainable manner 9. Prior experience (Past 5 years' details for related business) [To be filled in by the applicant or by each participant separately]

## General Information

Name & Address of the project(s) developed

Brief description of project(s) developed

Cost of the project(s) developed - Rs. Lakhs

Name(s) & Address(s) of the client(s) for whom the project(s) were developed

Name(s), Designation(s) & Address(es) of reference persons of client(s)

10. Financial details of other business ventures of the applicant)[To be filled in by the applicant or by each participant separately in case of JVC/ consortium (as applicable)]

## General Information

**Names of Subsidiary Business Units**1.2.3.4.5.

Products manufactured/  
services provided1.2.3.4.5.

Financial Indicator

Year Year Year Year Year  
1 2 3 4 5

**Fixed Assets:**Gross Fixed AssetsAccumulated DepreciationNet

Fixed Assets

**Equity:**Promoters'Government/ Financial InstitutionsPublicOthers  
(specific)

**Liabilities:**Long TermShort Term

**Income:**Sale of PowerOthers

**Expenses:**Admin. & General ExpensesRepairs & Maintenance

ExpensesEmployee costs:Interest & Financial ChargesLong

TermShort TermOthers

Financial Indicator

Year Year Year Year Year  
1 2 3 4 5

**Overall turnover (Rs. Lakhs)**

**Profits & Returns (Rs. Lakhs)**Net ProfitsDividends Paid

**Operating Ratios:**Return on EquityReturn on Capital Employed

Return on NetFixed Assets

**Liquidity Ratio:**Debt Service Coverage RatioCurrent Ratio Quick  
Ratio

**Capital Adequacy & Credit worthiness:**Debt/ Net worthDebt/  
Equity

**Turnover Ratio:**Total Asset TurnoverFixed Asset Turnover

11. Baseline Information (Business for which Licence is sought)

## General Information

Part - B: List of Documents to Accompany Licence Application

1. Information relating to pre-existing licence (if any), with copy of licence / sanction.
2. Copies of Company's Articles of Association, Memorandum of Association, Partnership deeds and similar constitutional documents.
3. Certification of incorporation/registration.
4. Certification for commencement of business.
5. Original Power of Attorney of the Signatory to commit the Applicant or its Promoters.
6. Details of Income Tax registration.
7. Data relating to Management and Financial capabilitya. Manageriali. Senior management's curriculum vitaeii. Cadre strength for different categories (technical and non-technical)b. Financiali. Bank references asserting that the Applicant is financially solventii. Most recent Annual Financial Statements (Balance Sheet)iii. Annual Audited Accounts for the past 3 years for the Applicant and any Holding Company, Subsidiary or affiliated companyiv. Any accompanying notes and certifications on the above statements from reputable chartered accountantc. Any other documentary evidence to substantiate the financial capabilities, technical competence and others.
8. Data relating to the Applicant's Business proposals.
9. Five-year Business Plan (with projections) for the proposed business for which the application relates.
10. Five-year annual forecasts of costs, revenues, project financing and funding arrangements (clearly specifying the assumptions involved)
11. An affidavit that the Applicant is not engaged in the business of transmission of electricity.

Date \_\_\_\_\_ Signature of the Applicant

Annexure - 1B(See Regulation-5)

Joint Electricity Regulatory Commission

(Application Form for seeking amendment to Trading Licence in the UT of J&K and UT of Ladakh)

The applicant must submit the completed application in ten copies to the Secretary, Joint Electricity Regulatory Commission, along with application fee as determined by the Commission from time to time in the form of a DD drawn in favour of the Joint Electricity Regulatory Commission payable at Jammu.

Part-A

The applicant hereby submits to the Commission the following particulars for making alterations or amendments to the terms and conditions of his existing Licence for trading in electricity under section 18 of the Electricity Act, 2003:

1. Particulars of existing Licence  
Licence No. \_\_\_\_\_ Dated \_\_\_\_\_
2. Changes, if any, proposed in area of trading  
Existing area \_\_\_\_\_ proposed area \_\_\_\_\_
3. Specific amendment/alteration proposed in other clauses  
Existing conditions \_\_\_\_\_ Proposed amendment/alteration (a) (b) (c) \_\_\_\_\_
4. Reasons for the alteration/amendment sought
5. If the proposed amendment/alteration will lead to additional investment, arrangements for funding it.
6. Any other particulars considered relevant/necessary.

Dated : \_\_\_\_\_ Signature of the Applicant

Part-B

List of documents to accompany an application for amendment/alteration to an existing licence.

1. Copy of existing licence.
2. Relevant resolution of Company/Society/Local authority.
3. Original Power of Attorney of the Signatory confirming the authorization from the Applicant or its Promoter.
4. Any other document.

Annexure - 2

Proforma For Publication

Joint Electricity Regulatory Commission

Public Notice Inviting objections in Respect of Application Filed By----- For Amendment To an Existing Licence For Trading in Electricity

Notice is hereby given under Section 18 of the Electricity Act, 2003 to all the interested parties that Messrs--- ----- (name and address of the applicant), holding trading Licence No. ----- dated ----- for the following area :- Description of area (As per Licence) \_\_\_\_\_

Has applied to the Joint Electricity Regulatory Commission, Ambedkar Chowk (Panama Chowk), Railway Line, Jammu for making following alterations in the terms and conditions of his licence mentioned above. (Give existing provisions of the terms and conditions and the amendment/alteration sought)

Existing conditions \_\_\_\_\_ Proposed Amendment \_\_\_\_\_

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

The application along with proposed amendments/alterations can be inspected at the office of the Commission at the address mentioned above and at the main office of the applicant, at -----

The application with proposed amendments/alterations can also



be downloaded from the Website of the Commission [www.jercjkl.nic.in](http://www.jercjkl.nic.in). Copies of the application along with proposed amendments/alterations can also be obtained from the applicant Messes either in person or by post, on payment of Rs.100/-. Any person interested in objecting to or otherwise making representation in regard to the proposed amendment/alteration may within 30 days of the publication of this notice forward the objections/representation to the Secretary, Joint Electricity Regulatory Commission in seven copies by hand delivery or by registered post and should serve a copy of the objection/representation to Messrs-----at any of the offices mentioned above. The person filing the objection/representation should give the following particulars:-

1. Name and full address
2. Grounds/reasons in support of the objection/representation together with documents or evidence, if available.
3. Whether he wishes to be heard in person or through authorized representative at the time of hearing.

Annexure - 3 Proforma For Submission of Quarterly Information (To be Submitted to The Commission and Slde by 10th Day of The Month Following The Quarter)

Name of the Electricity Trader : Licence details (No. & Date) :