

The Central Electricity Regulatory Commission (Procedure, Terms And Conditions For Grant Of Trading License And Other Related Matters) Regulations, 2004

UNION OF INDIA

India

The Central Electricity Regulatory Commission (Procedure, Terms And Conditions For Grant Of Trading License And Other Related Matters) Regulations, 2004

Rule

THE-CENTRAL-ELECTRICITY-REGULATORY-COMMISSION-PROCEDURE of 2004

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The Central Electricity Regulatory Commission (Procedure, Terms And Conditions For Grant Of Trading License And Other Related Matters) Regulations, 2004 Published vide Notification No. L-7/25(6)/2004-CERC, dated 30.1.2004, published in the Gazette of India, Extraordinary, Part 3, Section 4, dated 6.2.2004.

9.

/490 In exercise of the powers conferred by section 178 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling 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 shall be called The Central Electricity Regulatory Commission (Procedure, Terms and Conditions for Grant of Trading License and Other Related Matters) Regulations, 2004. (b) These regulations shall come into force 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 license for inter-State trading: Provided that such person is a resident 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 whether incorporated or not or an artificial juridical person subject to Indian laws; (c) "agreement" means the agreement entered into between the electricity trader and the seller of electricity on the one hand and the electricity trader and the buyer of electricity on the other; (ca) ["Associate", in relation to the applicant, includes a person - [Inserted by Noti. No. L-7/25(6)/2004-CERC, dated 3.4.2006 (w.e.f. 13.4.2006).] (i) who, directly or indirectly, by himself, or in combination with relatives, owns or controls shares carrying not less than twenty per cent of the voting rights of the applicant; or (ii) in respect of whom the applicant, directly or indirectly, by himself, or in combination with other persons, owns or controls shares carrying not less than twenty per cent of the voting rights; or (iii) majority of the directors of which, own or control shares carrying not less than twenty per cent of the voting rights of the applicant; or (iv) whose director, officer or employee is also a director, officer or employee of the applicant;] (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; (ea) ["Economic offence" means an offence to which the Economic Offences (Inapplicability of Limitation) Act, 1974 (12 of 1974), is applicable for the time being; [Inserted by Noti. No. L-7/25(6)/2004-CERC, dated 3.4.2006 (w.e.f. 13.4.2006).] (eb) "Fraud" has the same meaning as is assigned to it by section 17 of the Indian Contract Act, 1872 (9 of 1872);] (f) "Grid Code" means the Grid Code specified by the Commission under clause (h) of sub-section (1) of section 79 of the Act and includes the Indian Electricity Grid Code applicable on the date of commencement of these regulations; (g) "Inter-State trading" means transfer of electricity from the territory of one State to the territory of another State by an electricity trader; (h) "license" means a license granted under section 14 of the Act to undertake inter-State trading in electricity as an electricity trader; (i) "licensee" means a person who has been granted a license under section 14 of the Act to undertake inter-State trading in electricity as an electricity trader; (ia) ["Net worth" means net worth as defined in the Companies Act, 1956 (1 of 1956) as amended from time to time, including re-enactment thereof;] [Inserted by Noti. No. L-7/25(6)/2004-CERC, dated 3.4.2006 (w.e.f. 13.4.2006).] (j) "other business" means any business of the licensee other than the licensed business of inter-State trading; (ja) ["Relative" means a relative as defined in section 6 of the Companies Act, 1956 (1 of 1956);] [Inserted by Noti. No. L-7/25(6)/2004-CERC, dated 3.4.2006 (w.e.f. 13.4.2006).]

](k)"year" means a period of twelve months from 1st April of a calendar year to 31st 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, and 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.(4)[These regulations shall be applicable to trading carried out bilaterally between the generating company, including captive generating plant, distribution licensee and the electricity trader on the one hand and the electricity trader and the distribution licensee on the other:Provided that the scope and applicability of these regulations may be reviewed from time to time to keep pace with the developments of formulation of regulations for open access in distribution by the State Electricity Regulatory Commissions or introduction of power exchange market by the Commission.

Chapter II

Procedure For Grant Of License For Inter-State Trading

3.

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

4.

(1)The application for grant of license for inter-State trading shall be made to the Commission in the manner specified under these regulations, in Form I appended to these regulations and shall be accompanied by such fee as may be prescribed by the Central Government:Provided that till such time the fee is prescribed by the Central Government, the application for grant of license for inter-State trading shall be accompanied by a fee of Rs. 1,00,000 (Rupees one lakh only) payable through Bank Draft/Pay Order drawn in favour of Assistant Secretary, Central Electricity Regulatory Commission, New Delhi, and the fee so paid shall be subject to adjustment as and when the fee is prescribed by the Central Government.(2)The application for grant of license for inter-State trading, alongwith annexures and enclosures shall also be submitted to the Commission on compact disc (CD).(3)The applicant shall post complete application alongwith annexures and enclosures on his own website or any other authorised website, so as to facilitate access to the application by any person through Internet.(4)The applicant shall within 7 days after making the application publish a notice of his application in all editions of at least two national daily newspapers including one economic daily newspaper in Form I-A, 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, 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 the address for correspondence and web site address in all cases;(b)A statement that the applicant has made an application for grant of license for 'A' or

`B' or `C' or `D' or `E' or `F' category, as the case may be, for inter-State trading under sub-section (1) of section 15 of the Act, to the Central Electricity Regulatory Commission;(c)Authorised, issued, subscribed and paid up share capital;(d)Share holding pattern (List of details of shareholders holding 5% or more shares directly or with relatives, number of shares held by each of them and percentage of shares of the total paid up capital) financial and technical strength and management profile of the applicant;(e)Volume of electricity intended to be traded during the first year after grant of license and the future plans for trading during the next 5 years;[* * *] [[Omitted by Noti. No. L-7/143/158/2008-CERC, dated 25.5.2009 (w.e.f.2.6.2009).]](g)[Geographical areas within which the applicant will undertake trading in electricity as stated in the application made to the Commission; [Substituted by Noti. No. L-7/25(6)/2004-CERC, dated 3.4.2006 (w.e.f. 13.4.2006).](h)Net worth of the applicant as on 1st April of the financial year in which the application is made and on the date of making application;(i)A statement whether the applicant or any of his partners or promoters or Directors or Associates has been declared insolvent and has not been discharged, and if so, the details thereof;(j)A statement giving details of cases resulting in conviction of fraud or economic offences of the applicant, or any of his partners, promoters or Directors or Associates during the three years preceding the year of making application;(k)A statement giving details of all pending cases involving the applicant, or any of his partners or promoters or Directors or Associates, which shall include nature of the dispute, whether civil or criminal, name of the other party or parties, the Court before whom pending and the latest status;(l)A statement whether the applicant or any of his partners or promoters or Directors or Associates was ever refused license, and if so, the details of date of making application, date of order refusing license and reasons for refusal;(m)A statement to the effect that the application and other documents filed before the Commission from time to time, are available for inspection with the applicant, by any person;(n)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;(o)A statement to the effect that complete application is available on the web site of the applicant or any other authorised web site alongwith the details of the web site where the application is made available;(p)A statement that objections, if any, be filed before the Secretary, Central Electricity Regulatory Commission, 7th Floor, Core-3, Scope Complex, Lodhi Road, New Delhi - 110 003 or such other address where office of the Commission is situate, with a copy of the objections to the applicant, within 30 days of publication of the notice.Explanation .-For the purpose of this regulation, the national newspaper means a daily newspaper published simultaneously at New Delhi and in more than three other States or Union Territories.] [Substituted by Noti. No. L-7/25(6)/2004-CERC, dated 3.4.2006 (w.e.f. 13.4.2006).](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 relevant copies of the newspapers in which the notice is published.(6)The applicant may file his comments on the objections or suggestions received in response to the notice within 45 days of its publication in the newspapers.(7)The Commission may consider the application for grant of license for inter-State trading through a hearing or without any hearing, as considered appropriate:Provided that the Commission may issue a license for inter-State trading on being satisfied that the applicant qualifies for issue of such license under the provisions of the Act and the rules and the regulations:Provided further that before granting the license, the Commission shall publish a notice of its proposal to grant the license in two daily newspapers, as the Commission may consider necessary, stating the

name and address of the person to whom it proposes to issue the license, with such other details as the Commission considers appropriate.(8)As far as practicable the license shall be granted in accordance with format prescribed in Form 2 appended to these regulations.

Chapter III

Requirements Of Being An Electricity Trader

5. Technical requirements

.- (1) The applicant shall have at least one full-time professional having experience in each of the following disciplines, namely:-(i)Power System Operations and commercial aspects of power transfer; and(ii)Finance, commerce and accounts.(2)The technical requirement of staff shall be complied with before undertaking trading activities, notwithstanding the fact that the Commission has granted the license for inter-State trading.(3)The applicant shall furnish to the Commission the details of the professional and the supporting staff engaged by him on full-time basis before undertaking inter-State trading.

6. [Capital adequacy requirement and creditworthiness

.-Considering the volume of inter-State trading proposed to be undertaken, the net worth of the electricity trader at the time of application shall not be less than the amounts specified hereunder:

SI. No.	Category of the Trading License	Volume of electricity proposed to be traded (in kilo-Watt Hours) in a year	Net worth (Rs. In crore)
1.	A	Upto 100 million	1.50
2.	B	100 to 200 million	3.00
3.	C	200 to 500 million	7.50
4.	D	500 to 700 million	10.00
5.	E	700 to 1000 million	15.00
6.	F	Above 1000 million	20.00

[[6-A. Disqualifications [[Inserted by Noti. No. L-7/25(6)/2004-CERC, dated 3.4.2006 (w.e.f.13.4.2006).]].-The applicant shall not be qualified for grant of license for inter-State trading if:(a)The applicant, or any of his partners, or promoters, or Directors or Associates is declared insolvent and has not been discharged; or(b)The applicant, or any of his partners, or promoters, or Directors or Associates is involved in any legal proceedings, and in the opinion of the Commission grant of license in the circumstances, may adversely affect the interest of the electricity sector of the consumers; or(c)The applicant, or any of his partners, or promoters, or Directors or Associates has at any time in the past been convicted of an offence involving moral turpitude or any economic offence; or(d)An order cancelling the license of the applicant, or any of his partners, or promoters, or Directors or Associates, has been passed by the Commission on the ground of his indulging in fraudulent and unfair trade practices or market manipulation or activities involving moral

turpitude; or(e)The applicant, has in the past been-(i)refused a license on the grounds which continue to remain valid; or(ii)subjected to any proceedings for contravention of any of the provisions of the Act or the rules or the regulations made thereunder; or(f)The applicant is not considered a fit and proper person for the grant of license for any other reason to be recorded in writing.Explanation .-For the purpose of determining as to whether the applicant is a "fit and proper person", the Commission may take account of any consideration, as it deems fit, including but not limited to the following, namely:-(i)financial integrity of the applicant;(ii)his competence;(iii)his reputation and character; and(iv)his efficiency and honesty.]

Chapter IV

Terms And Conditions Of The License

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 by the Commission and the State Electricity Regulatory Commission(s) from time to time;(b)the licensee shall increase his net worth if the volume of trade moves from a lower category to a higher category and the change of category shall be decided based on the volume of electricity traded as on 31st March of each year, and of which the licensee shall keep the Commission informed of his moving from one category to the other and subsequent changes in the net worth:[Provided that in case the licensee proposes to increase the volume of electricity to be traded in a year, he may increase his net worth in keeping with his proposal, obtain prior approval of the Commission to his proposal and pay the license fee as applicable for the higher category.] [Added by Noti. No. L-7/25(6)/2004-CERC, dated 3.4.2006 (w.e.f. 13.4.2006).](c)the licensee shall be subject to the trading margins for the inter-State trading as fixed by the Commission, from time to time;(d)the licensee shall be governed by the technical requirements, capital adequacy requirements and creditworthiness specified by the Commission in these regulations, for being an electricity trader and shall upgrade these technical and capital adequacy requirements, including staff, when the volume of trading increases;(da)[If the licensee moves from a higher category to a lower category based on the volume of electricity traded, the technical and capital adequacy requirement shall be applicable accordingly;] [Inserted by Noti. No. L-7/25(6)/2004-CERC, dated 3.4.2006 (w.e.f. 13.4.2006).](e)the licensee shall establish adequate communication facilities like telephone, fax, computer, internet facilities, before undertaking trading;(f)the licensee shall co-ordinate with Regional Electricity Boards or Regional Power Committees as the case may be, the Regional Load Despatch Centres/State Load Despatch Centre, and Central Transmission Utility/State Transmission Utilities with regard to all trading-related activities;(g)the licensee shall render all assistance to any person authorised by the Commission for carrying out his duties relating to the license;(h)trading shall be carried out bilaterally between the parties by entering into appropriate contracts. Necessary safeguards with regard to supply of electricity through trading, or payment for the electricity traded shall be included in the agreements between the parties. All trading arrangements shall be done through the letters of credit or with any other superior instrument;(i)the licensee shall pay the license fee specified under these regulations

in accordance with the time-schedule specified hereunder;(j)the licensee shall not omit or neglect to undertake trading activity for four consecutive quarters;(k)the licensee shall not enter into any agreement leading to abuse of his dominant position or enter into a combination which is likely to cause or causes an adverse effect on competition in electricity industry;(l)the licensee shall maintain up-to-date record of his customers and the transactions undertaken by him and other parties.

8. Prohibited activities

.- (1) The licensee shall not, without prior approval of the Commission, -(i) acquire by purchase or takeover or otherwise the utility of any other licensee; or (ii) merge his utility with the utility of any other licensee; or (iii) assign or transfer his license to any person, by sale, lease, exchange or otherwise. (2) The licensee shall not engage in the business of transmission of electricity. (3) Wherever prior approval of the Commission is required, the licensee shall file an appropriate application before the Commission, in accordance with the Conduct of Business Regulations.

9. Payment of license fee

.- (1) The licensee shall pay to the Commission the annual license fee of the amount specified hereunder, payable by means of a demand draft or pay order drawn in favour of Assistant Secretary, Central Electricity Regulatory Commission, New Delhi:

Sl No.	Category	Volume of electricity proposed to be traded per annum (in Kilowatt Hours)	License fee (Rs. In lakh)
1.	A	Up to 100 million	1.00
2.	B	100 to 200 million	2.00
3.	C	200 to 500 million	5.00
4.	D	500 to 700 million	7.00
5.	E	700 to 1000 million	10.00
6.	F	Above 1000 million	15.00

Provided that for a part of the year, the license fee shall be payable pro rata on number of days basis: Provided further that the license fee calculated on pro rata basis for a part of the year shall be rounded off to nearest hundred rupees" > Provided further that the license fee calculated on pro rata basis for a part of the year shall be rounded off to nearest hundred rupees. (2) The license fee shall be paid by 15th April of each year, and in case the licensee has moved from a lower category to a higher category, the balance of license fee shall be paid before 30th April of each year: Provided that the first instalment of the license fee shall be paid within a period of one month from the date of issue of license: Provided further that in case the licensee fails to pay the license fee or a part thereof, the licensee shall be liable to pay late payment surcharge on the outstanding amount at the rate of 1% of the license fee payable per month or a part of the month, for the period the license fee or any part thereof remains unpaid. (3) Notwithstanding the liability of the licensee to pay the late payment surcharge as aforesaid, the delay in payment of license fee or a part thereof, shall be construed as breach of the terms and conditions of the license and the license shall be liable to be revoked.

10. Accounts of the licensee

.- (1) The licensee shall-(a) maintain separate information and statement of accounts for the business or inter-State trading covered by the license; (b) maintain the statement of accounts in such Form and contain such particulars as may be specified by the Commission and till such time these are 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) keep the accounts of the business of inter-State trading separate from other business, whether licensed or otherwise; (d) prepare on a consistent basis from such records accounting statements for each financial 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 amount 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 appointment or allocation; (e) 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 (f) submit to the Commission copies of the accounting statements and Auditor's report not later than nine months after the close of the year to which they relate. (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.

11. Submission of information

.- The licensee shall-(a) supply such information, as may be called for by the Commission from time to time; (b) furnish the information as may be required from time to time, to monitor the licensee's performance and compliance of the terms and conditions of the license and any other legislative or regulatory requirement in Form III appended to these regulations for submission of information: Provided that the information in the prescribed form shall be furnished to the Regional Load Despatch Centre and Regional Electricity Board or Regional Power Committee, as the case may be, with a copy to the Commission, on quarterly basis on 10th day of April, July, October and January for the quarters January to March, April to June, July to September and October to December respectively and the format for submission of information shall be filled up complete in all respects and no column shall be left blank: Provided further that the report sent to the Regional Load Despatch Centre and the Regional Electricity Board or the Regional Power Committee, as the case may be, shall be posted on the website of the electricity trader or any other authorised website: Provided also that the Regional Load Despatch Centre and Regional Electricity Board or Regional Power Committee, as the case may be, shall verify the quantum of energy traded, as indicated in the reports and submit a report to the Commission; (c) [submit to the Commission copies of the Annual Report including Directors' report, Auditors' report, Balance Sheet and Profit and Loss Account pertaining to inter-State trading segment of the business along with all the Schedules and notes to the accounts, not later than nine months after the close of the year to which

they relate; [[Inserted by Noti. No. L-7/25(6)/2004-CERC, dated 3.4.2006 (w.e.f.13.4.2006).]](d)submit to the Commission the following details as and when occurring:-(i)when the applicant or any of his partners, or promoters, or Directors or Associates is declared insolvent and has not been discharged;(ii)when the applicant or any of his partners, or promoters, or Directors or Associates is involved in any legal proceedings, civil and criminal;(iii)when the applicant, or any of his partners, or promoters, or Directors or Associates has at any time been convicted of an offence involving moral turpitude or any economic offence.]

12. 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) [The licensee shall furnish the performance details for each year to the Commission in the format prescribed in Form IV, appended to these regulations by 30th April immediately following the year ending on 31st March.] [Substituted by Noti. No. L-7/25(6)/2004-CERC, dated 3.4.2006 (w.e.f. 13.4.2006).]

13. Prudential reporting

.-The licensee shall, as soon as practicable, report to the Commission-(a)any significant change in his circumstances which may affect the licensee's ability to meet his obligations under the Act, the rules and the regulations, directions and orders issued by the Commission, the Grid Code, agreement or the license;(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 license; and(c)any major change in shareholding pattern, ownership or management of the licensee.

14. Amendment of license

.- (1) The terms and conditions of the license may be modified by the Commission in public interest or on an application made by the licensee:[Provided that before ordering any alteration and modifications in the license, 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 alteration 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 4 hereinabove shall mutatis mutandis be applicable in case the licensee makes the application for any alteration of or modification to the terms and conditions of the license:[Provided that where the licensee has made an application under sub-section (1) of section 18 of the Act, proposing any alteration and modifications in his license, he shall publish a notice of such application in all editions of two national daily newspapers, including one economic newspaper, in Form V, with the following particulars, namely:-(a)name of the applicant;(b)category of the license granted to him;(c)that an application for alterations and modifications has been made before the Commission;(d)details of alterations 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 web site and can also be

inspected in the office of the applicant;(g)a statement that any suggestion to the proposal for alterations and modifications made in the application may be submitted to the Secretary of the Commission within one month of publication of the notice.Explanation .-For the purpose of this regulation, "national newspaper" has the same meaning as assigned under regulation 4 of these regulations.] [Inserted by Noti. No. L-7/25(6)/2004-CERC, dated 3.4.2006 (w.e.f. 13.4.2006).][14-A. Procedure for securing compliance of terms and conditions of license [Inserted by Noti. No. L-7/25(6)/2004-CERC, dated 3.4.2006 (w.e.f. 13.4.2006).].-(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 license, it shall serve a notice to the licensee narrating the terms and conditions of license contravened or likely to be contravened by him to invite his objections.(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/speed post or by hand delivery through a messenger or publication in the newspaper where the Commission is satisfied that it is not reasonably practicable to serve the notice on the licensee through registered post/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 license 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 he 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 license.] [[Inserted by Noti. No. L-7/25(6)/2004-CERC, dated 3.4.2006 (w.e.f.13.4.2006).]]

15. Revocation of license

-(1) The Commission may revoke the license in accordance with section 19 of the Act, in any of the following circumstances, namely:-(i)where the licensee, in the opinion of the Commission, makes wilful and prolonged default in doing anything required of him by or under the Act, or the rules or the regulations;(ii)where the licensee breaches any of the terms and conditions of his license, the breach of which is expressly declared by such license to render it liable to revocation;(iii)where the licensee fails, within the period fixed in this behalf by his license, or any longer period which the Commission may allow therefor, 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 license;(iv)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 license;(v)where licensee has failed or neglected to undertake trading in electricity for four consequent quarters:Provided that the license shall not be revoked except after the enquiry by the adjudicating officer appointed by the Commission under section 143 of the Act in the manner prescribed by the Central Government:Provided further that the Commission may, instead of revoking a license under clause (1) above, permit the license to remain in force subject to such

further terms and conditions as it thinks fit to impose, and any further terms and conditions so imposed shall be binding upon and be observed by the licensee and shall be of like force and effect as if they were contained in the license;(vi)[where the licensee fails to meet the eligibility criteria in accordance with these regulations; [Inserted by Noti. No. L-7/25(6)/2004-CERC, dated 3.4.2006 (w.e.f. 13.4.2006).](vii)where the licensee fails to submit the information as required in accordance with the regulation 11.](2)When the licensee makes an application for revocation of the license and the Commission is satisfied that public interest so requires, the Commission may revoke his license, on such terms and conditions as it thinks fit.(3)The Commission shall serve a notice of revocation upon the licensee and fix a date on which the revocation shall take effect.

16. Communication

.(1) All communications relating to the license shall be in writing and shall be delivered either in person to the addressee or his authorised agent, or sent by registered or speed post at the place of business of the address.(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 him authorised agent;(ii)on expiry of 15 days from the date of sending by registered or speed post at the address of the addressee.

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.[FORM - I] [Substituted by Notification No. L-7/25(6)/2004-CERC, dated 3-4-2006 (w.e.f. 13-4-2006)]Application Form For Grant Of Inter-State Trading LicenceParticulars of the Applicant

1. Name of the applicant :
2. Address :
- (a)Registered office address :
- (b)Address for correspondence :
- (c)Web site 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 company incorporated under the Companies Act, 1956 (1 of 1956) partnership firm, individual or any other. If listed, 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. Authorised, issued, subscribed and 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 of the signatory to commit the applicant or its promoter :

11. Category of license applied for :

12. Volume of Trading : :

Volume of power intended to be traded during the first year after grant of license and the future plans for trading during the next 5 years;

13. Area of Trading: :

Geographical areas within which the applicant will undertake trading in electricity.

Details of Financial Data of Applicant

14. (i) Net worth as per the audited accounts for the preceding five years (in equivalent Indian Rupees-conversion to be done at the rate of exchange prevailing at the end of each year) for immediate past 3 (three) financial years. (Specify financial year as applicable)

(ii) Net worth as on the date of making application. (DD/MM/YY) to (DD/MM/YY)

	In Home Currency	Exchange rate used	In equivalent Indian Rs.
(a) Year 1 () to ()
(b) Year 2 () to ()
(c) Year 3 () to ()

Note.-Copies of Annual Reports or certified audited accounts for the preceding five years to be enclosed in support of above.

15. 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 indirectly, 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

16. Annual turnover (in equivalent Indian Rupees-conversion to be done at the rate of exchange prevailing at the end of each year) for immediate past 5 (five) financial years. (Specify financial year as applicable)

(DD/MM/YY) to (DD/MM/YY)

	In Home Currency	Exchange rate used	In equivalent Indian Rs.
(a)Year 1 () to ()
(b)Year 2 () to ()
(c)Year 3 () to ()
(d)Year 4 () to ()
(e)Year 5 () to ()

Copies of Annual Reports or certified audited results to be enclosed in support of above.

17. Organisational and Managerial Capability of the applicant:

(The applicant is required to enclose proof of its Organisational and Managerial Capability, in terms of these regulations, in form of proposed organisational structure and curriculum vitae of various executives, proposed office and communication facilities, etc.)

18. Approach and Methodology :

(The applicant is required to describe approach and methodology for establishment of the trading arrangements as proposed by him.)

19. Other Information

(a)Whether the applicant or any of his partners or promoters or Directors or Associates has been declared insolvent and has not been discharged. If so, the details thereof.(b)Details of cases resulting in conviction of fraud or economic offences of the applicant, any of his partners, promoters or Directors or Associates during the three years preceding the year of making application.(c)Details of all pending cases involving the applicant, any of his partners or promoters or Directors or Associates, which shall include nature of the dispute, whether civil or criminal, name of the other party or parties, the Court before whom pending and the latest status.(d)Whether the applicant or any of his partners, or promoters or Directors or Associates was ever refused license. If so, give the details of date of making application, date of refusal and reasons for refusal.

20. List of documents enclosed:

Name of the document(a).....(b).....(c).....(d).....
of the Applicant or the authorised person)PlaceDate
.....FORM I-AName 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. The person above-named, a company incorporated under the Companies Act, 1956/a partnership or sole proprietorship firm/an individual (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 categorylicense for inter-State trading in electricity within(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:

(i) Authorised, issued, subscribed and paid up capital (ii) Shareholding pattern (indicate the details of the shareholders holding 5% or more shares)

Name of the shareholder	Citizenship	Residential status	No. of shares	Percentage of holding of the paid up capital
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(iii) Volume of electricity intended to be traded during the first year after grant of license and future plans of the applicant to expand volume of trading. (iv) Financial and technical strength. (v) Management profile (vi) Net worth as on the date on which the application is made (vii) 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 (viii) Year-wise current ratio and liquidity ratio of the applicant for three years preceding the year in which the application is made. (ix) (a) A statement whether applicant is authorised to undertake trading in electricity under the Memorandum of Association or any other document (b) If so, reproduce the specific provision of Memorandum of Association or any other document so authorising trading in electricity (x) Details of the cases, if any, in which the applicant or any of his partners or promoters or Directors or Associates has been convicted of an offence involving moral turpitude or any economic offence during the previous three years preceding the year of making the application :

Name of the person	Relationship with the applicant	Nature of offence	Date of conviction
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(xi) Details of pending legal proceedings (civil and criminal), if any, involving the applicant or any of his partners or promoters or Directors or Associates:

Name of the person	Relationship with the application	Court before which pending	Nature of proceedings	Other party involved	Present status
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(xii) Details of cases, if any, where the applicant or any of his partners or promoters or Directors or Associates has been declared insolvent and has not been discharged.

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 web site on which the application is posted)

4. Objections, if any, on the application made before the Commission may be sent to the Secretary, Central Electricity Regulatory Commission, Core-3, Scope Complex, Lodi Road, New Delhi-110 003 (or give other address where office of the Commission is situated) within 30 days of publication of this notice, with a copy to the applicant

5. No objection shall be considered by the Commission if received after expiry of 30 days of publication of this notice.

Name and Designation of the Authorised SignatoryPlaceDate
.....FORM IICentral Electricity Regulatory CommissionLicense To Trade In
Electricity As An Electricity Trader

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") to 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 (herein after referred to as "the Regulations"), including statutory amendments, alterations, modifications, reenactments 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 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.

For the purpose of this clause, the "year" means a period of twelve months from 1st April of a calendar year to 31st March of the following calendar year.

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 - III] [Substituted by Notification No. L-7/25(6)/2004-CLRC, dated 3-4-2006 (w.e.f. 13-4-2006)] Proforma For Submission Of Information For The Quarter Ending (To be submitted to the Commission, Regional Load Despatch centre and Regional Power Committee) Name of the Trader: License details (No & date):

Sl. No.	Date and time of transaction	Volume of electricity Trade (in million KWhs)	Purchased from*	Sold to*	Point of purchase	Purchase price	Point of sale	Sale price	Transmission / wheeling charges paid, and whether the charges borne by Seller / Trader / Buyer**	Transmission losses paid, and whether the charges borne by Seller / Trader / Buyer**
1	2	3	4	5	6	7	8	9	10	11

Total

Note: All the transactions shall be reported transaction-wise on real time basis and should not be aggregated.* Besides the name of the seller/buyer, indicate the category of the seller/buyer namely generator, captive power plant, distribution licensee, Government, consumer (when applicable) etc.** Strike out whichever is not applicable.FORM - IVProforma For Submission Of Standards Of Performance Of Electricity Trader For The Year Ending 31st March.....(To be submitted to the Commission)Name of the Trader:License details (No. & date):

Sl. No.	Volume of electricity traded during the year	Cumulative trading up to the present year since grant of license	Whether there is any change in the category of electricity after grant of license, if yes, give the necessary details	Whether net worth is increased for reason of change category, if yes, give the necessary details	Whether additional license fee, due to change category deposited with the Commission, if yes, give the necessary details	Whether any violation to the license conditions pointed out by any agency or observed by the licensee himself, if so, give details thereof	Payment track record for electricity purchased for trading	Remarks
			(Yes/No)	(Yes/No)	(Yes/No)			

FORM VName And Address Of The Applicant (In Bold Letters)Notice under clause (b) of sub-section 18 of the Electricity Act, 2003

1. The person above-named, who has been granted a Category..... license 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 clause (b) of sub-section (2) of section 18 of the Electricity Act, 2003 for alterations and modifications in the license as given hereunder :-

.....(Give here the details of alterations and modifications in the license given in the application).

2. The Grounds for seeking alteration and modifications are that :

.....

**3. The application made before the Commission is posted on
..... (Give here details of web site address) and can be
inspected by any person with**

(Give here the name of the person authorised as given in the application).

**4. The suggestions, if any, on the above-noted proposals for alteration and
modifications in the license, in the application made before the Commission,
may be sent to the Secretary, Central Electricity Regulatory Commission, 7th
Floor, Core 3, Scope Complex, Lodhi Road, New Delhi - 110003 (Or give other
address where the office of the Commission is situate) within 30 days of
publication of this notice, with a copy to the applicant.**

**5. No suggestions shall be considered by the Commission, if received after
expiry of period of 30 days.**

Name and Designation of the Authority

SignatoryPlace.....Date.....