

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 37/TD/2023

Coram:
Shri Jishnu Barua, Chairperson
Shri I.S. Jha, Member
Shri Arun Goyal, Member
Shri P.K. Singh, Member

Date of Order: 6th May, 2023

In the matter of

Application for grant of licence for inter-State trading in electricity under Category IV under the Central Electricity Regulatory Commission (Procedure, Terms & Conditions for grant of Trading licence and other related matters) Regulations, 2020.

And

In the matter of

THDC India Limited,
Pragatipuram, Bypass Road,
Rishikesh, Uttarakhand-249201

.....Petitioner

The following were present:

Ms. Anushree Bardhan, Advocate, THDCIL
Shri R.K. Verma, THDCIL

ORDER

The Petitioner, THDC India Limited, a company registered under the Companies Act, 1956 (1 of 1956) has made the present application under Section 14 of the Electricity Act, 2003 (hereinafter referred to as "the Act") read with Regulation 6 of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Trading Licence and other related matters) Regulations, 2020 (hereinafter referred to as "the Trading Licence Regulations") amended from time to time, for grant of Category `IV` trading licence for inter-State trading in electricity in whole of India.



2. In accordance with sub-Section (2) of Section 15 of the Act read with Clause (4) of Regulation 6 of the Trading Licence Regulations, notices were published by the Petitioner on 19.1.2023 in 'The Indian Express' (All Editions), 'Financial Express' (all Editions), 'The New Indian Express' (Chennai Edition), 'The Assam Tribune' (Guwahati Edition). It has been submitted by the Petitioner that no objection has been received in response to the public notices.

3. In accordance with Regulation 3(3) of the Trading Licence Regulations, a person applying for Category 'IV' trading licence should have net worth of Rs. 10 crore and should have maintained minimum current ratio and liquidity ratio of 1:1, as on date of audited balance sheet accompanying the application. As per Special Balance Sheet submitted by the Petitioner as on 31.12.2022, the Petitioner possesses the required net worth for grant of Category "IV" trading licence. As regards current ratio and liquidity ratio, the Commission vide its order dated 10.4.2023 in exercise of power conferred under Regulation 23 of the Trading Licence Regulations, has relaxed the current ratio and liquidity ratio requirement in public interest. Accordingly, the Commission vide order dated 10.4.2023, came to conclusion that the Petitioner is *prima facie* qualified for grant of Category "IV" licence for inter-State trading in electricity.

4. On the above consideration, the Commission vide its order dated 10.4.2023 had proposed to grant Category "IV" inter-State trading licence to the Petitioner. Relevant portion of the said order dated 10.4.2023 is extracted as under:

"20. We have considered the submissions of the Petitioner. THDC is a Mini Ratna CPSE (Central Public Sector Enterprise) as notified by the Department of Public Enterprises, Government of India. Thus, we note that by virtue of being granted the Mini Ratna, it is implicit that THDC has a strong balance sheet and has the trust of the shareholders. It is noted that

THDC is adding 2764 MW capacity in a few years which may improve its current/ liquidity ratios. In light of the submissions of the Petitioner, we are of the view that in the case of THDC, despite the fact that it does not meet the current ratio and liquidity ratio criteria of the Regulations, it is financially sound with respect to liquidity for carrying out electricity trade. THDC meets other criteria for grant of trading licence as required under the Trading Licence Regulations. Keeping in view the facts and circumstances of the case, we, in exercise of power conferred under Regulation 23 of the Trading Licence Regulations hereby relax the current ratio and liquidity ratio requirement in public interest.

21. Further, in accordance with Clause (2) of Regulation 3 of the Trading Licence Regulations, the Petitioner should have at least one full-time professional having qualifications and experience in power system operation and commercial aspects of power transfer, finance, commerce and accounts. As per information submitted by the Petitioner, it fulfils the requirements of Clause (2) of Regulation 3 of the Trading Licence Regulations.

22. On consideration of the above facts, after a preliminary examination, we find that the Petitioner meets the requirements as specified in the Trading Licence Regulations for grant of Category 'IV' trading licence. In view thereof, the Commission proposes to grant Category 'IV' trading licence to the Petitioner. We direct that a notice under Clause (a) of Sub-section (5) of Section 15 of the Act be issued inviting further suggestions or objections to the proposal of the Commission."

5. In line with the above-mentioned order dated 10.4.2023, notice under Clause (a) of sub-Section (5) of Section 15 of the Act was published in all editions of Times of India (English) and Dainik Jagran (Hindi) on 13.4.2023. No suggestions or objections have been received in response to the notice issued by the Commission.

6. Case was called out for hearing on 2.5.2023. Learned counsel appearing on behalf of Petitioner submitted that no objection has been received in response to the public notice published by the Commission under sub-Section (5) of Section 15 of the Act. Learned counsel further submitted that the Petitioner's company would comply with the requirements specified in the Trading Licence Regulations during the subsistence of the trading licence, if granted.



7. Clause (9) of Regulation 6 of the Trading Licence Regulations provides as under:

“(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 confirm to the provisions of the Act, the rules or 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.”

8. On consideration of the materials on record, we are satisfied that the Petitioner company meets the requirements of the Act and the Trading Licence Regulations for grant of inter-State trading licence for Category 'IV'. Accordingly, we direct that the Petitioner, THDC India Limited be issued a Category 'IV' licence for inter-State trading in electricity in whole of India.

9. The grant of trading licence to the Petitioner (hereinafter referred to as “the licensee”) is subject to the fulfillment of the following conditions throughout the period of subsistence of the licence:

- (a) The licensee shall not trade electricity generated by it on the basis of the licence granted to it;
- (b) The licensee can purchase and sale power involving other entities;
- (c) The licensee shall maintain separate accounts for trading activity by treating it as a separate cost center;
- (d) The licensee shall comply with the provisions of the Act, the Rules and the Regulations, particularly, Trading Licence Regulations, orders and

directions issued by the Commission from time to time and any other law in force;

(e) The licensee shall comply with orders and directions issued by the Commission from time to time;

(e) The licensee shall not engage in the business of transmission in electricity during the period of subsistence of the trading licence;

(g) The licensee shall charge trading margin strictly in accordance with Trading Licence Regulations as amended from time to time;

(h) The licensee shall continue to be governed by the qualifications and disqualifications specified in Chapter 2 of the Trading Licence Regulations during the subsistence of licence;

(i) The licensee shall continue to abide by the terms and conditions of licence specified in Chapter V of the Trading Licence Regulations, as amended from time to time;

(j) The licensee shall regularly pay the annual licence fee in accordance with the provisions of the Central Electricity Regulatory Commission (Payment of Fees) Regulations, 2012, as amended from time to time or any subsequent enactment thereof;

(k) Non-compliance of the provisions of the Act, Rules, Regulations and the provisions of Trading Licence Regulations shall make the licence of the Petitioner liable for revocation;

(l) If the licensee fails to undertake trading in electricity within one year from the date of licence, the licence shall be liable for revocation in accordance with the provisions of the Act and Trading Licence Regulations; and

(m) The licensee shall submit all such report or information as may be required under Trading Licence Regulations or any other regulations of the Commission or as per the directions of the Commission as may be issued from time to time.

10. Let an extract copy of this order be sent to the Central Government in Ministry of Power and Central Electricity Authority in terms of sub-Section (7) of Section 15 of the Electricity Act, 2003 for their information and record.

11. Petition No. 37/TD/2023 is allowed in terms of the above.

Sd/-
(P.K. Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(I.S. Jha)
Member

sd/-
(Jishnu Barua)
Chairperson

