

Meghalaya State Electricity Regulatory Commission

Licensing of Transmission of Electricity

Notification No. ____ / 2010

In exercise of the power conferred under section 181 and all powers enabling it in this behalf, the Meghalaya State Regulatory Commission hereby makes the following Regulations

Regulations

Chapter – 1

Preliminary

1. Short title and commencement

- (1) These regulations shall be called the Meghalaya State Electricity Regulatory Commission Transmission Licensing Regulations, 2010.
- (2) These regulations shall extend to the whole state of Meghalaya.
- (3) These regulations shall come into force from the date of notification in Official Gazette of the State of Meghalaya.

2. Definitions

In these regulations, unless the context otherwise requires,

- (1) “**Act**” means the Electricity Act, 2003 (36 of 2003).
- (2) “**Accounts**” means the accounts of the Transmission Licensee prepared in accordance of the Companies Act, 1956 and / or in accordance with the guidelines / directions issued by the Commission from time to time.
- (3) “**Applicant**” means any person who makes an application for license to the Commission for intra-state transmission of electricity under section 15 of the Act.
- (4) “**Area of activity**” means the area specified in the Transmission license by the Commission in which the licensee is authorized to establish, operate and maintain transmission lines and transmission system.
- (5) “**Auditors**” means the auditors appointed by the Transmission licensee and if the transmission licensee is a company, the auditors appointed in accordance with the provisions of the Companies Act, 1956 (1 of 1956), as amended from time to time.

- (6) **“Business Plan”** means a plan of action for a specified period in relation to the licensed business, as directed by the Commission.
- (7) **“Commission”** means the Meghalaya State Electricity Regulatory Commission (MSERC), constituted by the Government of Meghalaya under section 82 of the Act.
- (8) **“Deemed licensee” means** a person as defined under first, third and fifth provisos under section 14 of the Act.
- (9) **“Distribution Licensee”** means a licensee authorized to operate and maintain a distribution system for supplying electricity to the consumers in his area of supply.
- (10) **“Grid Code”** means a code specified by the Commission under clause (h) of sub-section (1) of section 86 of the Act.
- (11) **“License”** means a license granted under section 14 of the Act by the Commission and the ‘licensee’ shall be construed accordingly and includes a deemed licensee under the Act.
- (12) **“Licensed business”** means the business of transmission of electricity in the area specified in the license.
- (13) **“Open Access”** means the non-discriminatory provision for the use of transmission lines or distribution system or associated facilities with such lines or system by any licensee or consumer or a person engaged in generation as per the regulations specified by the Commission.
- (14) **“Other Business”** means any other business of the licensee, other than the licensed business of intra-state transmission, which the licensee undertakes for optimum utilisation of its assets.
- (15) **“Trading Licence”** means a license authorizing a person to purchase electricity for resale thereof and the expression ‘trade’ shall be construed accordingly.
- (16) **“Transmission license”** means a license authorizing a person to establish and operate transmission lines and the ‘transmission licensee’ shall be construed accordingly.

The words and expressions used and not defined in these regulations but defined in the Act or defined in any law applicable to the electricity industry shall have the meanings assigned to them in the Act.

3. Interpretation

In these regulations, the following shall be interpreted as:

- (a) words in singular includes plural and vice versa;
- (b) the terms 'includes' and 'including' shall be considered as followed by 'without limitation' or 'but not limited to' whether they are actually followed by similar expressions or not in these regulations;
- (c) the headings inserted are for convenience;
- (d) reference to various Acts, Rules, Regulations and Guidelines shall be construed as amended from time to time.

Chapter – 2

Grant of License

4. Application for grant of license

- (1) Any person who intends to do business in transmission of electricity in the State of Meghalaya shall make an application to the Commission under section 15 of the Act in the format in Appendix – I and in the manner specified from time to time by the Commission.
- (2) The applicant shall also pay the fee prescribed by the Commission.
- (3) The applicant shall also send a copy of the application to the State Transmission Utility to enable it to check the contents of the application and submit its recommendations to the Commission to consider them before taking a decision to grant a license to the applicant.
- (4) The Commission may, if it considers necessary, invite applications through advertisement from public who satisfy the eligibility requirements required to grant a transmission license, as may be specified from time to time.
- (5) The application for grant of a license shall be signed by the applicant himself or by an authorized person and sent to the Commission in six sets. An affidavit authorizing the nominated person to sign the application, on behalf of the applicant, shall also be enclosed to the application.

5. Requirements to be fulfilled by an applicant

The applicant applying for grant of a transmission license to the Commission shall fulfill the following requirements.

- (1) **Technical capability:** The applicant shall have experience / capability in development, design, construction, operation and maintenance of transmission lines or substations or both at the voltage level at which the assets in respect of which an application for grant of license has been made.

Note: The experience in design, construction or maintenance, as the case may be, of the transmission system operating at 66kV level shall be construed as relevant experience at voltage levels of 66kV and above.

- (2) **Financial capability:** Net-worth of the applicant shall not be less than the estimated annual transmission charges of the assets in respect of which an application for grant of licence has been made.

Note: The applicant shall be required to submit necessary evidence of his claim of meeting the qualifying requirements.

6. Additional information

The Commission may, on scrutiny of the application, direct the applicant to furnish such information / particulars / documents, as it may require, to examine and take a decision on the application.

7. Publication of application

Every applicant shall within 7 days of submission of the application to the Commission shall publish a notice of such application in two daily largely circulated newspapers, one in English and another in local language, in the manner specified by the Commission.

8. Availability of application and related documents

- (1) The applicant shall make available to the public copies of his application, together with its enclosures, in his office as well as all his local offices in the proposed area of the transmission license to enable the public to offer their suggestions / comments to the Commission to consider them before taking a decision on the application.

- (2) The applicant shall supply a copy of the application to any person who requires it on payment of cost, not exceeding the cost of photo copying.

9. Objections

- (1) Any person who desires to offer comments / suggestions shall submit his response within 30 days from the date of publication of the notice to the Commission.

- (2) The Commission may, at its discretion, refer all the suggestions / comments received to applicant for his views, who shall submit them to the Commission within 15 days from the date of receipt of the suggestions / comments.

10. Hearing and local inquiry

If any person objects to the grant of license to the applicant, the Commission may, if it considers appropriate order an inquiry on the applicant to ascertain the correctness of the objections raised by the person. On receipt of the report, the Commission may take a decision to grant a license based on the merits of the case or not.

11. Grant of transmission licensee

- (1) Before granting a license under section 14 of the Act, the Commission shall publish a notice in two daily newspapers, one in English and another in Hindi or local language of its intention to grant a license to the applicant, indicating the name and addresses of the person to whom it proposed to grant license.
- (2) The Commission shall specify in the license the general or special terms and conditions governing the license, which the applicant has to fulfill. A draft license and the conditions to be covered is in Appendix-II.
- (3) In case, the Commission decides to reject an application for grant of license, an opportunity shall be given to the applicant to present his case, either in writing or oral, before finally rejecting his case duly recording the reasons thereto.
- (4) The Commission shall also specify the license fee to be paid by the applicant, which will be a pass through in the Aggregate Revenue Requirement of the licensee.
- (5) The Commission shall, immediately after issue of orders granting the license, communicate a copy of the license to the Government of Meghalaya and Central and State Transmission Utilities, Central Electricity Authority, State Load Despatch Centre and all other concerned authorities.

12. Recommendations of the State Transmission Utility

- (1) Every applicant shall forward a copy of his application to the State Transmission Utility (STU).
- (2) The State Transmission Utility shall, within 30 days of the receipt of the copy of the application shall submit its recommendation to the Commission on the following.
 - (a) Whether the assets in respect of which an application for grant of licence has been made from part of

- (i) the intra-state transmission system
- (ii) the transmission plan
- (b) justifiability of the proposed completion schedule envisaged for the assets for which application was made.
- (c) Technical viability of the assets for which application was made
- (d) Justifiability or otherwise of the estimated completion cost indicated by the applicant
- (e) Any other information considered relevant

Note: (1) The recommendations and the report of the State Transmission Utility shall be communicated to the Commission for its consideration before issue of the license to the applicant.

(2) The recommendations and the report of the STU are only recommendatory and not binding on the Commission.

13. Date of commencement and duration of the license

- (1) The Commission shall indicate the date of commencement of the license in the license itself.
- (2) The license shall be in force for a period of twenty five years from the date of commencement.

14. Deposit of printed copies of the license

Every transmission license shall supply free of cost one copy of the license and relevant maps to every local authority within the area of activity specified in the license and shall also make arrangements for sale of printed copies of the license to all persons applying for the same at a cost not exceeding the cost of photo copying.

15. Payment of license fee

- (1) The licensee shall pay the initial / annual license fee, as may be specified by the Commission within the time limit fixed.
- (2) If the licensee fails to pay the fees due under sub-regulation (i) above, the licensee shall be liable to pay interest on the outstanding amount, as specified by the Commission, for the period beginning on the day on which it becomes due and ending on the day on which the payment is made. The licensee shall also be subject to the proceedings for recovery of the fees.

16. Compliance of certain conditions by the licensee:

- (a) The licensee shall comply with the following:
 - (i) requirements of law in force, the Acts, the Grid Code, transmission operating standards, transmission planning, safety standards, rules, regulations and orders / directions issued by the Commission from time to time;
 - (ii) the orders / directions issued by the National Load Despatch Centre, Regional Load Despatch Centre, State Load Despatch Centre and other statutory authorities;
 - (iii) Coordinate with the Regional Electricity Boards and Power Committees, Central and State Transmission Utilities, Generating Companies etc in respect of all activities relating to the licensed business;
 - (iv) Shall not omit or neglect to undertake any transmission activity under the license for four consecutive quarters, which will entail to revoking the license under section 19 of the Act;
 - (v) The licensee shall not (a) enter into an agreement leading to abuse of his dominant position or (b) enter into any combination which is likely to cause adverse effect on competition in the electricity industry; and
 - (vi) The licensee shall discharge all the duties of a transmission licensee specified in section 40 of the Act.
- (b) The licensee shall not:
 - (i) acquire / purchase or take over the utility of any other licensee
 - (ii) have any ownership or beneficial interest in a distribution / trading licence or a generating company
 - (iii) merge its utility with any other license
 - (iv) assign or transfer its license or part thereof to any person through sale, lease, exchange or otherwise
 - (v) make use of assets of the system for a purpose other than transmission of electricity except with the prior approval of the Commission.
- (c) Other business:

The transmission licensee may, with prior approval of the Commission, engage in any other business for optimum utilisation of its assets. It shall, however, ensure that:

 - (i) the licensed business is not adversely affected in any manner by the other business
 - (ii) the assets of the licensed business are not transferred or encumbered to support or subsidize other business

- (iii) a portion of the profits earned by other business shall be utilized in the licensed business towards reducing the transmission and wheeling charges to its consumers
- (iv) separate accounting records are kept for such other business to identify the revenues, costs, assets, liabilities, reserves etc of other business from those of the licensed business.

17. Furnishing of information

- (1) The transmission licensee shall furnish to the Commission, on due date, such information, documents and details relating to licensed business or other business as the Commission may require from time to time for its own purpose or for purposes of GOI, State Government, the Central Commission, CEA, Central and State Transmission Utilities and State Load Despatch Centre, in the form specified.
- (2) Any significant change in its status, ownership, control or management or business which may affect the transmission licensee's ability to meet its obligations.
- (3) Any material breach of the provisions of the Acts, rules and regulations, directives and orders issued by the Commission, the Grid Code or the terms of the agreements / arrangements entered into by the transmission licensee with other licensees or generating companies.
- (4) Information as directed by the Commission under section 128 of the Act.
- (5) Reporting of any incident which will restrict it in meeting its obligations under the licence granted to it, including any act of the Commission or omission by others steps taken by the licensee to reduce the effect of such incident.
- (6) Report to the Commission as soon as possible the occurrence of any other incident which materially affects its functioning, within one month from the date of its occurrence, along with:
 - (b) giving full details of the facts within the knowledge of the licensee regarding the incident and its causes
 - (c) in case of delay, the reasons for the delay
 - (d) furnishing of copies of all documents etc when major incident occurs and also to such person as the Commission may direct

18. Transfer of assets of the transmission licensee

- (a) The transmission licensee shall not transfer its utility or any part thereof by sale, lease, exchange or otherwise without obtaining approval of the Commission.
- (b) The transmission licensee shall apply to the Commission giving prior notice of its intention to transfer its utility duly disclosing all relevant facts.
- (c) The Commission may seek any information, it may require, to consider the application of the licensee.
- (d) The Commission may, within 60 days of filing the application allow such transfer subject to such conditions as it may consider appropriate or reject the application duly recording the reasons thereto after due notice to the licensee.

19. Business plan

- (1) The transmission licensee shall submit to the Commission within three months of its license coming into force, or as the Commission may direct, a business plan containing:
 - (i) year wise load growth
 - (ii) proposed the year wise transmission loss reduction and action plan thereto
 - (iii) metering plan for metering interface points
 - (iv) investment plan giving details of invest schemes to be undertaken during the period
 - (v) treatment of previous losses
 - (vi) debts restructuring plan
 - (vii) cost reduction plan
 - (viii) projected profit and loss account, balance sheet, cash flow statements and other important financial parameters
- (2) The transmission licensee shall intimate the Commission by the end of first quarter each year, the progress made in implementing the business plan in the previous financial year indicating the variations from the projected business plan, including investment made.
- (3) The transmission licensee shall comply with all the guidelines, orders and directions issued by the Commission from time to time in regard to investments to be made in the transmission business.
- (4) The transmission licensee shall submit to the Commission along with its annual application for determination of tariff, to be filed under section 62 of the Act;
 - (a) the highlights of the investment plan consisting of schemes approved by the Commission;

- (b) schemes submitted for approval;
- (c) schemes not requiring approval
- (d) investments made during financial year
- (e) reallocation of investments in respect of individual projects not exceeding the limits specified by the Commission, including investments made in schemes which does not find a place in the investment plan.

20. Investment

- (1) The Licensee shall not make any investment under any scheme or schemes except in an economical and efficient manner under the terms of this Licence and in accordance with the Regulations, guidelines, directions and orders issued by the Commission from time to time.
- (2) The Licensee shall promptly report to the Commission, schemes in relation to the Transmission System which the Licensee from time to time proposes to implement together with relevant details, including the estimated cost of such schemes, with requisite break-up and proposed investment plans. The Licensee shall furnish to the Commission such further details and clarifications on the schemes as it may require from time to time. The schemes proposed may be implemented by Licensee subject to the following conditions.
 - (a) If the scheme does not involve major investment as defined hereunder without any specific approval from the Commission and within the approved business plan.
 - (b) If the scheme involves major investment for which prior approval of the Commission is required; it shall be implemented after obtaining such approval only.
- (3) The Licensee shall make an application for obtaining prior approval of the Commission for schemes involving major investments as the Commission may specify from time to time, duly justifying that,
 - (i) there is a need for the major investment in the Transmission System which the Licensee proposes to undertake.
 - (ii) the Licensee has examined the economic, technical, system and environmental aspects of all viable alternatives to the proposal for investing in or acquiring new transmission system assets, to meet the need and
 - (iii) the Licensee has invited and finalised tenders for procurement of equipment material and/or services relating to such major investment in accordance with a transparent tendering procedure as may be specified by the Commission.

- (4) The Licensee shall submit to the Commission along with the “Expected Revenue Calculation”, the annual investment plan for ensuing financial year and shall make investment in the said financial year in accordance with the approved investment plan. In case of unforeseen contingencies, reallocation of funds within the schemes are required in the annual investment plan, the Licensee may make such reallocation in respect of individual projects with prior intimation to the Commission.

21. Investigation of certain matters by the Commission

- (1) The Commission, may, by order, direct any person, specified in the order, to investigate the affairs of a transmission licensee, in the circumstances specified below, and to submit an investigation report within a specified date:
- (i) if the licensee failed to comply with any of the conditions specified in the license
 - (ii) failed to comply with any of the provisions of the Act, rules or regulations made thereunder and the orders / directions issued by the Commission from time to time.
- (2) the investigation shall be made in accordance with the provisions in Section 128 of the Act.
- (3) on receipt of the report of the investigating authority, the Commission may, after giving an opportunity to the transmission licensee to make a representation on the report of the investigating authority, by order:
- (a) require the licensee to take such action on any matter arising out of the report; or
 - (b) take action to revoke the license

22. Amendment to the transmission license

- (1) The Commission may, *suo moto* or on an application from the licensee or on receiving a compliant or otherwise, issue an amendment to the transmission license in the manner it deemed fit.
- (2) The application for amendment shall be in such form as specified by the Commission and shall be accompanied by a statement of the proposed amendment, duly justification for amendment.
- (3) The applicant shall, within seven days from the date of submission of the application for amendment, publish a notice in two daily newspapers, one in

English and another in local language having wide circulation in the area of operation of the licensee as may be specified by the Commission.

- (4) Where an amendment is proposed to the transmission licence by the Commission, *suo moto*, it shall publish a notice itself as in sub-clause (3) above with the following information:
 - (i) particulars of the licensee,
 - (ii) proposed alteration or amendment to the license
 - (iii) the reasons therefor
 - (iv) calling for suggestions or objections etc to the proposed amendment within 30 days from the date of publication of the notice
- (5) All suggestions or objections received within one month shall be considered by the Commission before issue of orders amending or altering the license.
- (6) In case of an application for alteration or amendment in respect of area of supply comprising the whole or in part of any cantonment, aerodrome, forest, dockyard or building or place in occupation of the Government for defence purpose, the Commission shall not make such alteration or amendment without prior concurrence of Central Government.

23. Contravention of terms and conditions of license

The Commission may pass such order, as it deems fit, in accordance with the provisions of the Act and the rules and regulations made thereunder, if there is contravention of the terms and conditions of the license by the licensee.

24. Revocation of transmission license

- (1) The Commission may revoke a transmission license suo moto or otherwise in accordance with the provisions under section 19 of the Act in any of the following circumstances
 - (i) where the conditions or circumstances under which a transmission license is granted no longer exist;
 - (ii) where the Commission is fully satisfied, after an independent enquiry, that the licensee has willfully defaulted in carrying out its duties under the terms and conditions of the licence, Act or rules and regulations made thereunder or to comply with directives issued by the Commission from time to time.
 - (iii) Where the Commission notices that the licensee's financial, managerial or technical capabilities are not adequate for performing his duties and obligations imposed under the license; or

- (iv) Where the licensee failed to comply with the directives given under section 29 and 33 (2) of the Act. In this case the license shall not be revoked unless an enquiry is made by the Commission through an adjudicating officer under section 143 of the Act.
- (v) If the licensee fails to comply with the directions, issued under section 29 (2) and (3) of the Act, he shall be liable to pay a penalty not exceeding Rupees fifteen lakhs.
- (2) The licensee shall be given a notice of not less than three (3) months to the clearly intimating the reasons for revocation of his license to explain as to why his license should not be revoked.
- (3) If the Commission decides to revoke the license of the licensee, it shall indicate in the order the date of effect of such revocation. A copy of the revocation order shall be sent to the State Government, STU, SLD, CEA, Local Authority and to such other authority as the Commission considers necessary.
- (4) The Commission may, instead of revoking the license, continue the license and impose any additional / special conditions on the licensee, which the licensee shall fulfill.
- (5) In case, the licensee is willing to relinquish his license, the Commission may, if considered necessary, permit the transmission licensee to sell his undertaking to any person who is capable of discharging the duties and obligations under the license in public interest, without prejudice to any proceedings which can be initiated or already initiated and to impose any penalty under the provision of the Act and rules or regulations made thereunder.

Chapter – 4

Accounts and Audit

- 25. (1) The transmission licensee shall maintain the statements of accounts in such form and in such manner as 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.
- (2) The transmission licensee shall maintain separately the accounts for the licensed business and other businesses.
- (3) The transmission licensee shall prepare, on a consistent basis, accounting statements for each financial year comprising of a profit and loss account, a balance sheet and a statement of resources and application of funds together with notes thereto and showing separately the amount of any revenue, cost, asset, liability, reserve or provisions, which has been either:

- (i) charged from and to any other business together with a description of the basis of the charge; or
 - (ii) the apportionment or allocation between various businesses together with a description of the basis of such apportionment or allocation
- (4) In respect of accounting statement, as in sub-regulation (3) above, the licensee shall furnish to the Commission a report of the auditors stating that, in their opinion, the statements have been prepared properly and give a correct and fair view of the revenue, costs, assets and liabilities, reserves reasonably attributable to the business to which the statements relate.
- (5) The transmission licensee shall not normally change the basis of apportionment or allocation of revenues or expenditure, except with the prior approval of the Commission. Any change made by the licensee in the basis of charge or apportionment or allocation of revenues or expenditure shall be in accordance with the provisions of the Companies Act, 1956 (1 of 1956), the accounting standards or regulations and the guidelines issued by the Commission from time to time.
- (6) When a transmission licensee changed the basis of charge, apportionment or allocation adopted in a financial year, he shall also, if directed by the Commission, prepare and submit to the Commission such account statements on the basis of charge, apportionment or allocation as adopted for the immediately preceding financial year.
- (7) The transmission licensee shall submit to the Commission the specified number of copies of the accounting statements and the auditor's report within six months after the closing of the financial year to which they relate.
- (8) The transmission licensee shall render all assistance to the authorized officer of the Commission to inspect the books of the licensee as and when directed by the Commission.
- (9) The transmission licensee shall furnish to the Commission data or information relating to accounts matters as and when directed.

Chapter – 5

Miscellaneous

26. Power to remove difficulties

The Commission, may by general or special order, remove any difficulty in giving effect to the provisions of these regulations.

27. Power to amend

The Commission may, at any time, *suo moto* or otherwise, alter, modify or amend any of the provisions of these regulations.

28. Savings :

Nothing contained in these regulations shall restrict or affect the powers of the Commission

- (a) to issue any directives or orders, as it deems fit, in implementing the provisions of the Act or law as amend from time to time.
- (b) To deal with any matter or exercise any power under the Act for which regulations are yet to be framed, as it deems fit.
- (c) To adopt any procedure which is at variance with any of the provisions of these regulations duly recording the reasons thereto in writing.

Application form for grant of Transmission Licence

1. Name of the Applicant :
2. Address :
3. Name, Designation & Address of the contact person :
Contact Tel. Nos. :
Fax No. :
E-mail ID :
4. Form of Incorporation, if any :
5. Place of Incorporation / Registration :
6. Year of Incorporation / Registration :
7. Geographical Area within which the applicant proposes to undertake transmission :
8. Following documents are to be enclosed :

Certificate of registration/incorporation :

Certificate of commencement of business :

Memorandum of Association and Articles of Association :

Original power of attorney of the signatory to commit the Applicant or its promoter :

Details of Income Tax Registration :

All the documents required in the Regulations :

9. Details of Financial Data of Applicant

(a) Networth (in equivalent Indian Rupees-conversion to be done at the rate of exchange prevailing at the end of each financial year) for the 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 Rupees

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

- (b) 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 Rupees

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

Certificate of Credit Rating

Certificate of 'Standard' borrowal account

Certificate stating that RBI has not classified the Applicant as a 'willful defaulter'.

10. List of documents enclosed in support of Sl. Nos. 9 (a) (b) above:

Name of the document

- (a)
- (b)
- (c)
- (d)

11. (a) Whether Applicant himself will be financing the proposed transmission of electricity fully on its own

If Yes, proposed equity by the Applicant

- (i) Amount
- (ii) Percentage

12. In case the Applicant proposes to tie up with some other Agency for equity, then name & address of such agency :

(a) Name, designation & address of reference person of the other Agency:

(b) Contact Tel No. :

(c) Fax No. :

(d) E-mail ID :

(e) Proposed equity from the other Agency

- (i) Amount
- (ii) Percentage of total equity

- (iii) Currency in which the equity is proposed
- (f) Consent letter of the other agency to associate with the Applicant for equity participation to be enclosed.
- (g) Nature of proposed tie-up between the applicant and the other agency.

13. Details of debt proposed for the transmission activity :

- (a) Details of lenders:
- (b) Amount to be sourced from various lenders :
- (c) Letters from the lenders in support of the above to be enclosed.

14. Organisation & Managerial Capability of the Applicant :

The Applicant is required to enclose proof of their Organizational & Managerial Capability of officers and staff, in terms of the Regulation 5 of proposed organizational structure & curricula vitae of various executives, proposed office, communication facilities, etc..

15. Approach & Methodology :

The Applicant is required to describe the approach & methodology for setting up its transmission system and conduct of the business of transmission of electricity as proposed by it. This should contain a statement of the Applicant's plan for the business of transmission of electricity during the first year after the grant of licence and future plans for the said business during the next five years.

16. Data relating to the applicant's future business

- (i) Five year Business Plan for transmission of electricity for which the application is made and funding arrangements for meeting its obligations under proposed licence for maintenance, operation, improvement and expansion for future load growth.
- (ii) Five year annual forecasts of costs, sales, revenues and project financing including the assumptions underlying the figures provided.

(Signature of the Applicant)

Dated :

PART - I

TRANSMISSION LICENCE

- (1) The Meghalaya State Electricity Regulatory Commission under Section 14 of the Electricity Act, 2003 hereby grants this licence to M/s. _____ having its registered office at _____ to construct, maintain and operate intra-state transmission lines, substations and associated installations etc in the area specified in the Schedule attached to this licence and with the powers and upon the terms and conditions specified here in.
- (2) The licence is not transferable.
- (3) The grant of licence to the licensee shall not in any manner restrict the right of the Commission to grant a licence to any other person within the same area for the transmission system described in the schedule attached to this licence. The licensee shall not therefore claim any exclusivity.
- (4) The licence shall, unless revoked earlier, continue to be in force for a period of 25 (twenty five) years from the date of issue of the license.

2. Definitions

Unless the context otherwise requires in these regulations:

“Accounting Statement” means, for each financial year, accounting statements comprising a profit and loss account, a balance sheet and a statement of sources and application of funds, together with notes thereto and such other particulars and details and in the manner as the Commission may direct from time to time and showing the

- i) charge from the Licensed Business to any Other Business or vice versa together with a description of the basis of that charge; or
- ii) charge by apportionment or allocation between the Licensed Business and any Other Business of the Transmission Licensee together with a description of the basis of the apportionment or allocation.

“Act” means the Electricity Act, 2003 (36 of 2003).

“Accounts” means the accounts of the Transmission Licensee prepared in accordance with the provisions of the Companies Act, 1956, and/or in accordance with the guidelines / directions issued by the Commission from time to time;

“Area of Activity” means the area specified in the Transmission Licence by the Commission within which the Transmission Licensee is authorized to establish, operate and maintain transmission lines;

“Auditors” means the auditors appointed by Transmission Licensee and if the transmission licensee is a company the auditors appointed in accordance with the provisions of the Companies Act, 1956 (1 of 1956), as amended from time to time.

“Authorized” means authorized by licence granted under Section 14 of the;

“Business Plan” means a plan of action for a specified period in relation to the licensed business, as directed by the Commission.

“Central Commission” means the Central Electricity Regulatory Commission constituted under Section 76 of the Act.

“Commission” means the Meghalaya State Electricity Regulatory Commission constituted under Section 82 of the Act.

“Consumer” means any person who is supplied into electricity for his own use by a licensee or the Government or by any other person engaged in the business of supplying electricity to the public under the Act or any other law for the time being in force and includes any person whose premises are for the time being connected for the purpose of receiving electricity with the works of a licensee, the Government or such other person as the case may be;

“Deemed Licensee” means any person engaged in the business of transmission or supply of electricity under the provisions of the repealed laws or any Act specified in the schedule on or before the appointed date;

“Distribution system” means the system of wires and associated facilities between the delivery points on the transmission lines or the generating station connection and the point of connection to the point of connection to the installation of the consumers;

“Force Majeure” means events beyond the reasonable control of the Licensee including, but not limited to earthquake, cyclone, flood, storm, war, terrorist attack, civil commotion or other similar occurrence that leads to any act that would involve a breach of relevant laws or regulations by the licensee;

“Grid Code” means the Code specified by the Commission in accordance to Section 86(l)(h) of the Act.

“Intervening Transmission Facilities” means the electric lines owned or operated by a Transmission Licensee where such electric lines can be utilized for transmitting electricity for and on behalf of another licensee;

“Licensed Business” means the business of Transmission of electricity in the area specified in the Transmission licence;

“Major Incident” means an incident associated with the Transmission of electricity, which results in a significant interruption of service, substantial damage to equipment, or loss of life or significant injury to human beings, or as otherwise directed by the

Commission and shall also include any other incident which the Commission expressly declares to be a major incident;

“Open access” means the non-discriminatory provision for the use of transmission lines or distribution system or associated facilities with such lines or systems by any licensee or consumer or a person engaged in generation as per the regulations specified by the Commission.

“Operational Control” means the authority to make operational decisions such as commissioning and utilisation of units, transmission lines and equipment.

“Other Business” means any other business of the Transmission Licensee other than the Licensed Business of the intra-state transmission, which the licensee undertakes for optimum utilisation of its assets.

“Performance Standard” means the standards as may be specified by the Commission pursuant to Section 57 of the Act;

“Person” shall include any company or body corporate or association or body of individuals, whether incorporated or not, or artificial juridical person;

“Regulations” means the Regulations made by the Commission, under the provisions of the Act;

“State” means the State of Meghalaya

“State Government” means the Government of Meghalaya.

“Transfer” means include the sale, exchange, gift, lease, licence, loan, securitisation, mortgage, charge, pledge or any other encumbrance or otherwise permitting any encumbrance to subsist or parting with physical possession or any other disposition or dealing;

“Transmission Business” means the business under a Transmission License to transmit electricity through any system owned and/or operated by the Licensee;

“Transmission License” means a license granted to a person to establish and operate transmission lines or transmission system and the transmission licensee shall be construed accordingly.

“Transmission Operating Standards” means the standards specified for operation of the Transmission System of the licensee as approved by the Commission;

“Transmission Planning and Security Standards” means planning of the transmission system to cater to the requirements of the transmission system of the licensee and the security standards of maintenance of the Transmission System as approved by the Commission;

“Transmission System” means the system consisting mainly of extra high voltage electric lines having nominal voltage of 66 kV and higher and shall include all plant and

equipment in connection with transmission, owned or controlled by the Transmission Licensee.

“Use of System” means use of the Transmission System for the conveyance of electricity to any person pursuant to a contract entered into by the Transmission Licensee;

“Users” means any one who uses the Transmission System.

Words, terms and expressions used and not defined in the regulations but defined in the Act or in any law applicable to the electricity industry shall be as assigned to them in the Act or in any law applicable.

3. Terms of the Licence

- (1) The Transmission Licence shall come into force on the date mentioned by the Commission in the order granting licence on specified terms and conditions and shall remain in force for a period of twenty five years, unless it is revoked earlier by the Commission under section 19 of the Act.
- (2) The Commission reserves the right to change at any time, *suo motto* or otherwise, the terms and conditions specified in licence in accordance with the provisions of the Act or this Licence.

4. Compliance with Laws, Rules and Regulations

- (1) The Transmission Licensee shall comply with the provisions of the Act and the Rules or Regulations made and the provisions of all other applicable laws.
- (2) The Transmission Licensee shall comply with the General Conditions except where the Transmission Licensee is exempted from any of the Conditions by the Commission for any deviation.
- (3) The Transmission Licensee shall duly comply with the orders and directions of the National Load Despatch Centre, Regional Load Despatch Centre and the State Load Despatch Centre and other functions under the Act.

PART - II

General Conditions

5. The Licensee shall always comply with the Orders and Directions issued by the Commission from time to time on any matter.

6. Activities which the transmission licensee is prohibited to do

The licensee is prohibited from carrying out following activities:-

- (a) The licensee shall not acquire any interest in the business of a distribution license.
- (b) The licensee shall not, either directly or through its subsidiary, engage in the business of trading of electricity.
- (c) When the licensee is engaged in "Other Business" (reference: Section 41 of the Act) the main transmission business shall not subsidize the "Other Business" or encumber its transmission assets in any way to support such other business.
- (d) The licensee shall not show undue preference to any person.

7. Activities requiring prior consent

The licensee shall obtain prior approval of the Commission before carrying out the following:-

- (a) undertake any transaction to acquire by purchase or take over or otherwise the utilities of any transmission licensee.
- (b) merge his utility with the utility of any other transmission licensee
- (c) assign his licence or transfer its utility or any part thereof to any person by sale, lease, exchange or otherwise.

8. Conditions to be complied by the Licensee

The licensee shall comply with the following:

- (1) requirements of law in force, the Acts, grid code, transmission operating standards, transmission planning, safety standards, rules, regulations and orders / directions issued by the Commission from time to time.
- (2) the orders / directions issued by the National Load Despatch Centre, Regional Load Despatch Centre, State Load Despatch Centre and other statutory agencies.
- (3) Omit or neglect any transmission activity under the license for four consecutive quarters, which will entail to revoking the license under section 19 of the Act.
- (4) Shall not enter into:
 - (i) agreement leading to abuse of his dominant position; or
 - (ii) any combination which is likely to cause adverse effect on completion of electricity industry
- (5) The Licensee shall perform the duties stipulated in Section 40 of the Act in addition to fulfilling the terms and conditions stipulated in the licence.
- (6) The Licensee shall build, maintain and operate an efficient coordinated transmission system.
- (7) The licensee shall operate the transmission system always economically so that the transmission charges are kept at the minimum.

- (8) The Licensee shall operate the transmission system in such a manner that the parameters are maintained in the ranges prescribed in the Central Grid Standards and the State Grid Code all the time and ensure that the system is available at all times to inject power to enable the distribution licensee or other customers to draw power as required.
- (9) The licensee shall coordinate with Regional Power Committee, Regional and State Load Despatch Centres, Central Transmission Utility, State Transmission Utility, generating companies and licensees to ensure uninterrupted supply to the consumers.
- (10) The licensee shall obtain prior approval from the Commission before entering into any agreement with another company for supply of power to consumers in his area.
- (11) The licensee shall maintain up to date records of energy transmitted for each element of the system and produce the same to the Commission whenever required.
- (12) The licensee shall establish adequate communication and information system / facilities before commencing transmission of power.
- (13) The licensee shall act in a prudent and reasonable manner in obtaining credit facilities under the license.
- (14) The licensee shall always retain operational control over its assets.
- (15) The Licensee shall seek approval of the Commission before advancing loans, or issuing any guarantee for any obligation of any person except when made or issued for the purposes of the Licensed Business. However loans to employees pursuant to their conditions of service and advances in the ordinary course of business are exempted from the requirement of obtaining approval of the Commission.
- (16) The Licensee may provide or obtain any goods or services to another licensee, in connection with its transmission business, subject to the following conditions.
 - (a) the transaction will be on an arms-length basis;
 - (b) the transaction shall be in accordance with the regulations framed by the Commission relating to the provision of goods and services with respect to the transmission business; and
 - (c) the licensee shall give 15 days notice to the Commission prior to commencement of the proposed arrangement.

9. Other Business

- (1) The licensee may carryout any Other Business, other than licensed business, for optimum utilization of its assets with prior intimation to the Commission.

- (2) The licensee shall carry out any Other Business in a way that the main transmission business shall not subsidize such Other Business or encumber its assets in any way to support such business.
- (3) A proportion of the revenues derived from such Other Business shall be utilized for reducing the transmission charges and wheeling charges.
- (4) Separate accounts shall be maintained for the main transmission business and each of the Other Businesses such that of revenues, expenses, assets and liabilities pertaining to each of the Other Businesses can be identified and distinguished from those of the licensed transmission business.

10. Accounts

- (1) Unless otherwise specified by the Commission, the financial year for the purposes of licensed business shall be from 1st April to 31st March.
- (2) The transmission licensee shall, in respect of the licensed business and any other business:
 - (a) prepare and maintain, on a consistent basis, all accounting records and deliver to the Commission:
 - (i) accounting statements such as profit and loss, balance sheet or any other statement in the manner specified by the Commission, and as per the provisions of the Companies Act, 1956 (1 of 1956) as amended from time to time.
 - (ii) Submit to the Commission, on specified dates, the profit and loss account, cash flow statement and balance sheet together with such supporting documents and information as the Commission may prescribe from time to time.
 - (iii) In respect of the accounting statements prepared, an auditor's report, for each financial year, stating that, in their opinion, the statements have been properly prepared in accordance with the Companies Act, 1956 and give a true and fair view of the revenues, costs, assets, liabilities, reserves and the provisions of, or reasonably attributable to such business to which the statements relate.
 - (iv) Copies of the audited accounting statements together with auditor's report shall be submitted to the Commission within six months after the end of the financial year.
- (3) The transmission licensee shall not normally change the basis of charge or apportionment or allocation of revenues or expenses for preparation of accounting

statements in respect of a financial year from the basis applied in respect of the previous financial year, without prior intimation to the Commission. Any change in the basis of charge or apportionment or allocation of revenues or expenses shall be consistent with provisions of the Companies Act, 1956 (1 of 1956), the accounting standards or rules and guidelines issued by the Commission from time to time in this regard.

- (4) Where, in relation to the accounting statements in respect of a financial year, the licensee has changed the basis of charge or apportionment or allocation from that adopted for the immediately preceding year, the licensee shall, if requested by the Commission, prepare accounting statements on the basis which it applied for the immediately preceding year, in addition to preparing accounting statements on the basis which it has adopted.
- (5) As directed by the Commission, the transmission licensee shall:
 - (a) prepare and publish its annual accounts in the manner specified by the Commission;
 - (b) provide the accounting principles adopted
 - (c) prepare the accounts and statements in accordance with the generally accepted Indian accounting standards.
- (6) The references to costs on liability, reasonably attributable to the licensed business or other business shall be construed as excluding taxation.
- (7) The transmission licensee shall maintain separate accounts for the licensed business and other business to ensure that the assets and liabilities of the licensed business are not encumbered by other business of the licensee.
- (8) Any person authorized by the Commission shall inspect and verify the accounts of the transmission licensee and the licensee shall render all necessary assistance to such person.

11. Furnishing of information

The licensee shall furnish to the Commission without undue delay such information, documents and details relating to the licensed business or any other business of the Licensee as the Commission may require for its own purpose or for the purpose of the Government of India, State Government, Central Commission and Central Electricity Authority.

12. Major Incidents

- (1) The licensee shall report to the Commission any major incident that has occurred which effects the supply in the area of the transmission licensee. Any deviation from

standard operating conditions which was triggered by cross boundary effect, in the system of generators, distribution system or in the system of extra high voltage consumers resulting in the loss of equipment or life of a person or animal, shall be deemed a major incident.

- (2) The licensee shall
 - (i) submit a detailed report giving facts of each incident, the causes and the adverse effects on the total power system. (The total power system comprises the transmission system, generating units, distribution system and the system of the EHT consumers).
 - (ii) submit a note on the licensee's analysis of the major incident and the remedial measures taken for preventing recurrence of such major incidents.
 - (iii) send copies of the report and the note to the State Load Despatch Centre, State Transmission Utility, State Government, and Chief Electrical Inspectorate etc.
- (3) The decision of the Commission whether a particular incident is a major incident or not shall be final.
- (4) The Commission may direct the licensee to submit a report on any incident which comes to its notice. In such a case, the licensee shall submit a detailed report as in sub-regulation (2), to the Commission.
- (5)
 - (i) The Commission may direct an independent authority to inquire on any major incident and submit a report.
 - (ii) The Commission may analyse the report and the information received from all sources and decide whether the major incident occurred is a Force Majeure event or is caused by violation of conditions of licence or provisions of Grid Code or the rules and regulations made under the Act.
- (6) The Commission may decide the following:
 - (b) remedial measures to be taken on one or more of the operators (or owners) of the parts of the total power system (including the transmission licensee) to prevent recurrence of similar major incidents.
 - (c) Punitive measures to be imposed on one or more persons for lapses which caused the major incident.
 - (d) Compensation to be paid by one party to another party [by the owner (or operator) of a segment of the total power system to the owner (or operator) of another segment of the total power system].
- (7) The Commission shall send its views and decisions on the major incident to the State Load Despatch Centre, Chief Electrical Inspector, State Transmission Utility etc.

13. Business Plan

The licensee shall comply with the provisions in Regulation 19 relating to submission of business plan.

14. Investment

The licensee shall comply with the provisions in Regulation 20 relating to investment plan.

15. Transfer of Assets

- (1) The Licensee shall not transfer or relinquish operational control over any of the assets pertaining to its licensed business such as transmission equipment, lines, land, building, or any other asset.
- (2) The Licensee shall give, to the Commission, written notice of its intention to transfer or relinquish operational control over any of its assets and obtain prior approval before affecting such transfer.
- (3) The Licensee may utilize the assets as a means of facilitating funding or financing the Licensed Business in the ordinary course of business, subject to the conditions.
 - (a) That the Licensee will inform the Commission about such arrangements at least 15 days prior to the effective date of the relevant agreements.
 - (b) The Licensee acts in a prudent and reasonable manner in such utilisation of assets.

16. Rights of the Licensee

- (1) The licensee may erect and commission any overhead transmission lines, lay cables of transmission voltage and construct substations in accordance with the transmission plans in order to fulfill the conditions stipulated in the licence. He shall comply with the safety regulations issued by the Central Electricity Authority and relevant laws under Section 67, 68 and 69 of the Act in acquisition of land for lines and substations and while executing works.
- (2) The licensee shall inform the Commission and STU whenever construction work on a new transmission component is commissioned.

17. Payment of Licence Fee

- (1) Within such period, after coming into force of this licence, the Transmission Licensee shall pay to the Commission an initial fee, as specified by the Commission, on a pro-rata basis for the balance period of the financial year.
- (2) As long as licence remains in force, the licensee shall pay to the Commission an annual fee as specified on or before 15th April of every year. The Commission may review the quantum of annual licence fee after every three years and notify the same.
- (3) Where the licensee fails to pay to the Commission the stipulated fees by the due dates:
 - (i) the licensee shall be liable to pay to the Commission interest on the outstanding amount a specified rate of interest rate per month, the interest being payable for the period beginning on the day on which the amount becomes due and ending on the day when payment is made; and
 - (ii) the licensee shall be subject to the proceedings for the recovery of such fee specified in the Act and
 - (iii) the Commission may revoke the licence pursuant to Section 19 of the Act for any continuous default in payment of license fee
 - (iv) The licensee shall be entitled to take into account any fee paid by it in the determination of aggregate revenue but shall not take into account any interest paid pursuant to the condition 3 (i) above.

18. Revocation of Licence

Subject to the provisions of Section 19 of the Act and the Regulations (Licensing for Transmission of Electricity) framed thereunder, Commission may at any time initiate proceedings against the Transmission Licensee for revocation of the Transmission licence and if so satisfied in such proceedings that the public interest so requires, it may revoke the Transmission licence in any of the circumstances stated in the Regulation 23 of the MSERC Transmission Licensing Regulations, 2010.

19. Amendment of Licence Conditions

The Commission may *suo moto* or on application by the transmission licensee may alter or amend or modify the terms and conditions of the license subject to provision of Section 18 of the Act Regulation 21 of the MSERC Regulations (Licensing for Transmission of Electricity) Regulations, 2010.

PART - III

20. Technical Conditions

The transmission licensee shall abide by the following technical conditions

- (1) The Licensee shall ensure that the Transmission System is capable of providing an efficient, coordinated and economical system of Transmission.
- (2) The Licensee shall
 - (i) plan and develop its Transmission System in accordance with the Transmission System Planning and Security Standards and the Grid Code as approved by the Commission; and
 - (ii) operate the Licensee's Transmission System in accordance with the Transmission System Operating Standards and the Grid Code as approved by the Commission and in coordination with the National / Regional Load Despatch Centre, State Transmission Utility and State Load Despatch Centre
- (3) The Licensee shall, within 60 days from the date when Licence becomes effective; submit to the Commission the existing
 - Planning and Security Standards } Standards for its Transmission System
 - Operating Standards }
 - Planning and Security Standards } Standards for its Power Supply System
 - Operating Standards }Including those relating to:
 - Generation Capacity connected to its Transmission System in MW

The above existing standards, with such modification as the Commission may direct, shall continue to be operative until new standards are approved by the Commission pursuant to Section 57 (1) of the Act.

- (4) The Licensee shall, within six months, or such longer time as the Commission may allow, after Licence has become effective, prepare, in consultation with the Suppliers, Generating Companies, Central Transmission utility, Regional Electricity Boards , State Transmission Utility, State Load Despatch Centre and such other Person, as the Commission may specify, and submit to the Commission for approval the Licensee's proposals for Transmission Planning and Security Standards. Transmission Operating Standards, Power Supply Planning and Security Standards and Power Supply Operating Standards.

- (5) The transmission licensee shall submit a quarterly report to the Commission on
 - (a) its performance in accordance with the approved standards to enable it to review the need for revision of the standards, as and when necessary.
 - (b) an annual report on its performance based on the approved standards under clause (a)
 - (c) The Commission shall review the performance of the transmission licensee and issue necessary orders / directions to the licensee to take corrective actions where necessary.
- 21. The licensee shall, on an annual basis, prepare a forecast the demand for power within the Area of Transmission and Bulk Supply and prepare and submit the forecasts to the Commission in accordance with the guidelines issued by the Commission from time to time.

22. Compliance with Grid Code by the Transmission Licensee

The transmission license shall ensure due compliance with the Indian Electricity Grid Code and Meghalaya State Electricity Grid Code.

23. Central Scheduling and Despatch

- (1) The Licensee shall undertake operational planning matching to possible output of all Generating Sets or and any other Bulk Supplier and other sources of electrical energy connected to the Licensee's Transmission System (including a reserve of generation to provide a security margin or generation availability) to meet the demand after taking into account, inter alia:
 - (i) non-availability of Generating Sets; and
 - (ii) constraints from time to time imposed by technical limitations on the Total System or interconnections with other transmission systems or any part(s) thereof;
 - (iii) consistent with any possible restrictions to be imposed on the supply in exigencies.
- (2) The Licensee shall schedule its drawal of power from the Generating Sets and other sources of power based on merit order despatch taking account of information provided by Suppliers, the Central / State Transmission Utility, State Load Despatch Centre and the Regional Electricity Board / Regional Power Committee together with an appropriate margin for reserve.
- (3) The Licensee shall provide to the Commission such information as the Commission shall require concerning the merit order despatch or any aspect of its operation.

PART - IV

24. Use of System and Connection to System

- (1) The licensee shall make such arrangements for use of the Transmission System by third parties on application made by any third party. The Licensee shall enter into an agreement with that person for the use of the Transmission System covering, among others;
- (i) Mode of delivery such electricity, adjusted for losses of electricity, to a designated exit point;
 - (ii) charges to be paid by the user, which shall be as approved by the Commission

Explanation: The third parties referred to in this condition 23.1 means

- i) Persons authorized under a legislation enacted by the Union of India to wheel power across the Transmission System in an inter-state conveyance of energy.
 - ii) Such persons as the Commission may authorize to use the Transmission system.
25. The Licensee shall enter into an agreement with such Supplier and / or Consumer, as the case may be, for connection to the Transmission System or for modification of such an existing connection and such agreement shall make provision for
- (a) carrying out the works necessary to make the required connection, including the installation of meters;
 - (b) carrying out any necessary work to reinforce the Licensee's Transmission System;
 - (c) connection charges to be paid as specified by the Commission and
 - (d) date of completion and such other terms as are relevant to the circumstances.
26. (1) The Licensee shall not be obliged to enter into any agreement if it is likely to involve the Licensee;
- (i) in breach of its duties under Section 17 of the Act or any rules or Regulations relating to safety standards applicable to the Transmission Business including, the Indian Electricity Rules 1956; or
 - (ii) in breach of the Grid Code; or
 - (iii) in breach of any of the conditions of this Licence; or if
- (2) The Licensee has failed to enter into an agreement with any applicant referred in clause 24 above, the Commission may at the request of a party settle such terms in dispute between the Licensee and that Person and issues orders to the Licensee as it may consider appropriate.

The Licensee shall prepare and submit to the Commission on annual basis, a statement as specified by the Commission, showing forecasts of circuits' capacity, power flows and loading on the Transmission System under standard planning criteria, together with details of

- (i) use of system to identify and evaluate the opportunities available when connecting to and making use of such system; and
- (ii) the Licensee indicating the Licensee's views as to those parts of the Licensee's Transmission System most suited to new connections and transmission of electricity.
- (iii) any facility for which any other Person or a Supplier has requested the use of and connection to the Transmission System and not agreed to;
- (iv) amount reflecting the Licensee's reasonable costs of providing such the required supply in item (iii) above.

PART - V

Expected Revenue Calculation and Tariffs

27. Expected Revenue and Tariff Filings

- (1) The Licensee shall follow the methodology, procedures and other directions issued by the Commission from time to time and provisions contained in the Tariff Regulations while filing statements of expected revenue from the existing approved charges.
- (2) The licensee is permitted to recover from its tariffs in any financial year the amount that the Commission determines in accordance with the financial principles and their applications as provided in Section 62 of the Electricity Act 2003.
- (3) The Licensee shall calculate its charges in accordance with the tariff Regulations, the orders of the Commission and other requirements prescribed by the Commission from time to time.
- (4) The Licensee may publish a tariff for its Transmission of electricity reflecting the tariff charges and the other terms and conditions as directed by the Commission.
- (5) The Licensee may apply to the Commission to amend its tariffs in accordance with the Act and applicable Regulations and directions of the Commission duly furnishing the required data for its consideration and orders.

PART- VI

Miscellaneous Matters

28. Miscellaneous Matters

All issues arising in relation to interpretation of these General Conditions shall be a matter for determination by the Commission and the decision of the Commission on such issues shall be final, subject only to the right of appeal under Section 111 of the Act.

29. The Commission may at the time of grant of Transmission Licence waive or modify the application of any of the provisions of these General Conditions either in the order granting the licence or by Specific Conditions made applicable to a Transmission Licence.

30. These General Conditions shall apply to the Transmission Licensee from the date of commencement of the license.

Transmission Licence

Schedule

_____ Transmission Licensee
(Name of Licensee)

The entire state of Meghalaya including cantonment, airdrome, fortresses, arsenal, dockyard or camp of any building or place in occupation of Central Government for defence purposes, where permission has been obtained.

By the Order of the Commission

Secretary

Place:

Date:

**MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION
REGULATIONS FOR GRANT OF LICENCE FOR DISTRIBUTION OF
ELECTRICITY IN THE STATE OF MEGHALAYA**

NOTIFICATION

No. ____

In exercise of powers conferred under section 181 of the Electricity Act, 2003 (Act 36 of 2003) and all powers enabling it in that behalf, the Meghalaya State Electricity Regulatory Commission hereby makes the following Regulations for grant of licence for distribution of electricity in the State of Meghalaya, namely:

REGULATIONS

CHAPTER – 1

GENERAL

1. Short title, extent and commencement

- (i) These Regulations shall be called the Meghalaya State Electricity Regulatory Commission (Grant of licence for Distribution of electricity) Regulations, 2010.
- (ii) These Regulations shall apply to the whole State of Meghalaya
- (iii) These Regulations shall come into force from the date of notification in the official gazette.

2. Definitions

- (1) In these Regulations, unless the context otherwise requires:
 - (a) **‘Act’** means the Electricity Act, 2003 (Act 36 of 2003);
 - (b) **‘Applicant’** means any person, including any company or body corporate or association or body of individuals, whether incorporated or not, who makes an application under Section 15 of the Act for grant of licence for distribution of electricity;
 - (c) **‘Area of Distribution’** or **‘Area of Supply’** means area within which a Distribution Licensee is authorized by his license to establish , operate and maintain a distribution system for supply of electricity under the terms and conditions stipulated by the Commission in the licence;
 - (d) **‘Auditors’** means the Distribution Licensee’s auditor, and, if the distribution licensee is a Company, auditors holding office in accordance with the requirement of the companies Act 1956 as amended from time to time.

- (e) **'Authority'** means the Central Electricity Authority referred to in sub-section (1) of section 70;
- (f) **'Bulk Supply'** means the sale of electricity in bulk to any person for resale.
- (g) **'Commission'** means the Meghalaya State Electricity Regulatory Commission (MSERC) constituted under section 82 (1) of the Act by the Meghalaya State Government;
- (h) **'Deemed Licensee'** means a person as defined under first, third and fifth provisos under section 14 of the Act;
- (i) **'Distribution'** means the conveyance or wheeling of electricity by means of a distribution system;
- (j) **'Distribution Supply Code'** means the code governing all material technical aspects relating to service connections and operative use of the distribution system as approved by the Commission;
- (k) **'Distribution Licensee'** means a licensee authorized to operate and maintain a distribution system for supplying electricity to the consumers in his specific area of supply;
- (l) **'Force Majeure'** means any event beyond the reasonable control of a Distribution licensee but not limited to earthquake, cyclone, lightning, riot, flood, storm, war, mutiny, terrorist attack, civil commotion, lock out, fire affecting the Licensee's installations or other similar occurrence that leads to any act which would involve a breach of relevant laws or regulations concerned with supply of electricity;
- (m) **'Licence'** means Distribution licence granted under section 14 of the Act.
- (n) **'Licenced Business'** means the business relating to supply of electricity as authorised under a Distribution licence.
- (o) **'Major incident'** means an incident associated with the supply of electricity, which results in a significant interruption of service / causing substantial damage to equipment or loss of life or significant injury to human beings or animals, as the case may be, and includes any other incident which the Commission expressly declares to be a major incident;
- (p) **'Other Business'** means business carried out by a Distribution licensee other than the Licenced Business;
- (q) **'Performance Standards'** means standards of performance as may be specified by the Commission under section 57 (1) of the Act.
- (r) **'Specific Conditions'** means the conditions, which the Commission may lay down, in addition to or in variance to those general conditions applicable to a Distribution licensee;

- (s) '**State**' means State of Meghalaya;
- (t) '**State Government**' means the Government of Meghalaya.
- (u) '**Supply**' in relation to electricity, means the sale of electricity to a licensee or consumer;
- (v) '**Tariff Regulations**' means the Meghalaya Electricity Regulatory Commission (Terms and conditions for determination of Tariff) Regulations, ____.

(2) Words and phrases not defined in these Regulations

The words and expressions used and not defined in these Regulations but defined in the Act or any other law or Regulation applicable to electricity industry shall have the meaning assigned to them in the Act or any other such law or Regulations, as the case may be.

3. Interpretation

In these Regulations, the following shall be interpreted as:

- (a) Words in the singular include the plural and vice versa
- (b) Words in the masculine gender include the feminine gender and vice versa.
- (c) the terms "include" or "including" shall be considered as followed by "without limitation" or "but not limited to" whether they are actually followed by similar expressions or not in these Regulations.
- (d) References to these Regulations shall be construed as references to the Regulations as amended or modified from time to time.
- (e) The headings are inserted for convenience.
- (f) References to various Acts, Laws, Rules, Regulations and guidelines shall be construed as including all amendments notified thereto.

CHAPTER – 2

PROCEDURE FOR GRANT OF DISTRIBUTION LICENCE

4. Application for grant of Distribution Licence

- (1) Any person intending to engage in the business of distribution of electricity in the State of Meghalaya, shall make an application to the Commission for grant of licence in the form specified in Appendix – 1 of these Regulations and in the manner directed by the Commission and accompanied by such fee as may be prescribed under section 15(1) of the Act by the Commission from time to time.

- (2) Any person intending to apply for licence shall duly comply with the conditions and requirements laid down by the Commission.
- (3) The Commission may, if it considers necessary, invite applications from the public fulfilling such eligibility requirements, as may be specified by the Commission from time to time for grant of licence for distribution of electricity through issue of advertisements in newspapers following the principle of transparency.
- (4) The application for grant of licence shall be signed by the applicant or by an authorized signatory on behalf of the applicant and shall be addressed to the Commission. The application shall be filed in six (6) sets accompanied by documents and particulars required to be provided as per the application form specified in Appendix – 1 to the Regulations.
- (5) The application for licence shall be accompanied by an affidavit authorizing the person to sign or represent on behalf of the applicant.

5. Requirements to be fulfilled by the applicant

The applicant applying for the grant of a distribution license to the Commission shall fulfill the following:

- (a) Technical capability: The applicant shall have experience / capability in development, design, operation and maintenance of distribution system lines (including substations) at the voltage level at which the assets in respect of which the application for grant of license has been made.

Note: The experience in development, design, operation and maintenance of the distribution system shall be construed as relevant experience at voltage level of 33kV and below.

- (b) Financial capability: The networth of the applicant shall not be less than the estimated annual distribution charges of the assets in respect of which an application for grant of license has been made.

Note: The applicant shall be required to submit necessary evidence of his claim of meeting the qualifying requirements.

6. Calling for additional information

The Commission may, upon scrutiny of the application, require the applicant to furnish within a period to be specified, such additional information or particulars or documents as the Commission may consider it to be necessary for the purpose of considering the application.

7. Publication of notice of application

- (1) The applicant shall within seven (7) days from the date of submission of application, publish a public notice, in such manner as may be specified by the Commission, in at least two daily newspapers, one in English language and other in local language having wide circulation in the area of distribution of electricity for which the licence is sought.
- (2) The applicant shall within seven (7) days from the date of publication of the aforesaid notice submit to the Commission an affidavit with the details of the notice published along with copies of the relevant newspapers in which the notices have been published.

8. Public Inspection of Application and Documents

- (1) The applicant shall make available for public inspection copies of the application (with all enclosures), for grant of licence in his own office and also in the offices of the local authorities located in the proposed area of the distribution licence.
- (2) The applicant shall also supply a copy of the application to any person who requisitions for it on payment of the cost which shall not exceed the cost of photocopying.

9. Objections

- (1) Any person intending to object to the grant of distribution licence shall file objections by way of affidavit within thirty (30) days from the date of issue of publication of the notice referred to in Regulation 7 (1) above annexing thereto proof of having served copy of such objection upon the applicant.
- (2) The Commission shall supply copies of all objections received to the applicant for filing his comments within fifteen (15) days of receipt of the copies of the objections to the Commission.

10. Consideration of objections

- (1) A licence shall not be granted –
 - (a) until the objections, if any, received by the Commission in response to publication of the application have been considered by it:
Provided that no objection shall be so considered unless it is received before the expiration of thirty days from the date of the publication of such notice as aforesaid;

- (b) In the case of an application for a licence for an area including the whole or any part of any cantonment, aerodrome, fortress, arsenal, dockyard or camp or of any building or place in the occupation of the Government for defence purposes, the Commission has to ascertain that there is no objection for grant of a license to the distribution licensee on the part of the Central Government.

11. Hearing and local inquiry

The Commission, if it considers appropriate, order an inquiry to ascertain the objections received against the applicant. On receipt of the report, the Commission may take a decision to grant a license to the applicant based on merits of the case or not .

12. Grant of Distribution Licence

- (1) Before granting a licence under section 14 of the Act, the Commission shall publish a notice in two daily newspapers one in English and other in local language having wide circulation in the area for which licence is sought, stating the name and address of the person to whom it proposes to issue the licence;
- (2) The Commission may decide to grant or refuse to grant licence and if it decides to grant licence, it may do so specifying the general terms and conditions or such specific conditions, as the Commission may deem necessary.
- (3) The Commission in no event shall not reject an application without giving applicant an opportunity of being heard, either by requiring the applicant to file his response or by conducting an oral hearing.
- (4) The Commission shall, within 90 days after receipt of application,
 - (a) issue of a distribution license, subject to the provisions of the Act, as amended from time to time. A draft format of distribution license is in Appendix II.
 - (b) Reject the application, for the reasons to be recorded in writing, if the application is not in accordance with the procedure stipulated by the Commission.
- (5) The Commission shall immediately after issue of a licence, forward a copy of the licence to the Government of Meghalaya, State Transmission Utility, Central Electricity Authority, local authority, and to such other authority as the Commission considers necessary.

13. Date of commencement and duration of Distribution licence

- (1) The licence shall come into force from the date specified by the Commission in the license
- (2) The licence shall be in force for a period of twenty five (25) years, from the date of commencement unless it is revoked by the Commission under section 19 of the Act.

14. Deposit of printed copies of Distribution licence

Every distribution licensee shall supply, free of charge, one copy of the licence and the relevant maps to every local authority within the area of activity or area of supply, as the case may be, and shall also make necessary arrangements for the sale of printed copies of the licence to all persons applying for the same, at a price not exceeding normal photocopying charges thereof.

15. Payment of license fee

- (a) Every licensee, including deemed licensee, shall pay initial or an annual licence fee on or before a specified date as may be fixed by the Commission.
- (b) If the licensee fails to pay the prescribed fee to the Commission on the due date, the licensee shall be liable to pay to the Commission interest on the outstanding amount as may be specified by it. The interest shall be payable for the period from the day on which the amount became due and ending on the day on which the payment is made;
- (c) The licensee shall be entitled to take into account any fee paid by him for determination of aggregate revenue requirement in accordance with sub-clause (a) above but shall not take into account any interest paid in accordance with sub – clause (b) above.

16. Acts which a Distribution Licence has to do

- (1) The licensee shall
 - (i) not directly or indirectly undertake distribution of electricity, trading in electricity or distribution or supply of electricity outside its area of operation
 - (ii) the distribution and supply of electricity shall be strictly restricted to the relevant approved area;
 - (iii) furnish such information required for the purposes of review by the Commission, as may be specified from time to time;

- (iv) comply with the provisions of the Act, the Regulations of the Commission, technical codes such as Grid Code, Electricity Supply Code, Standards of Performance or any other orders / directions / guidelines issued by the Commission;
 - (v) comply with all applicable rules and regulations governing the safety and security of the operation of the distribution system
 - (vi) levy the tariff or charges as determined by the Commission from time to time for the various categories of consumers..
- (2) The licensee shall implement the orders or directions issued by the Commission from time to time in respect of the conditions under the license.

17. Acts which a Licensee (s) shall not undertake

- (1) No licensee, except with prior approval of the Commission, shall undertake:
- (a) any transaction to acquire, through purchase or takeover or otherwise, any utility of any other licensee; or
 - (b) merge his utility with another utility of any other licensee.
- (2) No licensee shall, without prior approval of the Commission, assign or transfer his utility or Licence or part thereof through sale, lease, exchange or otherwise.
- (3) Before obtaining approval of the Commission under Sub-Regulations (1) and (2) above, a Licensee shall give a notice of not less than one (1) month to every other Licensee, who distributes electricity in the area of such licensee.
- (4) Any agreement entered into by the licensee in respect of Sub-Regulations (1) to (3) above shall become void unless the approval of the Commission is obtained thereto.
- (5) Where such permission is required, the licensee shall file an application with the Commission duly furnishing all relevant information. The Commission may, within thirty (30) days of the receipt of such application, accord permission subject to the terms and conditions as it deems necessary or reject the application for the reasons to be recorded in writing in support of such rejection after giving an opportunity to the licensee to put forth his plea.

18. Furnishing of information to the Commission etc.

Every licensee shall furnish information, as may be specified, in respect of the business (es) carried out by him to the Commission, the State Government, the Central Electricity Authority or any other authority, as the case may be.

19. Contravention by Distribution Licensee

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

20. Suspension of Distribution Licence

- (1) The Commission may, at its discretion, suspend temporarily a licence granted to a distribution licensee under section 24 of the Act, if the licensee has
 - (d) continuously failed to maintain uninterrupted power supply to the consumers in accordance with the standards; or
 - (e) not discharged the functions or duties imposed on the Licensee either by the Act or the Regulations framed by the Commission; or
 - (f) defaulted in complying with any direction of the Commission; or
 - (g) deviated from the terms and conditions of the Licence;
- (2) If it is considered to suspend licence of a distribution licensee in public interest, the Commission may suspend the licence upto a period not exceeding one (1) year.
- (3) Before suspending the licence, the Commission shall give a reasonable opportunity to the distribution licensee to represent his case against such suspension and shall consider such representation and pass such orders as it may deem necessary.
- (4) (a) When the licence of a distribution licensee is to be suspended, the Commission shall appoint an Administrator under section 24 (1) of the Act to look after the functions and duties of the distribution licensee during the period of suspension of the licence in accordance with the terms and conditions specified in the licence.
(b) The Commission shall also vest the utility or utilities of the distribution licensee in the Administrator during the period of suspension of the licence.
- (5) (i) Based on the merits of the case, the Commission shall decide within the period of one year whether the suspension is to be revoked or not and if so, on what date.
(ii) In case the suspension is revoked, the Commission shall direct the Administrator to retransfer the utility or utilities to the distribution licensee from the date of revocation of suspension. All the expenses incurred during the period of suspension of the license by the Arbitrator shall be delitable to the licensee.

21. Revocation of the Distribution Licence

- (1) The Commission may revoke a distribution licence on its own or an application by the Licensee or on receiving any complaint from any person in accordance with the provisions of the Act, and, these Regulations in any of the following circumstances;
 - (ii) Where the conditions and circumstances under which the licence was granted no longer exist.
 - (iii) Where the Commission concludes, after enquiry, that the licensee willfully defaulted in carrying out his duties under the Act or the rules or regulations made thereunder or under the terms and conditions of the licence or has failed to comply with the directives of the Commission.
 - (iv) Where the circumstances of the licensee, as perceived by the Commission, indicate that the licensee's financial, managerial and technical capabilities are no longer adequate for fulfilling his duties and discharging obligations under the Act and conditions of the licence.
 - (v) Where the licensee persistently fails to fulfill his part in maintaining the Standards as specified in Meghalaya State Electricity Regulatory Commission (Standards of Performance of Distribution Licensee) Regulations, Supply code, Act and other rules and regulations as a result of which the distribution system, the generating units, transmission systems are jeopardized and quality of supply to consumers suffers frequently and the licensee does not take timely corrective action.
- (2) Before a licence is revoked the Commission may order an inquiry under section 128 of the Act, if it considers necessary, by an adjudicating officer appointed by the Commission under section 143 of the Act.
- (3) If the Commission decides to revoke the licence, the Commission shall serve a notice of three months to the licensee and consider any representation made by the licensee before issue of orders revoking the license.
- (4) The Commission shall indicate the effective date from which such revocation shall take effect. The Commission shall also forward a copy of the order of revocation to the State Government, STU, CEA, Local Authority and to such other person/body as the Commission considers it necessary.
- (5) The Commission may, instead of revoking the licence, pass an order allowing the license to continue subject to such terms and conditions under which the licensee shall operate his business in order to enable the licensee to improve his performance.

- (6) When Commission has given notice of revocation of licence and the licensee is willing to relinquish his licence (and does not plan to take remedial and improvement measures and does not request the Commission to drop revocation proposal), the licensee may, after prior approval of the Commission, sell the undertaking of the Licensee to any person / company which is found eligible by the Commission for grant of distribution licence, without prejudice to any proceedings which may be initiated or levy any penalty which it may consider appropriate on the licensee.
- (7) In case of revocation of the licence of the distribution licensee, the Commission shall initiate action as provided in section 20 of the Act for the sale of utility of distribution licensee and to vest it in the purchaser.

22. Establishment of subsidiaries or associated companies by the distribution licensee

- (a) A licensee may establish any subsidiaries or associated companies or engage any other agencies to conduct or carryout any of its functions specified under the Act and the license subject to the condition that any such subsidiary or associated company or agency shall operate under the overall supervision and control of the licensee and the terms and conditions stipulated in the licence. The licensee shall take full responsibility for any action taken by such subsidiary or associated company or agency and be responsible to the Commission.
- (b) The licensee shall, before entrusting any function to such subsidiary or associated company or agency, obtain permission of the Commission in writing;
- (c) The licensee shall file an application with the Commission for obtaining prior permission under Sub-Regulation (b) above, duly furnishing all relevant information as may be necessary. The Commission shall, within forty five (45) days from the date of receipt of application by it, accord permission for such arrangement, subject to such terms and conditions or modifications, as it may consider appropriate or reject the proposal for the reasons to be recorded by it in writing after giving an opportunity to the licensee to put forth his plea.

23. Incidents Reporting

- (1) The licensee shall intimate to the Commission as soon as possible the occurrence of any major incident in his area of supply affecting supply of electricity, within a week, and also submit a report containing full facts which are within the knowledge relating to such incident (s) and the reasons thereto within a fortnight from the date of occurrence of the incident(s).

- (2) The licensee shall also send copies of the detailed reports to all the concerned parties / authorities who are connected with the incident.
- (3) The Commission may, at its discretion, order an enquiry by an independent authority, if it considers necessary, with a direction to the authority to submit its report on the incident in a specified time. All the expenses connected with such enquiry shall be borne by the licensee.
- (4) The decision of the Commission whether an incident is major or minor shall be final.

24. Powers of Distribution Licensee

The Commission may publish an order authorizing the licensee to exercise any power or authority under the Act if it considers necessary.

25. Enforcement of order passed by the Commission

- (1) When the Commission is satisfied that a licensee has failed to comply with any of the conditions of the licence or provisions of the Act or codes or regulations, it may direct an investigation into the affairs of the licensee by an independent authority in accordance with the provisions of section 128 of the Act.
- (2) On receipt of investigation report from the investigating authority, the Commission may give an opportunity to the licensee to make representation on findings contained in the report. After examining the representation of the licensee, the Commission may direct the licensee to take such action in respect of any matter arising out of the report, as the Commission may think fit, duly following the procedure under section 128 of the Act;

26. Amendment of the Distribution Licence

- (1) The Commission may initiate proceedings for amending the conditions of a distribution licence *suo moto* or on an application from the distribution licensee or on receiving complaint or information from any person.
- (2) The application for an amendment of the licence made by the licensee shall be in such form as may be directed by the Commission. Such application shall be accompanied with a statement of the proposed amendment and shall be supported by an affidavit.
- (3) The licensee shall within seven (7) days from the date of submission of the application for amendment, publish a notice in two daily news papers, one in English language and the other in local language, having wide circulation in area of operation of the distribution licensee, giving the following particulars:

- i) Brief Details of existing Distribution Licence;
 - ii) Proposed amendments to the existing Distribution Licence; and
 - iii) Brief reasons for seeking the amendment.
 - iv) The names, addresses and other necessary details of the person(s) nominated by the licensee in major cities or towns of area of proposed distribution licence, who can make available for inspection of application and other documents or from whom they can be purchased in person or by post at reasonable charges, not exceeding photocopying charges;
- (4) Where an amendment to a Distribution Licence is proposed by the Commission suo moto, the Commission shall publish a notice in two daily newspapers one in English language and the other in local language having wide circulation in the area of operation of the Distribution Licence sought to be amended, giving the following particulars:
- (i) Name of the Distribution Licensee, its address and the area of supply;
 - (ii) Description of alteration or amendment proposed to be made by the Commission;
 - (iii) Brief reasons for proposed alteration or amendment;
- The Commission shall consider all objections or suggestions to the proposed amendment, received within one month from the date of first publication of notice or rejecting the proposed amendment.
- (5) In case of an application proposing alterations or modifications in respect of area of supply, comprising the whole or any part of any cantonment, aerodrome, forests, dockyard or camp or of any building or place in the occupation of the Government for defence purpose, the Commission shall not make any alterations or modifications except with the consent of the Central Government.

27. Settlement of Disputes and Arbitration

- (i) The Commission shall adjudicate disputes between the licensees or refer any dispute for arbitration on application by any licensee(s).
- (ii) The Commission shall issue notices to all the concerned licensees indicating the details of the dispute(s) and after hearing the parties concerned, the Commission shall pass such order / direction as it may deem necessary.
- (iii) If any licensee is not satisfied with order passed by the Commission, the licensee may make a request to the Commission for appointment of an Arbitrator.
- (iv) On receipt of an application for appointment of an Arbitrator, the Commission shall appoint an Arbitrator under section 86(f) of the Act duly indicating the terms and conditions of such appointment for settlement of the dispute(s).

- (v) The Arbitrator(s), nominated by the Commission, after hearing both the parties shall pass a speaking order giving reasons on all the issues raised in the dispute(s).
- (vi) The Commission, on receipt of the arbitration award shall communicate the award to the concerned parties for filing their views. After considering the views of the concerned parties, the Commission shall pass final orders, as it deems fit.
- (vii) The costs of arbitration shall be borne by the concerned licensees, as may be decided by the Commission.

CHAPTER – 3

DUTIES OF DISTRIBUTION LICENCEE

28. General

- (1) The duties of a distribution licensee shall be :
 - (i) to develop and maintain an effective, coordinated and an economical distribution system in his area of supply;
 - (ii) to supply electricity in accordance with the provisions contained in the Act and code, rules and regulations made thereunder.
- (2) The distribution licensee shall ensure that the officers and staff under his control observe strictly the provisions contained in the Meghalaya State Electricity Supply Code, issued by the Commission, as amended from time to time.
- (3) Every licensee shall adhere to the standards prescribed by the Commission in standards of performance of Distribution Licensee, Regulations as amended from time to time.
- (4) Every distribution licensee shall, on an application by the owner or occupier of any premises, give supply of electricity to the premises of the applicant within one (1) month from the date of receipt of the application.
- (5) A distribution licensee shall not show undue preference to any person or class of persons or discriminate against any person or class of persons.

In case a distribution licensee fails to supply within the period specified in Standards of Performance for Distribution Licensee Regulation, the licensee shall be liable to pay compensation to the affected consumer as specified by the Commission.

29. Imposing of restrictions on terms for supply of electricity

A distribution licensee may impose restrictions on the persons requiring supply as in the following cases in order to:

- (i) comply with regulations made in accordance with the section 53 of the Act relating to safety and supply of electricity.

- (ii) reduce to the minimum liability of the licensee from economic loss resulting due to negligence of the person to whom electricity is supplied.

30. Recovery of charges

- (a) A distribution licensee shall charge for supply of electricity to any category of consumers only in accordance with the tariff order issued by the Commission and no charges other than that included in the tariff order shall be recovered from the consumer.
- (b) The distribution licensee shall charge a person, requiring supply of electricity, any expenditure in providing meter or electrical line or plant used for the purpose of giving supply, as specified by the Licensee and approved by the Commission.
- (c) If any licensee recovers a charge in excess of that determined by the Commission, the excess amount shall be recoverable by the person who has paid such charge along with interest equivalent to bank rate without prejudice to any other liability incurred by the licensee.

31. Security deposit

- (a) The distribution licensee may insist on payment by any person, who requires supply of electricity under Regulation 27 (4), a security deposit as may be determined by the Commission from time to time.
 - (i) in respect of electricity supply made to such person, or
 - (ii) for providing any electrical line or plant or meter for supplying electricity to such person
- (b) If the person fails to pay such security, the distribution Licensee, if it thinks fit, may refuse to give supply of electricity or to provide the line or plant or meter until the amount claimed is paid
- (c) If the security furnished has become invalid or is insufficient, the licensee shall give notice to the person for payment of the amount, which became due, within thirty days after receipt of such notice, for providing supply of electricity or for providing of such line or plant or meter.
- (d) If the person, referred to in sub – regulation (c) above, fails to pay such specified amount, the distribution licensee shall discontinue supply of electricity, for the period during which such failure continues.
- (e) The distribution licensee shall pay interest on the security deposits, referred to in sub– regulation (a) above, and also refund such security deposit at the request of the consumer as specified by the Commission in the Electricity Supply Code.

- (f) The distribution Licensee shall not insist on payment of security deposit in accordance with sub – regulation (a) (ii) above if the person requiring supply is prepared to take the supply through a prepaid meter.

32. Open access

- (1) The Distribution Licensee shall arrange for non-discriminatory open access to its distribution system to any person in accordance with the Open Access Regulations issued by the Commission.
- (2) When the Commission accords permission to a consumer / person within the area of a distribution licensee to avail supply through open access from a person other than the licensee, the distribution licensee shall be entitled to collect surcharge in addition to the charges of wheeling, as may be determined by the Commission, to meet his fixed costs, on account of his obligation to provide supply.

33. Other business of a Distribution Licensee

A distribution licensee may, with prior permission of the Commission, engage or carry out any other business in addition to the licenced business for optimum utilisation of its assets subject to the following conditions:

- (a) the licenced business shall not in any way be adversely affected
- (b) a portion of the revenue derived from other business, as may be specified by the Commission, be utilized for reducing its wheeling and other charges to be collected from consumers.
- (c) the licensee shall maintain separate account for each of the businesses undertaken to ensure that the distribution business neither subsidizes in any way to other business nor encumbers its assets in any way to support to such other business;

34. Establishment of Consumer Grievance Redressal Forum and Ombudsman

- (a) A distribution licensee, including deemed licensee, within six months from the date of the commencement of licence or from the date specified by the Commission, whichever is earlier, shall establish a Forum for redressal of grievances of consumers in his area in accordance with the guidelines specified by the Commission.
- (b) Any consumer who is aggrieved due to non – redressal of his grievance by the Forum shall make a representation for redressal of his grievance to Electricity Ombudsman, appointed or designated by the Commission from time to time. This regulation is to comply with the conditions of section 42 (5) and (6) of Act.

35. Conduct of business having adverse effect on competition

Every distribution licensee shall not enter into agreement or abuse its dominant position or enter into any combination which is likely to cause an adverse impact on the competition in the distribution of electricity.

36. Bulk Supply

A licensee may engage or affiliate to provide any goods or services to another licensee in connection with the bulk supply business subject to the following conditions:

- (a) such transaction shall be in accordance with regulations framed by the Commission relating to provision of goods or services or both with respect to bulk supply business
- (b) The bulk supply business shall not in any way affect the business of the licensee.
- (c) the licensee shall give fifteen (15) days notice to the Commission before commencement of the proposed arrangement.
- (d) The licensee shall maintain and keep separate accounts for bulk supply business.

37. Transfer of assets of distribution licensee

- (a) The distribution licensee shall not transfer its utility or any part thereof by sale, lease, exchange or other wise without obtaining approval of the Commission.
- (b) The distribution licensee shall apply to the Commission giving prior notice of its intention to transfer its utility duly disclosing all relevant facts.
- (c) The Commission may seek any information from the licensee, as it may require, to consider the application.
- (d) The Commission may, within 60 days, of filing the application allow such transfer subject to the conditions as it may consider appropriate or reject the application duly recording the reasons thereto after giving notice to the licensee.

CHAPTER – 4
TECHNICAL

38. Procurement of power

- (1) The licensee shall not purchase power from any source without prior approval from the Commission.

- (2) The licensee shall purchase power in an economical and efficient manner under transparent procurement process as approved by the Commission duly following the guidelines issued by the Commission from time to time relating to the power procurement procedure.
- (3) The Commission shall, before issue of approval under sub-regulation (1) above to the licensee, satisfy itself that the power to be procured is in accordance with the plan approved to meet the demand for supply.
- (4) The restriction imposed in Sub-Regulation (1) above shall not be applicable:
 - (a) to short term purchases [less than six (6) months in duration], provided that the details of such purchases are intimated to the Commission; and
 - (b) to contracts or agreements entered into by the licensee before the commencement of the licence shall be operative till the expiry of such contract or agreement.

39. Compliance with the State Grid Code

The distribution licensee shall comply with the provisions of the State Grid Code issued by the Commission, as amended from time to time, in extending supply to the consumers.

40. Supply Planning

The licensee shall prepare and submit to the Commission an annual plan, for the succeeding five years as per the guidelines issued by it, on forecast of demand for power within the area of supply under the license.

CHAPTER – 5

INVESTMENTS

- 41. The licensee shall comply with the guidelines, directions and orders of the Commission, issued from time to time, in regard to investments to be made in the licenced business in a prudent manner in order to build, maintain and operate an efficient, coordinated and economical distribution system.
- 42. The licensee shall submit investment plans, as a part of the business plan, giving details of the investment schemes to be undertaken during the succeeding five years period for approval of the Commission, duly explaining
 - (i) the need for such investment

- (ii) the techno economic analysis and environmental aspects of all available alternatives to the proposed investment.
 - (iii) furnish information, documents and other details as required by the Commission
- 43.** The licensee shall not undertake schemes involving major investment not covered under the investment plan approved by the Commission, without its prior approval. The licensee shall, at the end of each quarter of the financial year, furnish to the Commission
 - (i) annual investment plan with details of investment schemes to be carried out during the financial year and
 - (ii) the progress made in implementing annual investment plan during financial year including comparison of actual implementation vis-à-vis the plan as approved by the Commission for the period.
- 44.** The licensee shall be entitled to make investment in the licenced business and for the purpose of determination of tariff, the licensee shall satisfy the Commission that the investment was required for the licenced business and that the investment was made in an efficient, prudent and economical manner.
- 45.** (1) The licensee shall submit to the Commission the following information along with the application for its annual aggregate revenue requirement for determination of tariff under section 62 of the Act;
 - (a) the highlights of the annual investment plan consisting of schemes approved by the Commission;
 - (b) schemes submitted to the Commission for approval;
 - (c) schemes not requiring prior approval of the Commission planned for ensuing financial year
 - (d) investments made in the financial year in accordance with the approved investment plans under (b) and (c) above(2) The Commission shall take into consideration the approval granted by it to the licensee for investments and the action taken by the licensee
- (3) If any unforeseen contingencies require reallocation of funds within the scheme listed in the annual investment plan, the licensee can do so to the extent of upto 10% of the overall investment plan under each scheme or 20% of the approved amount in respect of each item of work specified in the investment plan. The licensee shall give an intimation of such reallocation to the Commission within seven (7) days of making such reallocation.

CHAPTER – 6
REVENUE REQUIREMENT AND TARIFFS

46. Revenue Requirement and Tariffs

- (1) The licensee shall follow the methodology and procedures specified in the Tariff Regulations and orders / directives issued by the Commission from time to time for filing Aggregate Revenue Requirement and the Tariff Petition in respect of supply of electricity to the consumers for a financial year.
- (2) The amount that the licensee is permitted to recover from its Bulk Supply tariffs in a financial year is the amount that the Commission determines in accordance with the financial principles and guidelines issued from time to time.

47. Power of the licensee for taking action for Revenue Realisation, Meter Tampering etc

The licensee shall be entitled to exercise any power or authority to take appropriate action within the provisions of Act, rules and regulations made thereunder in respect of:

- (a) revenue realisation;
- (b) prosecution for theft;
- (c) determining tampering with meters; and
- (d) preventing diversion of electricity

Any failure / negligence to exercise such authority in a situation, where it is necessary to do so, will be construed as a breach of the conditions of licence.

CHAPTER – 7
ACCOUNTS

48. Every licensee shall maintain its accounts, financial year wise, commencing from 1st April of a calendar year and ending on 31st March of the subsequent calendar year in accordance with the guidelines issued from time to time and as per the Companies Act, 1956 (1 of 1956).

49. The licensee shall maintain separate accounts for each business carried out as follows:

- (a) keep such accounting records, showing the revenues, costs, assets, liabilities, reserves etc separately for the licensed business and each of the other business(es).

(b) prepare and submit to the Commission:

- (i) Accounting statements / Annual Accounts, Balance Sheet, Profit & Loss Account, Revenue and Expenditure Statements etc. duly audited.
- (ii) Quarterly interim profit and loss account, cash flow statement and balance sheet together with supporting documents and information, as prescribed by the Commission;
- (iii) Auditor's report, along with a certificate stating whether, in their opinion, the Accounts statements have been prepared in accordance with the directions of the Commission and give a true and fair picture of the revenues, costs, assets, liabilities, reserves etc. relate to the business to which they relate.

- 50.** The licensee shall not change the basis of charge or apportionment or allocation in preparation of the Accounting statements for a financial year from the basis applied for the previous financial year without the permission of the Commission.
- 51.** In case a licensee changes the basis of charge or apportionment or allocation from that adopted for the previous financial year, the licensee shall, if the Commission so desires, in addition to Accounting statements prepared on the changed basis, shall also prepare Accounting statements on the basis which has been applied for the immediate previous financial year.
- 52.** The Licensee shall submit to the Commission copies of the audited accounting statements and the auditor's report by not later than six months after the close of the financial year to which they relate.
- 53.** The licensee shall ensure that the accounting statements in respect of each financial year prepared together with audit report for that financial year are made available to any person requiring them at a price not exceeding reasonable cost of duplicating them.

CHAPTER - 8

MISCELLANEOUS

54. Submission of reports to the Commission

The Licensee shall submit such reports, information, data as required by the Commission from time to time.

55. Research studies

The licensee shall also undertake such studies, as may be specified by the Commission and / or Central Electricity Authority, for improvement of the distribution business.

56. Savings

Nothing contained in these Regulations shall

- (i) affect the rights and privileges of the Consumers under any other law including the Consumer Protection Act, 1986.
- (ii) restrict the powers of the Commission
 - (a) to issue any directives or orders, as it deems fit, in implementing the provisions of the Act or law as amended from time to time.
 - (b) To deal with any matter or exercise any power under the Act for which regulations are yet to be framed.
 - (c) To adopt any procedure in regard to any of the provisions of these regulations duly recording the reasons thereto in writing.

57. 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, direct the Licensee to do things not inconsistent with the provisions of the Act as may be necessary or expedient for the purpose of removing the difficulties.

58. Power to amend regulations

The Commission may *suo moto* or otherwise at any time add, vary, alter, modify or amend any of the provisions of these Regulations, as it may deem fit, subject to the procedure laid down in Regulation 26.

By order of the Meghalaya State Electricity Regulatory Commission

APPLICATION FORM FOR GRANT OF DISTRIBUTION LICENCE

[See Regulation 4(1)]

PART A : GENERAL INFORMATION OF APPLICANT

1. Details of Applicant

- (a) Full Name of the Applicant :
- (b) Full Address of the Applicant :
- (c) Name, Designation and
Address of the authorized person to be contacted on behalf of the applicant:
- (d) Contact Telephone Numbers :
Fax Number :
Email ID :

2. Details of Ownership

- (a) Company/ Firm/ Association of persons/ Co-operative Society/ Others (*specify*)
- (b) Company Incorporation/ Registration
Place of Incorporation/ Registration :
Year of Incorporation :
Registration Number :
- (c) Name and Address of Directors/ Principal Shareholders/ Partners/
Members
- (d) Copies of Company By-laws, Partnership Deeds, Registration Certificate, Income Tax
Clearance Certificate etc.

3. Details of the area and distribution network for which distribution licence has been sought:

- (a) Boundaries of the proposed area of distribution with map
- (b) Coverage of distribution network
- (c) Supply of Power
 - (i) Voltage Level
 - (ii) Point(s) of Source
 - (iii) Quantum of electricity
 - 1. Demand (MW)
 - 2. Energy (MU)

- (d) Distribution of Power
 - (i) Voltage Level
 - (ii) Point(s) of Delivery
 - (iii) Categories of End Consumers
- (e) Length of HT Line (Ckt. Kms)
- (f) Length of LT Line (Ckt. Kms)
- (g) Transformer (Nos. and Capacity in MVA)

4. Organizational Capabilities (including operation and maintenance of distribution system)

- (a) Management capability with full details of technical and administrative officers and staff
- (b) Financial strength with full details
- (c) Ability to discharge distribution activities in a sustainable manner
- (d) Previous experience.

5. Whether the area of activity falls under cantonment/ aerodrome/ fortress/ arsenal / dockyard / camp or place for occupation of the Government for defence purpose.

6. Date from which licence is sought

**PART B : LIST OF DOCUMENTS TO BE SUBMITTED WITH APPLICATION FOR
DISTRIBUTION LICENCE**

1. Documents (attested copies) to be submitted along with the application for licence
 - (a) Information relating to existing licence (if any), with copy of licence
 - (b) Certificate of Incorporation/ Registration.
 - (c) Certificate of commencement of Business.
 - (d) Original Power of Attorney of the Signatory to commit on behalf of the Applicant or its Promoter.
 - (e) Articles of Association, Memorandum of Association and similar constitutional documents.
 - (f) Details of Income Tax PAN/TAN/Income Tax Clearance Certificate.
 - (g) Details of import licence, if any.
2. Data relating to Management and Financial capability
 - (a) Managerial
 - (i) Senior management's curriculum
 - (ii) Cadre strength for different categories (technical and non-technical)
 - (b) Financial
 - (i) Bank references asserting that the Applicant is financially solvent
 - (ii) Annual Audited Reports for the past 5 years of the Applicant
 - (c) Any other documentary evidence to substantiate the financial capabilities, technical competence to handle operation and maintenance of distribution system activities etc of the applicant.
3. Data relating to the Applicant's Proposed Business
 - a. Business Plan (with 5 years projection) for the proposed business for which licence is sought (*this should contain year wise load growth, year wise distribution loss reduction proposal along with specific action plan, metering plan, investment plan, treatment of previous losses, debt restructuring plan, program for rural electrification, cost reduction plan, projected profit and loss account, projected balance sheets, projected cash flow statements and projected important financial parameters*).
 - b. Five year annual forecasts of costs, sales, revenues, project financing and funding arrangements (clearly specifying the assumptions involved)

4. Detailed Map

- (a) Detailed electrical distribution map (including information on substations and configuration of the system) and geographical map for the proposed area of distribution, drawn to scale (scale not less than 10 Cms to one Km or any other scale as may be approved by the Commission).
- (b) The map shall clearly distinguish between the existing system and new facilities that will be required for meeting the obligations under the licence.
- (c) The map shall indicate the streets and roads in the proposed area of distribution in which the electricity is to be distributed.
- (d) A list of all local authorities connected with the administration of the area or any portion of the area of distribution.
- (e) Statement describing any lands, which the Applicant proposes to acquire under the provisions of Land Acquisition Act, 1894 (Act1 of 1894) for the purpose of the licence and the means of such acquisition.

Date

Signature of the Applicant

Part C : FORMAT FOR ASSESSING COMPETENCE OF APPLICANT

(This form to be filled in by the Applicant applying for a distribution licence)

1. Previous Experience (Past 5 years details for Related Business)

[To be filled in by the applicant or by each participant separately in case of JVC/ consortium (As applicable)]

General Information

General Information					
Name and Address of the Distribution project(s) developed					
Brief description of project developed					
Cost of the project developed – Rs. Lakhs.					
Name & Address of the Client Company for whom the project was developed					
Name, Designation and Address of Reference person of Client Company					
Details of Distribution managed in last 5 years – Commercial operations	Year 1	Year 2	Year 3	Year 4	Year 5
Assets					
Transformers (Nos)/Sub-stations					
Lines					
220 kV					
132 kV					
33 kV					
11 kV					
6.6 kV					
LT Line (Ckt. Kms)					
440 Volts					
Number of Contracts with details					
Distribution					
Domestic / State					
Specific details of Projects (Top 5 Projects)	(Name of the Project)	(Name of the Project)	(Name of the Project)	(Name of the Project)	(Name of the Project)
Commencement of Construction					
–Scheduled Date					
–Actual Date					

Commissioning –Scheduled Date –Actual Date Commercial Operation –Scheduled Date –Actual Date					
Project Cost –Estimated Cost –Actual Cost on Completion					
Consumer Base (Nos.) –EHT General Purpose –EHT Industrial –HT General Purpose –HT Industrial –LT Industrial –Commercial –Domestic –Agricultural –Street Light –Others					
Quantum of Energy Distributed –Total (Million Units) –Metered Sales (%)					
Quantum of energy billed Total (Million units)					
Revenue Collection –Amount (Rs. Lakhs) –Collection Efficiency (%)					
Financial Information (Rs. lakhs)	Year 1	Year 2	Year 3	Year 4	Year 5
Fixed Assets –Gross Fixed Assets –Accumulated Depreciation –Net Fixed Assets					
Equity –Promoters' –Government/ Financial –Institutions –Public –Others					
Liabilities –Long Term –Short Term					

Income –Sale of Power –Others					
Expenses –Administration and General Expenses –Repairs and Maintenance Expenses –Employee Cost –Depreciation –Interest and Financial Charges –Long Term –Short Term –Others					
Profits and Returns –Net Profits –Dividend Paid					

2. Details of Proposed Project (Business for which licence is sought)

[To be filled in by the applicant or by each participant separately in case of JVC/ consortium
(As applicable)]

- (i) Is the applicant acquiring Existing Assets or Creating New Assets?
(ii) Acquiring of Existing Assets / creation of New Assets

Funding	
Proposed means of Finance Equity (Rs. Lakhs) –Applicant –Co-promoters –Others (<i>specify</i>) Debt –Domestic (Rs. Lakhs) –Indian Financial Institutions –Commercial Banks –Others (<i>specify</i>) International (FC Million) –Supplier's Credit –Direct Borrowing –Others (<i>specify</i>) Equivalent INR (with Exchange rate used) –Others (<i>specify</i>)	
In case of Asset Procurement/ whether Project is proposed to be jointly funded along with External Agency– –Name and Address of the Agency, and contact details of the reference person of the Agency (name, address, telephone/fax numbers, email etc.,)	

–Proposed Equity from the Agency (Rs. Lakhs) –Agency's equity as a percentage of total equity (%) –Nature of proposed tie-up between Applicant and the other agency.	
Details of debt proposed for the Asset Procurement/ Project –Details of Lenders (name & address). –Details of Loan packages indicating the loan amount, currency, Term of loan, interest rate, up-front fees, Commitment charges etc. –Whether any guarantee is being sought for the loans from any agency. If Yes, provide details	Yes/ No

(iii) For Applicant creating New Assets

EPC: Whether the Applicant is proposing to employ an EPC Contractor. If Yes, Name, Address and contact details of the same. Proposed Contract Value Foreign Currency Equivalent INR (with Exchange rate used)	Yes/ No
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(iv) For Applicant employing other contractors / Agency

Other contracts	
Whether the Applicant is proposing to employ any Contractor for Operation and Maintenance work. If Yes, Name, Address & contact details of the same. –Period of the Contract –Details of the experience of the O&M contractor in similar	Yes/ No
Business	

Note :

Consent letters of the other Agency and Contractors to associate with the Applicant for the above project to be enclosed.

Necessary approvals and no objection certificates to be obtained at appropriate time and forwarded to the Commission.

3. Qualifications and Expertise (Personnel)

Name of personnel	Qualification	Specialization	Years of experience	Status in the firm

Note : Atleast one full time professional, having experience in each of the disciplines like Power Systems Operation, Finance should be part of the Core team.

4. Revenue Potential (Business for which licence is sought)

General Information	
(1) In case of acquired assets –Quantum energy distributed during previous financial year(MU) –Expected life of assets acquired (in years) In case of creation of new Assets –Quantum energy distributed during previous financial year on parallel network already existing (MU)	
(2) Consumer Base (Nos.) EHT General Purpose EHT Industrial HT General Purpose HT Industrial LT Industrial Commercial Domestic Agricultural Street Light Others (specify)	
(3) Sale of Electricity Expected Quantum (MU) Anticipated growth in demand (%)	
Commercial Information	
(1) Average Tariff (Rs./ Unit) EHT General Purpose EHT Industrial HT General Purpose HT Industrial LT Industrial Commercial Domestic Street Light Agricultural Others (<i>specify</i>)	
(2) Revenue –Realization (Rs. Lakhs) –Collection Efficiency (%)	
Financial Information	
Capital Base (Rs. Lakhs) Annual Expected Turnover (Rs. Lakhs)	

5. Financial Soundness (Other Subsidiary Business Units)

[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 1. 2. 3. 4. 5.
Financial Indicators	Year 1 Year 1 Year 1 Year 1 Year 1
–Fixed Assets –Gross Fixed Assets –Accumulated Depreciation –Net Fixed Assets	
Equity –Promoters' –Government/ Financial Institutions –Public –Others	
Liabilities –Long Term –Short Term	
Income –Sale of Power –Others (<i>specify</i>)	
Expenses –Administration and General Expenses –Repairs and Maintenance Expenses –Employee Cost –Depreciation –Interest and Financial Charges –Long Term –Short Term –Others (<i>specify</i>)	
Overall Turnover (Rs. Lakhs)	
Profits and Returns (Rs. Lakhs) –Net Profits –Dividends Paid	
Operating Ratios –Return on Equity –Return on Capital Employed –Return on Net Fixed Assets	
Liquidity Ratio –Debt Service Coverage Ratio –Current Ratio	

–Quick Ratio	
Capital Adequacy and Credit Worthiness	
–Debt/ Net worth	
–Debt/ Equity	
Turnover Ratio	
–Total Asset Turnover	
–Fixed Asset Turnover	

6. Baseline Information (Business for which licence is sought)

Commercial Information	
Assets Transformers (Nos.) Lines 220 kV 132 kV 66 kV 33 kV 11 kV 6.6 kV LT Line (Ckt. Kms) 440 Volts	
Commercial Information	
Metering Status Metered Consumers (as a percentage of Total Consumers)	
Billing Status Billing (as a percentage of Total Input)	
Revenue Realization –Revenue Realization per Unit Sale (Rs./ Unit) –Collection Efficiency (%)	
Loss –Technical Loss (%) –Commercial Loss (%)	

Note :

1. Certificates/documents in support of all the credentials detailed above, from the Owner/ Client for whom the projects were promoted should be submitted along with the application.
2. Wherever conversion factor is used (for currency conversion and others), mention the conversion factor used for this purpose.

Place –

Date –

Signature of the Applicant

Appendix- 2

FORMAT AND CONDITIONS OF DISTRIBUTION LICENCE

Licence granted for Distribution of electricity

[See Regulations 12 (5)]

Licence granted by the Meghalaya State Electricity Regulatory Commission under section 14 of the Electricity Act, 2003 (36 of 2003) to _____, for carrying on the business of distribution of electrical energy within the area of activity (as specified under 'licensed area of distribution licensee' in the schedule) and shall be subject to the terms and conditions specified herein. The licence shall come into force from

PART - I

DEFINITIONS

1. Words, terms and expressions to which meanings are assigned in the Electricity Act 2003 (36 of 2003) (hereinafter called the 'Act'), shall have the same meaning in these General Conditions.
2. Unless the context otherwise requires, in these General conditions:
 - (1) **"accounting statements"** means accounting statements for the licensed business comprising of a profit and loss account, a balance sheet and a statement of sources and application of funds, together with notes thereto, as specified under the Companies Act, 1956 (Act 1 of 1956) or as the Commission may prescribe from time to time. If the licensee engages in any other business or activity, in addition to the licenced business, the accounting statements shall be separately maintained as per directions of the Commission and show the amounts of any revenue, cost, asset, liability, reserve or provision, which has been either:
 - (i) charged from any other business to licenced business or vice versa together with a description of the basis of that charge; or
 - (ii) determined by apportionment or allocation between the licensed business and any other business of the licensee together with a description of the basis of such apportionment or allocation.
 - (2) **"Act"** means the Electricity Act, 2003 (Act 36 of 2003)
 - (3) **"annual accounts"** means the accounts of the licensee for a financial year prepared in accordance with the provisions of the Companies Act, 1956 (Act 1 of 1956) and/or in such other manner as may be directed by the Commission in terms of the provisions of the Act;
 - (4) **"Area of distribution"** or **"area of supply"** means the area within which a distribution licensee is authorized by his license to supply electricity;

- (5) **“Auditors”** means the licensee's auditors holding office in accordance with the requirements of sections 224 to 234A or section 619, of the Companies Act 1956 (Act 1 of 1956) as the case may be;
- (6) **“authorized”**, in relation to any person, means a licensee who has been granted a licence under section 14 of the Act or a deemed licensee under the first, third and fifth provisos to section 14 of the Act;
- (7) **“Commission”** means the Meghalaya State Electricity Regulatory Commission (MSERC);
- (8) **“distribution”** means the conveyance of electricity by means of a distribution system;
- (9) **“distribution business”** means authorized business of the licensee in the area specified in the license relating to supplying electricity to the consumer;
- (10) **“distribution licensee”** means a licensee authorized to operate and maintain a distribution system for supplying electricity to the consumers in his area of supply;
- (11) **“distribution system”** means the system of wires and associated facilities between the delivery points of the transmission lines or the generating station connection and the point of connection to the installations of the consumers;
- (12) **“distribution system performance standards”** means the standards of performance as specified in the Meghalaya State Electricity Regulatory Commission's Standards of Performance of Distribution Licensee Regulations, _____ and the Meghalaya State Electricity Supply Code.
- (13) **“franchisee”** means a person authorized by a distribution licensee to distribute electricity on its behalf in a particular area within his area of supply;
- (14) **“Force Majeure”** means any event beyond the reasonable control of the licensee, including, but not limited to earthquakes, cyclones, floods, storms, adverse weather conditions, war, terrorist attacks, civil commotion or other similar occurrences that lead to any act that would involve a breach of relevant laws or regulations relating to electricity supply by a licensee;
- (15) **“licence”** means a licence granted under section 14 of the Act;
- (16) **“licensee”** means any person, who has been granted this licence under section 14 of the Act;
- (17) **“licensed business”** means the business of distribution of electricity in the area specified in this licence;
- (18) **“Open Access”** means the non-discriminatory provision for use of transmission lines or distribution system or associated facilities with such lines or system by any licensee or consumer or a person engaged in generation in accordance with the regulations specified by the Commission;

- (19) **“operational control”** means possessing of authority to make operational decisions such as commissioning and utilisation of sub stations, Transformers, service lines and other equipments;
- (20) **“other business”** means any business of the licensee other than the licensed business for optimum utilisation of its assets;
- (21) **“person”** shall include any company or body corporate or association or body of individuals, whether incorporated or not or artificial judicial person;
- (22) **“sub-station”** means a station for transforming or converting electricity for the transmission or distribution thereof and includes transformers, converters, switchgears, capacitors, synchronous condensers, structures, cables and other appurtenant equipment and buildings used for that purpose and the site there of;
- (23) **“supply”** in relation to electricity means the sale of electricity to a licensee or consumer;
- (24) **“Meghalaya State Electricity Supply Code”** means the Code approved by the Commission under section 50 of the Act detailing the procedure for supply of electricity, collection of charges etc;
- (25) **“transfer”** shall include the sale, exchange, gift, lease, licence, securitisation, mortgage, charge, pledge or grant of any other encumbrance or otherwise permitting of any encumbrance to subsist or parting with physical possession or any other disposition;
- (26) **“use of system”** means use of the distribution system for the transportation and wheeling of electricity for any person pursuant to a contract entered into with the distribution licensee.
- (27) **“user”** means anyone who uses the distribution system.
- (28) **“wheeling”** means the operation whereby the distribution system and associated facilities of a distribution licensee, are used by another person for the conveyance of electricity on payment of charges to be determined under section 62 of the Act;

PART – II

GENERAL CONDITIONS

3. TERM OF THE LICENCE

The distribution licence shall come into force on a date specified by the Commission in its order granting such licence and shall remain in force for Twenty five (25) years from that date unless revoked earlier in accordance with the provisions of section 19 of the Act,

4. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

- (1) The distribution licensee shall comply with the provisions of the Act, rules, regulations and orders and directions issued by the Commission from time to time.
- (2) The distribution licensee shall act in accordance with the general and / or special conditions specified in the licence except where the licensee is exempted specifically or permitted by the Commission for any deviation from these guidelines through a separate order.
- (3) The distribution licensee shall comply with the orders and directions issued by the State Load Despatch Centre and other statutory authorities in the discharge of their functions.
- (4) The distribution licensee shall adhere to the Standards of Performance Regulations, the Electricity Supply Code, Grid Code etc. approved by the Commission in regard to supply of electricity in his area.

5. DUTIES OF THE DISTRIBUTION LICENSEE

- (1) The distribution licensee shall duly discharge the duties of the distribution licensee as provided under sections 42 and 43 of the Act and specified in these Regulations.
- (2) The distribution licensee shall develop and maintain an efficient, coordinated and economical distribution system in the specified area of distribution and effect supply of electricity to Consumers in such area in accordance with the provisions of the Act, rules, regulations, orders and directions of the Commission.
- (3) The distribution licensee shall be entitled to:
 - (a) purchase, import or otherwise avail electricity from a generating company, trader and from such other sources and persons with whom the distribution licensee has agreements or arrangements in accordance with the terms and conditions as approved by the Commission;

- (b) purchase from renewable sources of energy connected to its distribution system such quantum as may be stipulated by the Commission under section 86 (1) (e) of the Act.
 - (c) supply electricity within its area of supply to consumers requiring supply of electricity either directly or through open access in accordance with regulations made by the Commission. The licensee, with respect to open access supply, shall be a common carrier providing non-discriminatory open access and subject to operational constraints of the distribution system and collect wheeling and other charges as determined by the Commission from time to time.
- (4) The distribution licensee shall not, without the general or special approval of the Commission:
- (a) Sell or supply electricity to any person in accordance with the terms and conditions as specified in this license or by the Commission from time to time approved by the Commission; or
 - (b) provide wheeling services to third parties for transportation of electricity through the licensee's distribution system or permit a consumer or class of consumers to receive electricity supply from a person or another licensee of his area of supply; or
 - (c) The licensee shall not, except with the prior permission of the Commission
 - (i) undertake any transaction to acquire by purchase or takeover or otherwise, the utility of any other licensee within the State; or
 - (ii) merge his utility with the utility of any other licensee or his own elsewhere within the State; or
 - (iii) assign his licence or transfer his utility or part thereof to any person by lease, exchange or otherwise.
- (5) The licensee shall not extend any new provision of services to any other licensee or for the conveyance of electricity through its distribution system, without informing the Commission seven days prior to the commencement of such services. In case immediate remedial action is required in the interest of continuity of supply to the persons other than the consumers, the licensee may commence the activity, provided that the licensee informs the Commission of such occurrence or circumstances within seven days thereof.
- (6) The distribution licensee shall purchase the energy required for meeting its obligations under its licence in an economical manner and under a transparent or procurement process and in accordance with the regulations, guidelines,

directions issued by the Commission from time to time. In case of a shortage of electricity supply, the Commission shall fix the maximum and minimum ceiling of tariff for sale or purchase of electricity for such period of shortage.

- (7) In the event the distribution licensee engages in any other business, the same shall be subject to the following conditions:
- (a) due intimation is to be given to the Commission about the other business which the licensee intends to take-up;
 - (b) the licensed business and the conduct thereof by the licensee shall not be prejudicial and/or adversely affect in any manner the licensed business by reason of such other business;
 - (c) at least 50% of its profits, earned out of such other business, shall be utilized for reducing the charges for wheeling;
 - (d) the licensee shall not utilize its funds in any way for such other business nor create encumbrance on its distribution assets in any way to support such other business; and
 - (e) the distribution licensee shall be entitled to let its equipments/ materials in its possession on hire or lease provided such arrangement results in optimum utilisation and gainful employment of its assets. The licensee shall be entitled to sell or dispose off scrap/ unserviceable/ obsolete materials/ equipments. The earnings from such activities shall be recognized in the annual revenue requirement petition to be filed by the licensee with the Commission.
- (8) The distribution licensee shall seek approval of the Commission before making any loans to, or issuing any guarantee for any obligation of any person, except for the purposes of the licensed business. The loans and advances to employees pursuant to their terms and conditions of services in the ordinary course of business shall be excluded from the requirement to seek such approval.
- (9) The distribution licensee may establish subsidiaries or agents or enter into contracts to conduct or carry out any of the functions, which such licensee is authorized to conduct or carry out under the Act and this licence.

Provided always that:

- (a) any such subsidiary or agents or contractors or agents shall operate under the overall supervision and control of the licensee and within the scope of the terms and conditions of this licence;
- (b) the licensee shall , prior to entrusting any function to any such subsidiary or agents or contractor, intimate the Commission for concurrence or approval, subject to such conditions as the Commission may stipulate.

- (c) The distribution licensee shall take full responsibility for all actions of the subsidiaries or agents or contractors and the Commission may require the licensee to terminate the arrangements in case their performance is not to its satisfaction.
- (10) In case where prior approval of the Commission is required, the distribution licensee shall file an application with the Commission disclosing all the relevant facts relating to the matter. The Commission may, within thirty days of the filing of the application, seek further information in support of the application. The Commission shall allow the arrangement subject to such terms and conditions or modifications as it considers appropriate or reject the same, for reasons recorded in writing in the order to be issued by the Commission.

6. ACCOUNTS

- (1) Unless otherwise permitted by the Commission, the financial year of the distribution licensee for the licenced business shall be from the first of April of a calendar year to thirty-first of March of the subsequent calendar year.
- (2) The distribution licensee shall, in respect of the licensed business and / or any other business:
 - (a) keep such accounting records as would be required to be kept in respect of each such business so that the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to the licensed business are separately identifiable in the books of the licensee, from those of other business in which the licensee may be engaged;
 - (b) prepare on a consistent basis from such accounting records and submit to the Commission
 - (i) the accounting statements in accordance with the provisions of the Companies Act, 1956 and accounting standards or regulations or directions issued by the Commission;
 - (ii) in respect of the first six months of each financial year, a half yearly profit and loss account, cash flow statement and balance sheet together with such supporting documents and information as the Commission may prescribe from time to time;
 - (iii) in respect of the accounting statements prepared , an auditor's report shall be enclosed for each financial year, certifying that, the statements have been properly prepared in accordance with this clause (i) and give a true and fair view of the revenues, costs, assets, liabilities, reserves

and provisions of, or reasonably attributable to such businesses to which the statements relate;

(iv) a copy of each half yearly profit and loss account not later than one month after the end of the period to which it relates, and copies of the accounting statements and auditor's report not later than six months after the end of the financial year to which they relate.

- (3) Any person authorized by the Commission shall be entitled to inspect and verify the accounts of the distribution licensee and the licensee shall render all necessary assistance to such person.
- (4) The distribution licensee shall not normally change the basis of charge or apportionment or allocation of revenues or expenses in relation to the preparation of the accounting statements in respect of a financial year from those applied in respect of the previous financial year, without prior intimation to the Commission. The basis of charge or apportionment of revenues or expenses shall be consistent with the provisions of the Companies Act, 1956 (Act1 of 1956) or the respective Acts under which the licensee will be governed, the accounting standards or rules and also any guidelines issued by the Commission in this regard.
- (5) Where, in relation to the accounting statements in respect of a financial year, the Licensee has changed the basis of charge or apportionment or allocation from those adopted for the immediately preceding financial year, the licensee shall, if directed by the Commission, prepare such accounting statements on the basis which it applied in respect of the immediately preceding financial year and in addition prepare the accounting statements on the basis actually applied by it.
- (6) Accounting statements under sub-clause (2) shall, unless otherwise approved or directed by the Commission:
- (a) be prepared and published with the annual accounts of the distribution licensee as directed by the Commission;
 - (b) state the accounting policies adopted;
 - (c) prepare in the format as the Commission may stipulate from time to time;
- (7) The distribution licensee shall ensure that the accounting statements in respect of each financial year prepared under clause (2) and the auditor's report in respect of each financial year are made available to any person on request at a price not exceeding the reasonable cost of duplicating them.
- (8) In order to meet the requirement of open access, the accounting statements shall be maintained separately for capital expenditure and revenue expenditure to

enable the segregation of common services by suitably allocating the same as per the formula approved by the Commission.

7. FURNISHING OF INFORMATION TO THE COMMISSION

- (1) The distribution licensee shall furnish to the Commission, as directed from time to time, such information, documents and details related to the licensed business or any other business of the licensee engaged for optimum utilisation of the assets of the licensed business for its own purposes or for the purposes of the Government of India, State Government, the Central Commission, and/or the Central Electricity Authority, the State Transmission Utility and State Load Dispatch Centre.
- (2) The distribution licensee shall furnish periodical reports on the implementation of the standards of performance as specified in the Standards of Performance of Distribution Licensee Regulations, notified by the Commission and as amended from time to time, on the dates specified by the Commission.
- (3) The distribution licensee on occurrence of any major incident or accident shall notify the Commission about such occurrence as provided in Electricity Supply Code, and Standards of Performance of Distribution Licensee Regulations notified by the Commission.
- (4) The distribution licensee shall duly inform the Commission about any incident, that restricts from meeting its obligations under its licence, including any act of omission or commission by others and the steps taken by the licensee to mitigate the effect of such incident.
- (5) The distribution licensee shall submit a business plan, as required under the MSERC (Terms and Conditions for Determination of Tariff) Regulations - 2010, within three months from the date of this licence and shall update such plan annually.
- (6) The Commission may require the licensee to intimate before the end of first quarter of each financial year the progress made in implementing the business plan of the previous financial year with the comparison of actual implementation vis-à-vis the plan as approved by the Commission
- (7) The distribution licensee shall also undertake such studies as the Commission may direct it to undertake from time to time for the improvement of its distribution business and any other matter concerning the distribution business.

8. INVESTMENT

The licensee shall comply with the provisions of Regulations 41 to 45 of these regulations relating to Investment Plan and as directed by the Commission from time to time.

9. PAYMENT OF LICENCE FEES

- (1) Within thirty days or such further period as the Commission may allow after the date of commencement of the licence, the licensee shall pay to the Commission an initial license fee as may be determined by the Commission, on a pro-rata basis for the balance period of the year and for the subsequent financial year(s), as long as this Licence remains in force an annual Licence fee as specified by the Commission by 15th April each year.
- (2) The Commission may, from time to time revise the annual licence fee payable by the licensee. The Commission may publish a notice determining the annual licence fee payable by such licensee in each financial year or revise the relevant Regulations as the case may be.
- (3) Where the distribution licensee fails to pay to the Commission any of the fees due under sub-clauses (1) or (2) by the due dates:
 - (a) without prejudice to other obligations, the distribution licensee shall be liable to pay interest on the outstanding amount at a simple interest rate as specified by the Commission, the interest being payable for the period beginning on the day after which the amount became due, and ending on the day on which the payment is made to the Commission in cleared funds; and
 - (b) in the event of continued default by the distribution licensee, the Commission may revoke this licence pursuant to section 19 of the Act and regulation 21 of these regulations.
- (4) The distribution licensee shall be entitled to take into account any fee paid by it under this clause as an expense in the determination of aggregate revenues to be charged to the tariffs, but shall not take into account any interest paid pursuant to sub-clause (3) above.

10. AMENDMENT OF LICENCE CONDITIONS

The Commission may alter or amend any terms and conditions of at any time in public interest in exercise of powers under section 18 of the Act as under:

- (a) where the licensee has made an application under sub-section (1) of section 18, of the Act proposing any alteration or modifications to the terms and

conditions of licence, the licensee shall publish a notice of such application with such particulars and in such manner as specified in Regulation 26 of these regulations;

- (b) in the case of an application proposing alterations or modifications in the area of activity comprising the whole or any part of any cantonment, aerodrome, fortress, arsenal, dockyard or camp or of any building or place in the occupation of the Government for defence purposes, the Commission shall make any alterations or modifications only after obtaining prior approval with the consent of the Central Government;
- (c) the Commission shall not make any alterations or modification unless all suggestions or objections received within thirty days from the date of publication of the notice have been considered.

11. SETTLEMENT OF DISPUTES

The provisions contained in Regulation 27 of these regulations shall apply to any dispute between the distribution licensee and any generating company and or between a consumer and a distribution licensee shall be settled in accordance with the provisions contained in the said Regulation.

12. COMPLIANCE WITH THE GRID CODE BY THE DISTRIBUTION LICENSEE

The distribution licensee shall ensure due compliance with the Meghalaya State Electricity Grid Code approved by the Commission under clause (h) sub section (1) of section 86 of the Act.

13. COMPLIANCE WITH THE ELECTRICITY SUPPLY CODE AND DISTRIBUTION CODE BY THE DISTRIBUTION LICENSEE

The distribution licensee shall ensure due compliance with the Meghalaya State Electricity Supply Code in force as amended from time to time.

14. CONSUMER SERVICE

- (1) The distribution licensee shall duly comply with the provisions, as amended from time to time, in regard to consumer services in the Meghalaya State Electricity Supply Code and Standards of Performance of Distribution Licensee Regulations.

(2) *Payment of Bills*

The procedures regarding billing and payment of electricity charges outlined in Meghalaya State Electricity Supply code and Standards of Performance of Distribution Licensee Regulations shall be followed both by the licensees and the consumers.

(3) *Complaint Handling Procedure*

The distribution licensee shall establish a forum and ombudsman called Consumer Grievance Redressal Mechanism for redressal of grievances of the consumers in accordance with the Regulation 34 of these regulations, as required under section 42(5) of the Act.

(4) *Consumer Rights Statement*

- (a) The distribution licensee shall, within a reasonable period of time after the commencement of the licence or such other time as the Commission may allow, prepare and submit to the Commission for approval, a consumer rights statement, explaining to consumers their rights as Consumers serviced by such licensee. The Commission may, upon holding such consultation with such other persons or bodies of persons who the Commission considers as representing the interests of consumers likely to be affected by it, make such modifications in the statement, as it considers necessary in public interest.
- (b) The distribution licensee shall submit a proposal for any revision of the consumer rights statement to the Commission for its approval, including any representation received by such licensee and not accepted by it. The Commission may modify the existing consumer rights statement, as it considers necessary.
- (c) The distribution licensee shall:
 - (i) draw the attention of consumers, in such manner as the Commission may direct to the existence of the consumer rights statement and its revision from time to time.
 - (ii) make a copy of its consumer rights statement, as revised from time to time, available for inspection by members of the public at its offices during normal working hours; and
 - (iii) provide to all new consumers to be served by it, and to any other person who requests, a copy of the consumer rights statement, as revised from time to time, at a price not exceeding the reasonable cost of duplicating it.

(5) The distribution licensee shall duly comply with the standards as the Commission may specify from time to time, in performing its duties under the Act.

15. DISTRIBUTION SYSTEM PLANNING AND SECURITY STANDARDS, DISTRIBUTION SYSTEM OPERATING STANDARDS

The Distribution licensee shall comply with the provisions outlined in Meghalaya State Electricity Supply Code.

16. DUTY TO SUPPLY

The Distribution licensee shall comply with the provisions outlined in Regulation 28 of these regulations.

17. POWERS TO RECOVER OF CHARGES, SECURITY etc.

The Distribution licensee shall comply with the provisions outlined in Regulations 30 and 31 of these regulations

18. USE OF METERS

The distribution licensee shall comply with the requirements of the Act and the regulations, directions and orders of the Commission in regard to supply of electricity through meter provided in accordance with the "Installation and Operation of the Meter Regulations notified by the Central Electricity Authority under section 55 of the Act.

19. PROVISION OF SUBSIDIES TO CERTAIN CONSUMERS

The distribution licensee shall be guided by the provisions as per MSERC (Terms and Conditions for Determination of Tariff) Regulations, 2007.

20. POWERS OF THE LICENSEE FOR REVENUE REALISATION, PREVENTION OF METER TAMPERING, Etc.

The distribution licensee shall act as per the provisions Meghalaya State Electricity Supply Code.

21. POWER TO ENTER PREMISES AND TO REMOVE FITTINGS OR OTHER APPARATUS OF LICENSEE

The distribution licensee shall act as per the provisions of the Meghalaya State Electricity Supply Code.

22. THEFT OF ELECTRICITY, LINES, MATERIALS, INTERFERENCE WITH WORKS, etc.

The distribution licensee shall act as per the provisions of Meghalaya State Electricity Supply Code.

24. DISCONNECTIONS AND OTHER ACTIONS

The distribution licensee shall act as per the provisions of Meghalaya State Electricity Supply Code.

25. INTRODUCTION OF COMPETITION IN SUPPLY

(1) In accordance with section 14 of the Act, the Commission may, grant a licence to two or more persons for distribution of within the same area of supply subject to the condition that the applicant meets the eligibility norms as specified under sixth proviso under section 15 of the Act. No applicant who complies with all the requirements for grant of licence shall be refused licence on the ground that there already exists a licensee in the same area for the same purpose.

(2) As and when permitted by the Commission a consumer or a class of consumers can avail electricity from a person other than the licensee of his area of supply. In such a case the duties of the licensee shall be that of a “common carrier” providing non-discriminatory open access and the charges payable will be, determined by the Commission.

(3) The Commission may fix only the maximum ceiling of tariff for retail sale of electricity in an area of supply having two or more distribution licensees.

25. APPLICATION OF THE GENERAL CONDITIONS TO DEEMED LICENSEES

The conditions as set out herein above are applicable to any person or Agency who is a deemed licensee under section 14 of the Act.

Meghalaya State Electricity Regulatory Commission

Trading License

Notification No. _____ / 2010

In exercise of the powers conferred under section 181 read with under section 52 of the Electricity Act, 2003 and all other powers enabling in that behalf Meghalaya State Electricity Regulatory Commission hereby makes the following regulations for issue of license to trading in electricity in the State of Meghalaya.

Regulations

Chapter – 1

Preliminary

16. Short title and commencement

- (1) These regulations shall be called the Meghalaya State Electricity Regulatory Commission (Electricity Trading Licence) Regulations, 2010.
- (2) These regulations shall be applicable throughout the State of Meghalaya
- (3) These regulations shall come into force from the date of publication in the Official Gazette of the State.

17. Definitions

In these regulations, unless the context otherwise requires,

- (17) “**Act**” means the Electricity Act, 2003 (36 of 2003).
- (18) “**Appellate Tribunal**” means the Appellate Tribunal constituted under section 110 of the Act to hear appeals against the orders of the adjudicating officer or the Commission.
- (19) “**Area of activity**” means trading in electricity in the State of Meghalaya.
- (20) “**Agreement**” means a contract entered into by the trader with seller of electricity, buyer of electricity or any other licensee which enables trading in electricity to take place.
- (21) “**Annual Accounts**” means annual accounts of the licensee prepared in accordance with the provisions of the Companies Act 1956 (1 of 1956) from time to time as amended or in such manner as the Commission may direct from time to time.

- (22) **“Applicant”** means a person who has made an application to the Commission for grant of license for trading in electricity under section 15 of the Act.
- (23) **“Commission”** means the Meghalaya State Electricity Regulatory Commission (MSERC).
- (24) **“Customer”** means any person purchasing electricity from a trading licensee.
- (25) **“Deemed licensee”** means a person as defined under first, third and fifth proviso under section 14 of the Act.
- (26) **“Distribution”** means the conveyance or wheeling of electricity by means of a distribution system.
- (27) **“Force Majeure”** means any event beyond the reasonable control of the licensee, including but not limited to earthquakes, cyclones, floods, storms, adverse weather conditions, war, terrorist attacks, civil commotion etc, the occurrence of which leads to or involves breach of law or regulations or rules by the licensee.
- (28) **“Grid Code”** the State Grid Code, specified by the Commission under sub-section (1) (h) of section 86 of the Act covering all technical aspects relating to connections to the operation of the grid.
- (29) **“Intra State Trading”** means trading in electricity within the state of Meghalaya.
- (30) **“Licence”** means a license granted under section 14 of the Act, by the Commission to a person for trading in electricity.
- (31) **“Other business”** means any business of the trader other than the licensed business.
- (32) **“State”** means State of Meghalaya
- (33) **“Trading”** means purchase of electricity for resale thereof and the word ‘trade’ shall be construed accordingly.
- (34) **“Trading Licensee”** means a person to whom a licence has been granted for trading in electricity under section 14 of the Act by the Commission and includes a deemed licensee.

The words and expressions used in these regulations but not defined herein shall have same meaning as assigned to them under the Act.

Chapter – 2

General

18. Grant of license

The Commission shall grant a license to any person who undertakes trading in electricity on an application filed by him under section 15 of the Act for such a period as the Commission deems fit based on merits of each case.

19. Procedure for grant of a license

- (1) Every person who desires to trade in electricity shall make an application as in Annexure I or in such a manner as may be specified by the Commission along with the fee specified by the Commission.
- (2) Any person who makes an application under sub regulation (1) for grant of a trading license shall publish a notice of such application within seven days after making such application with such particulars and in such manner as may be specified by the Commission.
 - (a) publish a notice in two daily news papers one in English and another in local language, indicating the name and address of the person to whom it proposes to issue a trading license to enable interested persons to file objections or suggestions within 30 days from the date of publication.
 - (b) No license shall be granted until the objections, if any, received in response to the notice are considered or disposed of by the Commission.

The Commission may also obtain the comments of the applicant, if considered necessary, on the objections or suggestions received.
- (3) The Commission may, on scrutiny of the application, require the applicant to furnish within a specified date, any additional information or documents as it may consider necessary for processing the applicant's case.
- (4) The Commission shall, as far as possible, within 90 (ninety) days, after receipt of the application:
 - (i) issue of a license, as in Annexure II, subject to the provisions of the Act, as amended from time to time; or
 - (ii) reject the application for the reasons to be recorded in writing, if such application is not in accordance with the procedure stipulated by it and after giving the applicant an opportunity of hearing him.
- (5) The Commission shall also, immediately, after issue of the license, forward a copy of the license to the State Government, local authority and to such other authority or person as it may consider appropriate.
- (6) The period of the license shall be twenty-five years unless it is revoked by the Commission earlier.

20. Conditions for grant of license

The Commission may specify any general or specific conditions, as it may be deemed necessary, which shall be the conditions of such license, which are to be complied with by the trader.

21. Qualifications of an Electricity Trader

(a) Technical

The applicant shall fulfill the following:

- (1) shall have experts and skilled staff with requisite qualification and experience in
 - (i) power system
 - (ii) finance and commerce.
- (2) adequate space for office, communication facilities like telephone, fax, computer, internet etc.
- (3) own website to post all required information relating to his business.
- (4) shall submit along with his application the following information to assess his capabilities in respect of his resources deployed in the trading business to the Commission.
 - (i) the number of experts, summary of their qualifications, experience and knowledge in electricity industry, marketing, their understanding of the operation of the system and commercial functions, number of years of experience etc.
 - (ii) number of key staff working, their qualifications (academic and technical), experience and skills.
 - (iii) details of office accommodation, communication facilities available including website; and
 - (iv) copies of relevant documents in respect of above.
- (5) The applicant shall satisfy the Commission that the technical capacities and resources are sufficient to manage the trading activities entrusted.
- (6) Before granting intra-state trading license, the Commission shall satisfy itself that the applicant is competent to discharge the duties and functions stipulated in the Act, rules and regulations made thereunder.

(b) Financial requirements to be fulfilled by the trader:

- (1) Every applicant shall submit to the Commission the following along with his application in respect of his financial status:
 - (i) details of his earnings and history
 - (ii) balance sheet
 - (iii) profit and loss account
 - (iv) cash flow statement
 - (v) funding arrangements

(vi) risk management strategy to establish that he is capable of meeting the net worth requirement as indicated in item (2) below:

Before granting the license, the Commission shall satisfy itself that the applicant has fulfilled all the above requirements.

(2) The net worth requirement of the electricity trader / applicant shall at any time be not less than the following financial limits:

Category of the trading license	Annual volume of the trader	Annual licence fee
A	Upto 50MU	Rs. 50,000
B	Above 50MU and upto 100 MU	Rs. 75,000
C	Above 100MU and upto 200 MU	Rs. 1.00 lakh
D	Above 200MU and upto 300 MU	Rs. 1.50 lakhs
E	Above 300MU and upto 400 MU	Rs. 21.00 lakhs
F	Above 400MU and upto 500 MU	Rs. 2.50 lakhs
G	Above 500MU	Rs. 3.00 lakhs

Note: The above limits are subject to the following conditions:

- (i) The licensee shall increase his net-worth corresponding to the increase in the volume of trade from a lower limit to the next higher limit.
 - (ii) The change in the category shall be based on the volume of trade as on 31st March each year.
 - (iii) The licensee shall keep the Commission informed of his moving from one category to another and the consequential changes in the net worth.
- (3) The applicant shall declare to the Commission:
- (i) the maximum trade volume which he can handle in a month and his future plans of trading during the initial period of three years.
 - (ii) the capital adequacy and net-worth maintained which is sufficient to cover the maximum trade volume together, with documentary evidence, over an average settlement period of one month (30 days) worth credit as an electricity trader subject to the limits specified in sub-regulation (2) above.
 - (iii) endeavor to maintain investment grade credit rating duly certified by an independent credit testing agency to the effect.
 - (iv) the capital adequacy shall be based on:
 - (1) the quantum of trade specified in the license
 - (2) pool rate of the power handled by the trader including company expenses
 - (3) cover trade risks on account of default in payment and change in price adjustability on a six monthly basis with corresponding adjustments in the equity of the trader over and above the initial limit of capital adequacy approved by the Commission

- (c) The credit worthiness of the licensee shall correspond to the percentage of trade default in relation to the capital adequacy for three settlement periods. The Commission shall review and revise the credit worthiness every six months along with the revision in capital adequacy as deemed fit.

22. Date of commencement of the license

The Commission shall specify the date of commencement of the license in the license itself.

23. Compliance with Acts, Rules, Regulations etc

- (1) The trading licensee shall comply with the provisions of the Act, rules and regulations made thereunder, orders and directions of the Commission issued from time to time and the provisions of any law applicable to the electricity industry.
- (2) The trading licensee shall comply with regulations on phasing of open access in electricity distribution, standards of performance, grid code, supply code etc specified by the Commission.
- (3) The trading licensee shall also comply with all the directions issued by the State Load Despatch Centre from time to time.

24. Furnishing of information by the trading licensee

The licensee (including a deemed licensee) shall furnish to the Commission:

- (i) such information as may be specified to monitor the trader's performance, compliance with terms and conditions of the license, legislative or regulatory requirements etc and
- (ii) The trading licensee shall furnish to the Commission, as and when required or directed any information, documents and details relating to his business or any other business for the purpose of the Commission, Government of India, State Government, State Transmission Utility, the State Load Despatch Centre, the Central Commission and / or the Central Electricity authority.
- (iii) information as directed by the Commission under section 128 of the Act.
- (iv) on any incident which will restrict it in meeting its obligation under the license granted to it, including any act of omission or commission by others and the steps taken by the licensee to reduce the effect of such incident.
- (v) report on the occurrence of any other incident which materially affects any part of trading activities, within one month from the date of occurrence of such incident along with:

- (a) giving full details of the facts within the knowledge of the licensee regarding the incident and its causes;
 - (b) in case of any delay, the reasons for such delay
 - (c) furnishing of copies of all documents etc when major incident occurs and also as the Commission may direct
- (vi) submit a business plan, after the license coming into force or within such period as the Commission may direct, and thereafter update the plan annually, covering the following, among others:
- year wise turnover
 - projected profit and loss account
 - projected balance sheets
 - projected cash flow statements
 - any other important financial parameters
- (vii) furnish to the Commission, State Transmission Utility, SLD or any other authority all data, trading business plan etc as may be required in respect of his trading business.

25. License fee

- (1) Every trading licensee shall pay an initial / annual license fee, as may be fixed by the Commission, from time to time in the manner specified on due date.
- (2) If the licensee fails to pay the license fee within the specified date, the licensee shall be liable to pay the Commission, an interest, as specified, on the outstanding amount at the rate of on the amount due or part thereof for the period from the day on which amount falls due and ending on the day the payment is made.
- (3) The licensee shall be entitled to take into account any fee paid by him in accordance with sub-regulation (1) above for determination of aggregate revenue excluding the interest, if any, paid as per sub-regulation (2) above.

26. Trading margin

The Commission shall fix the trading margin for the trading licensee under section 86 (1) (i) of the Act.

27. Amendment, modification, alteration etc., to the license

- (1) The Commission may, *suo moto* or otherwise, amend, modify or alter the conditions laid down in the licence of the trader.
- (2) If the licensee proposes an amendment, modification or alteration, it shall be made through an application to the Commission, in the form specified by the Commission,

duly accompanied by a statement of the proposed amendment, modification etc, together with any fee specified by the Commission.

- (3) The licensee shall, within seven days from the date of filing the application with the Commission, (i) publish a notice giving brief statement of the amendment, modification(s) etc proposed, the reasons therefore, this effect in the discharge of the functions of the licensee and such other information as may be directed by the Commission. (ii) the licensee shall make available copies of the application together with all relevant details to the public in the manner specified by the Commission.
- (4) In case the Commission proposes to amend, modify or alter, *suo moto*, it shall also follow the procedure in clause (3) above

28. Duties and obligation of electricity trading licensee

- (1) The licensee shall perform all such duties and obligations, purchase and sale of electricity as may be specified by the Commission.
- (2) The licensee shall enter into agreements for purchase and sale of electricity and make all arrangements required for the proper discharge of his obligations under the license, including all safeguards in regards to supply, payment for electricity traded etc.
- (3) The licensee shall enter into agreements with the transmission / distribution licensee, as the case may be, for conveyance of electricity unless his customer or supplier made such an arrangement. Any such arrangement shall comply with the directions of the Commission issued from time to time.
- (4) The licensee shall be responsible to the Commission, customers and other concerned in the matter of supply electricity notwithstanding any default by the distribution licensee
- (5) (i) The trading licensee shall not, without prior permission of the Commission;
 - (a) undertake transmission of electricity to any person,
 - (b) undertake any transaction to acquire by purchase or takeover or otherwise the utility of another licensee,
 - (c) acquire any beneficial interest in any generating company or generating station, or,
 - (d) engage in the business of electricity distribution,
 - (e) take loans or issue any guarantee for any obligation to any person, except in connection with the licensed business,
 - (f) transfer or assign his utility or license or part thereof through sale, lease, exchange or other wise,
 - (g) merge his utility with utility of any other licensee

- (6) (i) Before obtaining approval of the Commission under items (a) and (g), the licensee applying for such approval shall give a notice of not less than one month to every other licensee, who distributes electricity in the area of such licensee,
- (ii) Where such permission is required, the licensee shall file an application with Commission, duly furnishing all required information for its consideration.
- (iii) The Commission, within 30 days of receipt of the application from the licensee, shall either accord permission or reject the application, as it deem necessary. The applicant shall be informed of the reasons for such rejection to the applicant before issue of orders.

14. Trading margin and expected revenue calculation

- (1) The licensee shall calculate the expected revenues from the charges, which it is permitted to recover as a trading margin in accordance the provisions of the Act, the terms and conditions of the license and other guidelines, orders and directions issued by the Commission from time to time.
- (2) The licensee shall file the expected revenue calculations in the manner specified, by the Commission from time to time.
- (3) The licensee shall, not later than 30th November every year, submit to the Commission a statement containing full details of its expected aggregate revenues and cost of service for the ensuing financial year in respect of the licensed business based on the trading margin approved by the Commission.

15. Contravention of terms and conditions of licence

The Commission may pass such orders, as it may deem necessary, if there is any contravention or likelihood of contravention of the terms and conditions of the licensee.

16. Issue of orders, directions etc.

Subject to the provisions of the Act, rules / regulations made thereunder, the Commission may, from time to time, issue orders or directions in regard to implementation of these regulations and procedures to be followed by the licensee on any matter, as it deems fit.

17. Investigation on failure to comply with terms and conditions by the licensee

- (1) Where the Commission is satisfied that a licensee has failed to comply with any or all the terms and conditions of the license or the provisions of the act, rules, codes or regulations, it may order investigation into the affairs of the licensee under section 128 of the Act.

- (2) On receipt of the investigation report, the Commission shall give an opportunity to the licensee to make a representation on the findings contained in the report. After examining the representation, the Commission may direct the licensee to take such action as may be necessary or revoke the license.
- (3) The Commission, while giving direction under sub-section (2) above, the Commission shall adhere to the procedure laid down under section 130 of the Act.

18. Interpretation

All matters requiring interpretation of these regulations shall be decided by the Commission only and the decision of the Commission shall be final. In case any person is aggrieved by the decision of the Commission, he may go in appeal to the Appellate Tribunal under section 111 of the Act.

19. Removal of difficulties

If any difficulty arises in giving effect to any of the provisions of these regulations, the Commission may, by general or special order, direct the licensee to take action as it may consider appropriate or necessary.

20. Safety in electricity supply

The licensee shall take precautionary measures to:

- (1) protect the customers or public from damage or use of electricity supplied including installations, maintenance of plant etc.
- (2) eliminate or reduce risks of personal injury to any person or damage to property of any person or interference with use of such property.
- (3) prohibit supply by means of a system which does not conform to the specifications as may be specified.
- (4) give intimation in the specified form to the Commission and the Electrical Inspectorate or any concerned authority on accidents and failures of supply.
- (5) maintain maps, plans and sections relating to supply of electricity etc.
- (6) ensure conducting of inspection of maps, plans and section of the licensee by any authorized person or Electrical Inspector or by any person on payment of specified fee.
- (7) suggest action to be taken in regard to any electric line or plant or appliance under the control of the consumer for the purpose of eliminating or reducing risk or personal injury or damage to property or interference with its use.

21. Revocation of license

- i. The Commission may, after making an independent enquiry, revoke the license of an electricity trader, in public interest, in the following cases under section 19 of the Act:
 - (a) where the licensee makes, willful or prolonged default in doing anything which is required to be done under the Act and the rules or regulations made thereunder or the licence.
 - (b) where the trading licensee has failed to comply with all the regulations, codes, standards, orders or directions issued by the Commission or otherwise committed any act which renders the license revocable on grounds provided in the Act or the rules and regulations made thereunder.
 - (c) fails to show to the satisfaction of the Commission:
 - 1. that he is in a position to fully and effectively perform duties and obligations imposed on him under the license.
 - 2. to make deposit or furnish the required security or pay the fee or other charges required to be paid under the license.
 - (d) 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; and
- ii. Where the public interest so requires, the Commission may on an application or with the consent of the licensee, revoke his license, either in whole or part thereof, as it may deem necessary.
- iii. Before revoking a trading license, the Commission may make alternate arrangement for the discharge of the duties and responsibilities under the license, as it may consider necessary in public interest. All such arrangements shall be at the cost of the trading licensee only.
- iv. The Commission may, instead of revoking the licensee under sub-section (1) above, permit the license to remain in force and impose further restrictions / conditions as it may deem fit, which shall be binding and implemented by the licensee.
- v. The Commission shall specify the date of effect of revocation in its order revoking the license.
- vi. Where the Commission has given notice of revocation of license under sub-regulation (1) above, and without prejudice to any penalty that maybe imposed or initiation of proceedings for prosecution, the licensee may, with prior approval of Commission, sell his utility or business to any other person, who is eligible for grant of license by the Commission.
- vii. No license shall be revoked by the Commission unless a notice of three months, in writing, is given to the licensee intimating the ground on which it proposes to revoke

the license and the Commission considered the representation submitted by the licensee within the notice period against the revocation of license.

Chapter – 3

Miscellaneous

22. Savings

Nothing contained under these regulations shall affect the rights and privileges of a consumer under any other law for time being in force, including the Consumer Protection Act, 1986 (68 of 1986)

23. Grievances of consumers

- (1) In case of any dispute or complaint in respect of supply, the consumer shall be entitled to approach the concerned Forum for redressal of grievances of consumers under sub-section (5) of section 42 of the Act.
- (2) An appeal on the decision of the Forum shall lie to the Ombudsman in accordance with the provisions of sub-section (6) of section 42 of the Act.

24. Settlement of disputes and arbitration

- (1) The Commission shall adjudicate the disputes between the licensees or refer any dispute for arbitration on application by any licensee.
- (2) The Commission shall issue notices to all concerned licensees indicating the details of the dispute (s) and after hearing of the parties concerned, the Commission shall pass such orders / directions as it may deem necessary.
- (3) If any licensee is not satisfied with the order / directions passed by the Commission, the licensee shall make a request to the Commission for appointment of any Arbitrator.
- (4) On receipt of an application from the licensee for appointment of an Arbitrator, the Commission shall appoint an Arbitrator under section 86 (f) of the Act duly indicating the terms and conditions for such appointment for settlement of dispute.
- (5) The Arbitrator, nominated by the Commission, on hearing of the concerned parties shall pass a speaking order giving reasons for the conclusions arrived at on all the issues raised.
- (6) The Commission, on receipt of the award, given by the Arbitrator, shall consider the award and pass final orders, as it deems fit.
- (7) The cost of the Arbitration shall be borne by the concerned licensee (s), as may be decided by the Commission.

25. Studies relating to trading activity

The Commission may *suo moto* initiate or direct the trading licensee to undertake study on the trading activities or any matter relating to the trading business in public interest. The cost of such studies and other expenses shall be allowed as a pass through by the trading licensee in its expected revenue requirement.

Chapter – 4 Accounts

26. Accounts of trading licensee

- (1) The trading licensee shall maintain separate accounts for his intra-state trading business in accordance with the guidelines issued by the Commission from time to time. Till such time the Commission issues these guidelines, the trading licensee shall maintain the accounts in accordance with the provisions of the Companies Act, 1956 as amended from time to time.
- (2) The trading licensee shall prepare on a consistent basis such records, accounting statements for each financial year comprising a profit and loss account, a balance sheet, a statement of sources, application of funds etc. along with required notes thereto.
- (3) The licensee shall show separately the amounts for revenue, costs, assets, liabilities, reserves or provisions made which have been
 - (a) charged from or to any other business along with a description of the basis for that charge; and / or
 - (b) determined by apportionment or allocation between the various business activities together with a description of the basis of such apportionment or allocation.
- (4) The trading licensee shall not normally change the basis of charge or apportionment or allocation of revenues or expenditure while preparing the accounting statements for a financial year, except with the prior approval of the Commission. Any change made by the licensee in the basis of charge or apportionment or allocation of revenues or expenditure shall be in accordance with the provisions of the Companies Act, 1956 (1 of 1956), the accounting standards or regulations and the guidelines issued by the Commission from time to time.

- (5) Where a trading licensee has changed the basis of charge, apportionment or allocation adopted in financial year immediately preceding, he shall, if directed by the Commission, also prepare and submit to the Commission such accounting statements on the basis of charge, apportionment or allocation which it has applied for the immediately preceding financial year.
- (6) The trading licensee shall also submit a report from the authorized auditors in respect of each financial year to the Commission stating that in their opinion the accounting statement, prepared as per sub-regulation (4) above, give a fair and true position of the revenues, costs, assets, liabilities, reserves and provisions attributable to the licensed trading business.
- (7) The trading licensee shall submit to the Commission the specified number of copies of the accounting statements and auditors' report by not later than six months after the closing of the financial year.
- (8) Any authorized officer of the Commission shall be entitled to inspect the books of the licensee and the licensee shall render all assistance to such authorized person.
- (9) Furnish required data or information to the Commission relating to the accounts maintained as and when directed.

Application form for Intra State Trading Licence

[See Regulation 4 (1)]

Part – A: GENERAL INFORMATION OF 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 :
- b. Details of Incorporation / Registration
Place of Incorporation / Registration :
Year of Incorporation :
Registration Number :
- c. Names and Addresses of Directors / Partners / governing body members / Others
- d. Permanent Account Number allotted by Income Tax Department

3. Principal Share holders / Partners / Members :

4. Details of the area of operation

- a. Nature of other trading licensee or authorisation, if any, of the applicant for electricity trading already granted:

5. Details of Operation

Maximum trading volume proposed to be undertaken by the applicant on a monthly basis for the first three years; (In Million units and capacity)

6. Funding arrangements (source of funding) to meet the obligations :
7. Arrangement for purchase of energy
8. Arrangement, if any, proposed with other existing trading, transmission and distribution licensees
9. Resume of the Organization giving details of
 - a. Management capability
 - b. Financial strength
 - c. Ability to attend to the activities in a sustainable manner
10. Date from which licence is sought

Date

Signature of the Applicant

Part – B: LIST OF DOCUMENTS TO ACCOMPANY LICENCE APPLICATION

1. Documents (attested copies) to be submitted along with the licence application
 - (a) Information relating to existing licence (if any), with copy of licence / Sanction No. and date.
 - (b) Certificate of Incorporation / Registration
 - (c) Certificate of commencement of Business
 - (d) Original Power of Attorney of the Signatory to commit the Applicant or its Promoter.
 - (e) Articles of Association, Memorandum of Association and similar statutory documents
 - (f) Details of Income Tax: PAN / TAN No.:
2. Organizational and Managerial Compatibility of Applicant
 - (a) Managerial
 - (i) Senior management's curriculum vitae
 - (ii) Cadre strength for different categories (technical and non-technical)
 - (b) Financial
 - (i) Bank references certifying that the Applicant is financially solvent
 - (ii) Annual Audited Reports for the past 5 years of the Applicant and of any Holding Company, Subsidiary or affiliated company (if any).
 - (c) Any other documentary evidence to substantiate the financial capabilities, technical competence etc.
3. Data relating to the Applicant's Proposed Business
 - (a) Approach and Methodology (Applicant is required to describe Approach and Methodology adopted for finalizing the Trading arrangements by the Applicant)
 - (b) Business plan (5 years projections) for the proposed trade business for which licence is sought (which should contain year wise projections of growth in trade volumes, metering plan, treatment of previous losses, debt restructuring plan, projection in regard to projected profit and loss account, balance sheets, cash flow statements and important financial parameters).

- (c) Five years annual forecasts of costs, sales, revenues, financing and funding arrangements (clearly specifying the assumptions involved)
- (d) any other information relating to the proposed trading in electricity

Date

Signature of the Applicant

Part C : FORMAT FOR ASSESSING COMPETENCE OF APPLICANT

[To be filled in by the applicant or by each participant separately in case of JVC/ consortium (As applicable)]

1. Previous Experience (Past 5 years details for Related Business)

A. General Information					
Does the applicant have previous experience in electricity trading? If yes, Specify details of experience, location (State / Country) etc.	Yes / No				
Does the applicant have trading experience in any other related sector? If yes, name the sector Specify location? (State / Country)	Yes / No				
B. Details of electricity trading in the last 5 years – Commercial Operations	Year 1	Year 2	Year 3	Year 4	Year 5
Trading volume at various voltage levels (Million Units) (a) Bulk trade (b) Retail trade					
Number of Ongoing Contracts with details (a) Bulk trade (b) Retail trade					
Bulk trade (Nos. and Quantum) End consumers Re-sellers(s) / Trader(s)					
Retail trade Consumer Base (Nos. and Quantum) High Tension Low Tension					

Revenue from electricity trading (Rs. Lakhs) (a) Bulk trade (b) Retail trade					
C. Details of trading in other sectors during the last 5 years – Commercial Operations	Year 1	Year 2	Year 3	Year 4	Year 5
Trading volume (_____ Units) (a) Bulk trade (b) Retail trade					
Revenue from trading (Rs. Lakhs) (a) Bulk trade (b) Retail trade					
Number of Ongoing trading Contracts with details (a) Bulk trade (b) Retail trade					
D. Financial Information (Rs. lakhs)	Year 1	Year 2	Year 3	Year 4	Year 5
(i) Equity Promoters' Government/ Financial Institutions Public Others					
(ii) Assets					
(iii) Liabilities Long Term Short Term					
(iv) Income Electricity trading Other sources					

(v) Expenses					
Administration and General Expenses					
Employee Cost					
Depreciation					
Interest and Financial Charges					
Long Term					
Short Term					
Other issues					
(vi) Profits and Returns					
Net Profits					
Dividends Paid					

2. Details of Proposed Trading Activity (Business for which licence is sought)

[To be filled in by the applicant or by each participant separately in case of JVC/ consortium (As applicable)]

Funding	
Whether applicant himself finances the proposed trading fully (If yes, details to be furnished)	Yes / No
Proposed means of Finance	
(a) Equity (Rs. Lakhs)	
Applicant	
Co-promoters	
Others (<i>specify</i>)	
(b) Debt	
Domestic (Rs. Lakhs)	
Indian Financial Institutions	
Commercial Banks	
Others (<i>specify</i>)	
International (FC Million)	
Supplier's Credit	
Direct Borrowing	
Others (<i>specify</i>)	
Equivalent INR (with Exchange rate used)	
(c) Others (<i>specify</i>)	

<p>In case trading activity is proposed to be jointly funded along with External Agency</p> <p>Name and Address of the Agency, and contact details of the person or the Agency (name, address, telephone/fax numbers, email etc.,)</p> <p>(a) Proposed equity by Applicant (b) Proposed Equity from the Agency (Rs. Lakhs)</p> <p>(c) Agency's equity as a percentage of total equity (%)</p> <p>Nature of proposed tie-up between Applicant and the other agency – (Copy of the contract deed to be furnished).</p>	
<p>Details of debt proposed for trading activity</p> <p>(a) Details of Lenders (name & address).</p> <p>(b) Details of Loan packages indicating the loan amount, currency, Term of loan, interest rate, up-front fees, Commitment charges etc.</p> <p>(c) Whether any guarantee is being sought for the loans from any agency.</p> <p>(d) If Yes, provide details</p>	<p>Yes/ No</p>
<p>Minimum level of communication infrastructure available</p> <p>(specific details)</p>	<p>Telephone / Fax / Internet / V-Sat</p>

Note :

Consent letters of the other Agency and Contractors willing to associate with the Applicant for the above project to be enclosed.

Necessary approvals and no objection certificates to be obtained from the concerned at appropriate time by the applicant and forwarded to the Commission, as and when required.

3. Qualifications and Expertise (Personnel)

Name of personnel	Status in the firm	Qualification	Specialization	Years of experience
1.				
2.				
3.				
4.				
5.				

Note : Atleast one full time professional, having experience in each of the disciplines like Power Systems Operation, Finance should be part of the Core team.

Knowledge and understanding of power systems operation (covering generation availability, capacity utilization, demand, plant load factor, flow of electricity etc), power market operations ,commercial arrangements(PPAs, BSA, TSA, etc) and communication and scheduling of power (load dispatch are required)

4. Revenue Potential (Trading for which licence is sought)

General Information	
Details of proposed Bulk consumers End consumers Reseller(s) / Trader(s)	
Retail consumer base (Nos.) High Tension Low Tension	
Trading of electricity (expected annual) Bulk Trade Expected quantum (mu) Anticipated demand growth (%) Retail Trade Expected quantum (mu) Anticipated demand growth (%)	

Commercial Information	
Existing Average Tariff (Rs./ Unit)	
Bulk supply tariff	
Retail supply tariff	
High tension	
Low tension	
Financial Information	
Expected Annual turn over (Rs. Lakhs)	

Note: Rating certificate from the competent authority to be furnished for the existing business.

5. Financial Soundness (Other Subsidiary Business Units)

[To be filled in by the applicant or by each participant separately in case of JVC/ consortium (As applicable)]

General Information

General Information						
Names of Subsidiary Business Units	Products Manufactured/ Services					
1.	1.					
2.	2.					
3.	3.					
4.	4.					
5.	5.					
Banker's details Details of Bank Accounts Name and Address of the Bank Account Number Contract person & details Name of the representative Designation Contact numbers e-mail ID						
Financial Information	Year 1	Year 2	Year 3	Year 4	Year 5	
Fixed Assets						
Gross Fixed Assets						
Accumulated Depreciation						
Net Fixed Assets						

Equity					
Promoters'					
Government/ Financial					
Institutions					
Public					
Others					
Liabilities					
Long Term					
Short Term					
Income					
Sale of Power					
Others (<i>specify</i>)					
Expenses					
Administration and General					
Expense					
Repairs and Maintenance					
Employee Cost					
Depreciation					
Interest and Financial Charges					
Long Term					
Short Term					
Others (<i>specify</i>)					
Financial Indicators	Year 1	Year 2	Year 3	Year 4	Year 5
Overall Turnover (Rs. Lakhs)					
Profits and Returns (Rs. Lakhs)					
Net Profits					
Dividends Paid					
Operating Ratios					
Return on Equity					
Return on Capital Employed					
Return on Net Fixed Assets					
Liquidity Ratio					
Debt Service Coverage Ratio					
Current Ratio					
Quick Ratio					

Capital Adequacy and Credit Worthiness Debt/ Net worth Debt/ Equity					
Turnover Ratio Total Asset Turnover Fixed Asset Turnover					

6. Baseline Information (Business for which licence is sought)

Commercial Information	
Metering Status Total interconnection points Unmetered interconnection points Consumers with TOD meters Metered retail consumers Unmetered retail consumers Consumer with TOD meters	
Billing Status Billing (as a % of Total Input)	
Loss Commercial loss (%)	

Note :

1. Certificates/documents in support of all the credentials detailed above, from the Owner/ Client for whom the projects were promoted should be submitted along with the application.
2. Wherever conversion factor is used (for currency conversion and others), mention the conversion factor used for this purpose.

Date

Signature of the Applicant

FORMAT OF LICENCE OF AN ELECTRICITY TRADER

Licence granted for Trading in electricity

[See *Regulations 4 (5) (i)*]

The Meghalaya Electricity Regulatory Commission (hereinafter referred to as “the Commission”), in exercise of the powers conferred under section 14 of the Electricity Act, 2003 (Act 36 of 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 in the State of Meghalaya subject to the terms and conditions contained in the Act, the rules made by the Central Government (hereinafter referred to as “the Rules”) and the regulations specified by the Commission (hereinafter referred to as “the Regulations”), including statutory amendments, alterations, modifications, re-enactments thereof, which shall be read as part and parcel of this licence.

The licence shall come into effect from

PART – I

DEFINITIONS

1. Words, terms and expressions to which meanings are assigned by the Electricity Act 2003 (36 of 2003), shall have the same meaning in these General Conditions.
2. Unless the context otherwise requires:
 - (a) “**accounting statement**” means for each financial year, accounting statements for the licensed business comprising a profit and loss account, a balance sheet and a statement of sources and application of funds, together with notes thereto as detailed under the Companies Act, 1956 (1 of 1956) or other Acts under which the licensee is governed and such other particulars or details as the Commission may prescribe from time to time. If the trading licensee engages in any other business or activity in addition to the licensed business, the accounting statements shall be maintained for such other business and show specifically the amounts of any revenue, cost, asset, liability, reserve or provision, which has been either:
 - (i) diverted from the licensed business to any other business or vice versa together with a description of the basis of that charge; or

- (ii) the mode of apportionment or allocation between the licensed business and any other business of the licensee together with a description of the basis of the apportionment or allocation.
- (b) **“Act”** means the Electricity Act, 2003 (Act 36 of 2003)
- (c) **“agreement”** means agreement entered into by the licensee with the seller of electricity, buyer of electricity, other licensees, State Load Despatch Centre, consumer etc. that enables the trading transactions to take place;
- (d) **“annual accounts”** means the accounts of the licensee (profit and loss account, balance sheet and other related statements to the trading business) prepared in accordance with the provisions of the Companies Act, 1956 and/or in such other manner as may be specified by the Commission in accordance with the provisions of the Act;
- (e) **“area of activity”** means the trading activity in electricity in the State of Meghalaya;
- (f) **“auditors”** means the licensee’s auditors holding office in accordance with the requirements of sections 224 to 234A or section 619 as appropriate, of the Companies Act 1956 (1 of 1956);
- (g) **“authorized”**, in relation to any person, business or activity, means authorized by licence granted under section 14 of the Act or deemed license under the first, third and fifth provisos to section 14 of the Act or exemption granted under section 13 of the Act and these regulations;
- (h) **“Commission”** means the Meghalaya State Electricity Regulatory Commission (MSERC);
- (i) **“Conduct of Business Regulations”** means the Meghalaya State Electricity Regulatory Commission - Conduct of Business Regulations for the time being in force;
- (j) **“customer”** means any buyer purchasing electricity from the trader, viz. distribution licensee, any other trading licensee or any other customer that the licensee enters into a sale agreement.
- (k) **“Deemed licensee”** means a person as defined under first, third and fifth provisos under section 14 of the Act.
- (l) **“Force Majeure”** means events beyond the reasonable control of the licensee, including, but not limited to earthquakes, cyclones, floods, storms, adverse weather conditions, war, terrorist attacks, civil commotion or other similar occurrences that leads to any act that would involve a breach of relevant laws or regulations by the licensee;

- (m) **“licence”** means a licence granted under section 14 of the Act;
- (n) **“licensee”** means a person who has been granted a licence by the Commission under section 14 of the Act;
- (o) **“licensed business”** means the business of trading in electricity in the area of activity as authorized under the licence;
- (p) **“open access”** means the non-discriminatory provision for the use of transmission lines or distribution lines or transmission systems or distribution systems or associated facilities with such lines or systems by any licensee or customer or a person engaged in generation in accordance with the regulations specified by the Commission;
- (q) **“person”** shall include any company or body corporate or association or body of individuals, whether incorporated or not, or artificial juridical person;
- (r) **“regulations”** means the regulations made by the Commission, under section 181 of the Act;
- (s) **“State”** means the State of Meghalaya;
- (t) **“State Government”** means the Government of Meghalaya;
- (u) **“subsidiary”** shall have the same meaning as in section 4 of the Companies Act 1956 (1 of 1956);
- (v) **“supply”** in relation to electricity means the sale of electricity to a person, licensee or consumer within the State of Meghalaya ;
- (w) **“Electricity Supply Code”** means the Code published by the Commission under section 50 of the Act;
- (x) **“trader”** means a person who has been granted a licence or a deemed licensee to undertake trading in electricity under section 14 of the Act;
- (y) **“trading”** means purchase of electricity for resale thereof and the expression “trade” shall be construed accordingly;
- (z) **“trading business”** means the business of the under a license granted by the Commission under section 14 of the Act;
- (aa) **“transfer”** shall include the sale, exchange, gift, lease, licence, securitisation, mortgage, charge, pledge or grant of any other encumbrance or otherwise permitting of any encumbrance to subsist or parting with physical possession of the asset relating to the licensed business;
- (ab) **“transmit”** means conveyance of electricity by means of transmission lines and the expression "transmission" shall be construed accordingly;
- (ac) **“transmission licensee”** means a licensee authorized to establish or operate transmission lines;

- (ad) **“transmission system”** means the system consisting mainly of extra high voltage electric lines having design voltage of 66 kV and higher, owned or controlled by the transmission licensee, and used for the purposes of the conveyance of electricity and includes all bays/equipments upto the interconnection with the distribution system, and any plant, apparatus and meters owned or used in connection with the transmission of electricity, but shall not include any part of a distribution system;

PART – II

GENERAL CONDITIONS

3. TERM OF THE LICENCE

- (1) The trading licence shall come into force on _____ (the date to be specified by the Commission) in the order granting this licence and unless revoked by the Commission earlier, under section 19 of the Act , the license shall remain in force for a period of 25 (Twenty five) years from that date.
- (2) This trading licence is not transferable except under orders of the Commission.

4. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

- (1) The trading licensee shall comply with the provisions of the Act, rules, regulations, orders and directions issued by the Commission from time to time.
- (2) The trading licensee shall act in accordance with the General Conditions specified except where the licensee is exempted from any provisions of these General Conditions or specifically permitted by the Commission for any deviation.
- (3) The trading licensee shall duly comply with the orders and directions of the National Load Despatch Centre, Regional Load Despatch Centre and the State Load Despatch Centre and other statutory authorities issued in the discharge of his functions.

5. GENERAL CONDITIONS OF THE TRADING LICENSEE

- (1) The trading licensee shall engage in the business of trading in electricity in the State provided that any such sale or supply of electricity to a customer shall be subject to the trading margin that may be approved by the Commission from time to time.
- (2) The trading licensee shall have in place all agreements, for the purchase, sale and supply of electricity including the billing and settlement agreement, with all necessary authorizations as required by it to perform its obligations under such

agreements and the conditions specified in this license. The licensee shall submit to the Commission copies of all such agreements for its information.

- (3) The trading licensee shall not, without the prior approval of the Commission:
- (a) undertake any transaction to acquire by purchase or takeover or otherwise, utility of any other licensee in its area of activity; or
 - (b) acquire any beneficial interest in any generating company or generating station or distribution licensee or any other trading licensee; or
 - (c) merge its utility with any other licensee within the State; or
 - (d) transfer its licence, or its utility, or any part thereof, by sale, lease, exchange or otherwise;

Any agreement relating to any transaction referred to in sub-clauses (a) to (d) made without the approval of the Commission, shall be invalid.

- (4) To obtain the approval of the Commission as aforesaid, the licensee shall file an application in the specified format with the Commission disclosing all relevant facts in that behalf and the Commission shall dispose of such application expeditiously.
- (5) The grant of this trading licence to the licensee shall not in any way restrict the right of the Commission to grant a licence to any other person within the licensee's area for trading in electricity as an electricity trader.
- (6) If the contract of the trading licensee with its customer is for a fixed term, the licensee shall inform the customer well in advance of the expiry of the term of the agreement and initiate action for its continuance with customers.
- (7) The trading licensee shall comply with all the requirements in accordance with the provisions of the Act, the rules and the regulations made thereunder, Meghalaya State Electricity Grid Code, Meghalaya State Electricity Distribution Code, Meghalaya State Electricity Supply Code, other codes, orders and directions issued by the Commission from time to time.
- (8) The trading licensee shall maintain an upto date register or record of all the business transactions.
- (9) The trading licensee shall fulfill the technical requirement, capital adequacy requirement and creditworthiness specified by the Commission in the regulations, as amended from time to time, and submit quarterly reports to the Commission on a regular basis.
- (10) The trading licensee shall increase its network if the quantum of trade moves from a lower category to a higher category and the change of category shall be based on the volume of electricity trade as on 31st March of each year for

which the licensee shall keep the Commission informed of the changes in the net worth as and when it occurs, as directed by the Commission.

- (11) The trading licensee shall establish adequate communication facilities like telephone, fax, computer, internet facilities etc before undertaking trading.
- (12) The trading licensee shall render all assistance for carrying out inspection of the transactions relating to the licence to any person authorized to inspect by the Commission.
- (13) The trading licensee shall pay the initial / annual licence fee as specified by the Commission.
- (14) The trading licensee shall purchase the energy required for meeting its obligations to its customers in an economical manner and in a transparent manner in accordance with the guidelines, directions etc issued by the Commission from time to time.
- (15) The trading licensee shall comply with all the guidelines or directions issued by the State Load Despatch Centre and assist in maintaining maximum economy in operation of the power system.
- (16) The trading licensee shall make an application to the Commission whenever intervening transmission facility to arrange additional / surplus capacity available is required subject to payment of rates and charges, terms and conditions etc as specified by the Commission.
- (17) The trading licensee shall introduce systems and procedures necessary for complying with conditions specified in the licence.
- (18) The trading licensee shall not enter into any Agreement or abuse its dominant position or enter into a combination, which is likely to cause or causes an adverse effect on competition in the electricity industry.
- (19) If the trading licensee anticipates that it will be unable to meet any of the obligations under this licence, it shall as soon as possible intimate the Commission and give sufficient reasons for the same.
- (20) Any other special condition that may be specified by the Commission as it deem fit as necessary.

6. ACCOUNTS

- (1) Unless otherwise specified by the Commission, the financial year of the trading licensee for the purposes the licensed business shall be from the first of April to the thirty-first of March of the following year.
- (2) The trading licensee shall, in respect of the licensed business and any other business:

- (a) prepare and maintain, on a consistent basis, such accounting records and submit to the Commission
 - (i) the accounting statements; such as profit and loss account, balance sheet or any other statements specified by the Commission, in particular and as per the provisions of the Companies Act, 1956 as amended from time to time.
 - (ii) submit to the Commission on specified dates, the profit and loss account, cash flow statement and balance sheet together with such supporting documents and information as the Commission may prescribe from time to time;
 - (iii) in respect of the accounting statements prepared, an auditor's report for each financial year, stating that in their opinion these statements have been properly prepared in accordance with the Companies Act, 1956 and give a true and fair view of the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to such businesses to which the statements relate; and
 - (iv) copies of the audited accounting statements and auditor's report shall be submitted to the Commission within six months after the close of the financial year to which they relate.
- (3) The trading licensee shall not normally change the basis of charge or apportionment or allocation of revenues or expenses for preparation of the accounting statements in respect of a financial year from those applied in respect of the previous financial year, without prior intimation to the Commission. Any change, if proposed, in the basis of charge or apportionment or allocation of revenues or expenses shall be consistent with the provisions of the Companies Act, 1956, the accounting standards or rules and any guidelines issued by the Commission in this regard.
- (4) Where, in relation to the accounting statements in respect of a financial year, the licensee has changed the basis of charge or apportionment or allocation from those adopted for the immediately preceding financial year, the licensee shall, if requested by the Commission, (in addition to preparing accounting statements on the basis it has adopted), prepare also such accounting statements on the basis which it has adopted in the immediately preceding financial year.
- (5) As directed by the Commission, the trading licensee shall:
 - (a) prepare and publish the annual accounts of the trading licensee, in the manner specified herein;
 - (b) furnish the accounting policies adopted;

- (c) prepare the accounts and statements in accordance with generally accepted Indian accounting standards;
- (6) The references to costs or liabilities reasonably attributable to licensed business or other business shall be construed as excluding taxation.
- (7) the trading licensee shall maintain separate accounts for the licensed business and other business to ensure that the assets and liabilities of the licensed business are not encumbered by the other businesses of the trader.
- (8) The Commission may require the licensee to comply with the provisions of sub clause (1) to (7) above treating the trading and other activities of the licensee as separate and distinct businesses and in accordance with any guidelines issued by the Commission in this regard.
- (9) Any person authorized by the Commission shall be entitled to inspect and verify the accounts of the trading licensee and the licensee shall render all necessary assistance to such person.

7. PROVISION OF INFORMATION TO THE COMMISSION

- (1) The trading licensee shall furnish to the Commission without undue delay such information, documents and details related to the licensed business or any other business of the licensee, as the Commission may require for its own purposes or for the purposes of the Government of India, State Government, the State Transmission Utility, The State Load Dispatch Centre, the Central Commission and/or the Central Electricity Authority.
- (2) The trading licensee shall furnish to the Commission 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 licence and any other legislative or regulatory requirement in the manner required by the Commission.
- (3) The trading licensee shall file the annual revenue requirements as may be directed by the Commission and in the form and manner specified thereto, to enable the Commission to determine the trading margin for the trading business of the licensee.
- (4) The trading licensee shall promptly inform the Commission about any incident restricting it from meeting its obligation under the licence including any act of omission or commission by others and steps taken by the licensee to mitigate the effect of such incident. The trading licensee shall notify the Commission as soon as possible the occurrence of any other incident which materially affects any part of its trading activities or any event, by not later than thirty days from the date of such occurrence; as under:

- (a) submit a report to the Commission giving full details of the facts within the knowledge of the licensee regarding the incident and its cause; and
 - (b) give copies of the report to all parties concerned with such incident and to such other persons as the Commission may direct.
- (5) The Commission may, by order, after providing an opportunity of hearing, direct the trading licensee to pay such amount of compensation as the Commission may direct, to persons who are affected or prejudiced by any act of commission, omission or negligence on the part of any of the employees or agents of the licensee.
- (6) The trading licensee shall submit a business plan in accordance with the provisions of MSERC (Terms and Conditions for determination of tariff) Regulations - 2010.

8. CAPITAL ADEQUACY, CREDIT WORTHINESS NORMS TO BE MAINTAINED

- (1) The trading licensee shall comply with the regulations, guidelines, directions and orders which the Commission may issue from time to time in regard to the technical and financial parameters and norms to be maintained at all times by the trading licensee.
- (2) The net worth at any point of time during the period of trading shall not reduce below 75% of the minimum requirements specified for the category of trader and shall be replenished at the end of every quarter (i.e) March, June, September & December every year to the specified levels.
- (3) The trader shall maintain investment grade credit rating duly certified by a leading independent Credit Rating Agency to the effect.
- (4) The non-maintenance of the technical and financial parameters as per sub-clause (1) above shall amount to a material breach of the obligations under the licensee;

9. PAYMENT OF LICENCE FEES

- (1) Within thirty days or such further period as the Commission may allow after the coming into force of this licence, the licensee shall pay to the Commission a fee as may be specified by the Commission and on a prorata basis for the balance period of the year in quarterly instalments as specified in sub-clause (2).
- (2) The Commission may, from time to time revise the licence fee payable by the licensee. The Commission may publish the annual licence fee payable by the licensee on/ or before the start of each financial year.

- (3) Where the trading licensee fails to pay to the Commission any of the fees due under sub-clauses (1) or (2) by the due dates:
- (a) without prejudice to other obligations, the licensee shall be liable to pay interest on the outstanding amount at a simple interest rate specified by the Commission, the interest being payable for the period beginning on the day on which the amount became due, and ending on the day on which the payment is made to the Commission; and
 - (b) in the event of continued default by the licensee, the Commission may revoke this licence pursuant to section 19 of the Act and regulation 21 of these trading regulations.
- (4) The trading licensee shall be entitled to take into account any fee paid under clauses (1) and (2) above as an expense in the determination of aggregate revenues, but shall not take into account any interest paid pursuant to clause (3) above.

10. AMENDMENT OF LICENCE CONDITIONS

Any terms and conditions of licence may be altered or amended by the Commission at any time in public interest in exercise of powers under section 18 of the Act as under:

- (a) where the licensee has made an application under sub-section (2) (a) of section 18, of the Act proposing any alteration or modifications to the terms and conditions of licence, the licensee shall publish a notice of such application with such particulars and in such manner as specified in Regulation 12 of the regulations;
- (b) in the case of an application proposing alterations or modifications in the area of activity comprising the whole or any part of any cantonment, aerodrome, fortress, arsenal, dockyard or camp or of any building or place in the occupation of the Government for defence purposes, the Commission shall make any alterations or modifications only with the consent of the Central Government;
- (c) where an alteration or modification is proposed, the Commission shall publish the proposed amendment, alteration or modification to the license with such particulars and in such manner as may be required. The Commission shall not make any alteration or modification unless all suggestions or objections received within thirty days from the date of the publication of the notice have been considered.

- (d) The Commission may, with reasons recorded in writing, and after providing reasonable opportunity to the licensee to be heard, issue such appropriate orders modifying or amending the conditions of this licence, as it consider appropriate.

11. SETTLEMENT OF DISPUTES

The provisions contained in regulation 24 of these regulations shall apply to any dispute between the trading licensee and any generating company or transmission licensee or consumers or distribution licensee and such disputes shall be settled in accordance with the provisions contained in the said regulation.

12. TARIFF, TRADING MARGINS AND EXPECTED REVENUE CALCULATION

- (1) The trading licensee shall calculate the expected revenue from the trading margin, which it is permitted to recover as approved by the Commission, the terms and conditions and other guidelines, orders and directions issued by the Commission from time to time.
- (2) The trading licensee shall file the expected revenue calculation in the manner on the date specified by the Commission.
- (3) The trading licensee shall submit to the Commission every year, not later than 30th November, a statement with full details of its expected aggregate revenues and cost of service for the ensuing financial year for its licensed business in accordance with the provisions of the Act and the regulations, guidelines and orders issued by the Commission from time to time.

13. COMPLIANCE AND SUBMISSION OF INFORMATION TO STATE LOAD DESPATCH CENTRE & CENTRAL ELECTRICITY AUTHORITY

- (1) The trading licensee shall comply with the provisions of codes and regulations published / specified by the Commission and directives of the Commission issued from time to time;
- (2) The trading licensee shall submit to the State Load Dispatch Centre (SLDC) all information pertaining to the trade of electricity by the licensee and the SLDC shall verify the information provided by the licensee on quantum of electricity traded as against its reports and submit a review report to the Commission.
- (3) The trading licensee shall submit information to the Central Electricity Authority as required under section 74 of the Act;
- (4) The trading licensee shall pay the SLDC charges as may be specified by the Commission from time to time;

- (5) The trading licensee(s) shall comply with the trading margin fixed by the Commission.

14. PRUDENTIAL REPORTING

- (a) The trading licensee, shall, as soon as practicable, report to the Commission any significant changes in its business which may affect the licensee's ability to meet its obligations under the Act, rules and regulations directions / orders issued by the Commission.
- (b) Any major change in shareholding pattern, ownership or management of the licensee.

15. COMMUNICATION

- (1) All communications relating to the trading licence shall be in writing and shall be delivered either in person to the addressee or his authorized agent, or sent by registered/speed post to the place of business of the addressee.
- (2) All communications shall be regarded to have been given by the sender and received by the addressee:
- (a) when delivered in person to the addressee or to his authorized agent;
 - (b) on expiry of fifteen days from the date of sending by registered/ speed post at the address of the addressee.

16. INTRODUCTION OF COMPETITION IN TRADING

The Commission may, after considering applicable Government policy and in consultation with the other licensees and generating companies, formulate guidelines for the introduction of competition in supply / promote the development of a market (including trading of power) in the State.