

**MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION
SHILLONG**

NOTIFICATION
(8th February 2011)

NO. MSERC/Trad-Lic/07/2011/01, The following draft of the Meghalaya State Electricity Regulatory Commission (Grant of Licenses for Trading in Electricity) Regulations, 2011 which the Commission proposes to make in exercise to the powers conferred under subsections (1) and (2) of section 181 of the Electricity Act, 2003 and all powers enabling it in that behalf are hereby previously published as required under subsection (3) of section 181 and notice is hereby given that any person or persons who may be interested may send their objections, suggestions or comments to the Secretary of the Commission, New Administrative Building, Lower Lachumiere, Shillong within 30 days of the publication of this notification in the Gazette of Meghalaya for consideration by the Commission.

Secretary
Meghalaya State Electricity Regulatory Commission
Shillong

**THE MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION
(GRANT OF LICENSES FOR TRADING IN ELECTRICITY)
REGULATIONS, 2011.**

(_____of 2011)

Chapter – 1
Preliminary

1. Short title and commencement

- (1) These regulations shall be called the Meghalaya State Electricity Regulatory Commission (Electricity Trading Licence) Regulations, 2011.
- (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.

2. Definitions

In these regulations, unless the context otherwise requires,

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

- (ii) **“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.
- (iii) **‘Area of activity’** means trading in electricity in the State of Meghalaya.
- (iv) **“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.
- (v) **“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.
- (vi) **“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.
- (vii) **“Commission”** means the Meghalaya State Electricity Regulatory Commission (MSERC).
- (viii) **“Customer”** means any person purchasing electricity from a trading licensee.
- (ix) **“Deemed licensee”** means a person as defined under first, third and fifth proviso under section 14 of the Act.
- (x) **“Distribution”** means the conveyance or wheeling of electricity by means of a distribution system.
- (xi) **“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.
- (xii) **“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.
- (xiii) **“Intra State Trading”** means trading in electricity within the state of Meghalaya.
- (xiv) **“Licence”** means a license granted under section 14 of the Act, by the Commission to a person for trading in electricity.
- (xv) **“Other business”** means any business of the trader other than the licensed business.
- (xvi) **“State”** means State of Meghalaya
- (xvii) **“Trading”** means purchase of electricity for resale thereof and the word ‘trade’ shall be construed accordingly.

(xviii) “**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

3. 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.

4. 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.

5. 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.

6. 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.

7. Date of commencement of the license

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

8. 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.

9. 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.

10. 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.

11. Trading margin

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

12. 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

13. 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

- (1) 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:
 - (i) that he is in a position to fully and effectively perform duties and obligations imposed on him under the license.
 - (ii) 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

- (2) 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.
- (3) 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.
- (4) 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.
- (5) The Commission shall specify the date of effect of revocation in its order revoking the license.
- (6) 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.
- (7) 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					
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.