

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

STARRED QUESTION NO:28
ANSWERED ON:20.11.2009
SURRENDER OF POWER TRADING LICENCES
Joshi Shri Pralhad Venkatesh

Will the Minister of POWER be pleased to state:

- (a) whether the Government is aware that several companies which have been issued licences for power trading, are surrendering such licences;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Central Electricity Regulatory Commission (CERC) has taken note of the situation;
- (d) if so, the details thereof; and
- (e) the corrective action taken/being taken by the Government in this regard?

Answer

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE)

(a) to (e) : A Statement is laid on the Table of the House.

STATEMENT

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF STARRED QUESTION NO. 28 TO BE ANSWERED IN THE LOK SABHA ON 20.11.2009 REGARDING SURRENDER OF POWER TRADING LICENCES.

(a) & (b) : Trading is a licensed activity under the Electricity Act,2003. Under the Act, trading is defined as an activity involving purchase of electricity for resale thereof. It has also been provided in the Act that grant of license to undertake electricity trading as an electricity trader to any person in any area, is the function of the Appropriate Commission on an application made to it.

The Central Electricity Regulatory Commission has informed that it has granted 44 licenses for inter-State trading in electricity so far. Six licensees have surrendered their licence, their details are as under:

S. No. Name of licence holder of licence Date of issue Date of surrender and reasons therefor

1. MMTC Limited Core-1, Scope Complex, 7, Institutional Area, Lodhi Road, New Delhi-110003. 23.7.2004 8.6.2009. The licensee ``B` Category has not given any specific (now category-II) reason for surrendering of the licence.

2. Jindal Steel & Power Limited Jindal Centre 12, Bhikaji Cama Place New Delhi 2.11.2004 12.2.2008. The licensee `A` Category has not given any specific reason for surrendering of the licence.

3. GMR Energy Limited Skip House 25/1, Museum Road Bangalore-560 025 9.11.2004 26.10.2006. He has `I` Category submitted that he wants to participate in bidding for transmission licence.

4. Sarda Energy & Minerals Ltd. 3.11.2004 31.7.2009. Being a captive generating company, the Industrial Growth Centre (Now category `III`) power through inter-State Sittara, Raipur-493 111 open access directly, for which trading licence is not required.

5 Malaxmi Energy Trading Private Limited 12.12.2006 25.8.2009. The licensee Category `A` has submitted that due to Malaxmi House, 8-2-583/3, (Now `III` grave economic Road # 9, Banjara Hills, Category) recession, it has not been Hyderabad able to undertake any Tele: 040 23358953/54 inter-State trading in Fax: 040 23358950 electricity.

6 Basis Point Commodities Pvt. Ltd. 7.10.2008 12.8.2009. The licensee Category `A` has submitted that due 4th floor, 56, Mogra Village (Now `III` Category) to prevailing adverse Lane, Off old Nagardas financial situation and Road, Andheri (East), global meltdown coupled Mumbai-400 069 with highly competitive electricity trading business and low electricity trading margin, it has not been able to undertake any inter-State trading in electricity.

(c) : As per the provisions of Electricity Act, 2003, power trading licences are issued by the Appropriate Commission. According to Central Commission, six licensees as above, have surrendered their licenses due to variety of reasons of their own.

According to Central Electricity Regulatory Commission, their regulations on procedure, terms & conditions for grant of trading licence provides that a licensee can make an application for revocation of licence which amounts to surrendering of licence. As per regulation 14(2) of the aforesaid regulations, when the licensee makes an application for revocation of licence, and the Commission is satisfied that revocation of licence shall not prejudicially affect the public interest, the Commission may revoke his licence on such terms & conditions as it thinks fit.

(d) & (e) : Question do not arise.