

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:4904
ANSWERED ON:25.04.2013
SURRENDER OF LICENCES
Lal Shri Kirodi

Will the Minister of POWER be pleased to state:

- (a) whether the Government is aware that a number of companies to whom licences have been given to operate in the power sector are surrendering their licences;
- (b) if so, the details thereof along with the reasons therefor;
- (c) whether the Central Electricity Regulatory Commission (CERC) has taken stock of the situation; and
- (d) if so, the details thereof along with the remedial measures being taken by the Government in this regard?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF POWER (SHRI JYOTIRADITYA M. SCINDIA)

(a) & (b) : As per available information, during the period June, 2004 to March, 2013, the Central Electricity Regulatory Commission (CERC) granted trading licenses to 64 applicants for inter-State trading in electricity. Of these, 14 licensees have surrendered their licenses and their licences have been revoked by the Commission. The licensees in their applications for surrender of licence had cited reasons such as competitive power trading business, high volatility and uncertainty prevailing in the market as the reasons for surrender of their licences.

The details of licensees, who have surrendered their licenses, are as under:

Sl. No. Name of Licensees

1 MMC Limited

2 DLF Power Limited

3 Jindal Steel & Power Limited

4 Sarda Energy & Minerals Ltd.

5 GMR Energy Limited

6 BGR Energy Systems Limited

7 Malaxmi Energy Trading Private Limited

8 Patni Projects Pvt. Limited

9 Vandana Global Limited

10 Indiabulls Power generation Limited

11 Basic Point Commodities Pvt. Ltd.

12 Righill Electrics Limited

13 Godawari Power and Ispat Limited

14 Kandla Energy and Chemical Limited., Ahmadabad

(c) & (d) : Yes, Madam. Keeping in view the various risks involved in the electricity trading business and to create conducive environment for the same, CERC has taken the following measures:

(i) Revised the trading margin for short term power (upto one year) from a flat rate of 4 paise/kWh for any sale price to 4 paise/kWh where the sale price is less than or equal to Rs. 3/kWh and 7 paise/kWh where the sale price exceeds Rs. 3/kWh through the Central Electricity Regulatory Commission (CERC) (Fixation of Trading Margin) Regulations, 2010`.

(ii) Trading margin has been removed for all the long-term contracts (i.e. for the contracts having duration of more than one year) undertaken by the trading licensees.

(iii) A new trading licence category (Category IV for undertaking trading upto 100 MU in a year) has been introduced to encourage more number of small players in the electricity trading.

(iv) Introduction of Renewable Energy Certificates (RECs) trading through power exchanges to facilitate the trading licensees to diversify their product portfolio and enhance the volume of trading.