



Chhattisgarh State Electricity Regulatory Commission

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TRADING LICENCE No. 01 OF 2008 LICENCE FOR TRADING OF ELECTRICITY IN THE STATE OF CHHATTISGARH

No. PNo-33/2007(L)/2008/473

Raipur, Dated: 25th April, 2008

The Chhattisgarh State Electricity Regulatory Commission in exercise of the power conferred under section 14 of the Electricity Act, 2003 hereby grants this trading license to M/s Global Energy Limited having its office at New Delhi to trade electricity as an electricity trader in the area of state of Chhattisgarh, subject to terms and conditions contained in the Act (in particular, section 17 to 22 thereof, both inclusive), and the CSERC (License Regulations), 2004, notified by the Commission including statutory amendments, modifications, reenactment and mentioned hereunder which shall be read as part and parcel of this license. This licence will be the first intra-state trading licence (Licence No. 01 of 2008), granted by the Commission.

2 DEFINITIONS

In this licence unless the context otherwise requires:

- (a) "Accounting Statement" means for each financial year, accounting statements in respect of the licensed business, comprising-
 - (i) a balance sheet, prepared in accordance with the form contained in Part I of Schedule VI to the Companies Act, 1956;
 - (ii) a profit and loss account, complying with the requirements contained in Part II of Schedule VI to the Companies Act, 1956;
 - (iii) a cash flow statement, prepared in accordance with the Accounting Standard on Cash Flow Statement (AS-3) of the Institute of Chartered Accountants of India;
 - (iv) a report of the statutory auditors' of the electricity trader;
 - (v) cost records prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, together with notes thereto, and such other supporting statements and information as the Commission may direct from time to time;
- (b) "Act" means the Electricity Act, 2003 (36 of 2003);
- (c) "Commission" means the Chhattisgarh State Electricity Regulatory Commission;
- (d) "Licence" means this licence under which the electricity trader is authorized to conduct the licensed business;

- (e) "Licensed Business" means the business of trading of electricity pursuant to this licence.
- (f) "Regulations" means the Chhattisgarh State Electricity Regulatory Commission (Licence) Regulations, 2004 and amendment to it if any.
- (g) "Electricity trader" means M/s Global Energy Limited in its capacity as operator of the licensed business.

Words or expressions used herein and not defined shall have the meanings assigned to them in the Act.

Part II: General Terms and Conditions

3 AREA OF TRADING

The area of trading shall be the geographical area of the State of Chhattisgarh.

4 COMMENCEMENTS AND TERM OF LICENCE

The licence shall come into force from the date of issuance of this licence and, unless revoked earlier by the Commission in accordance with the provisions of Section 19 of the Act or the Regulations, shall remain in force for a period of one year, which can be extended by further period of four years on annual basis.

5. QUANTUM OF POWER PERMITTED FOR TRADING

Under this license the electricity trader shall trade power to the maximum extent of 76.65 million units (expected trading volume-35 MW) within the geographical area of the State of Chhattisgarh. The quantum of power to be traded by the electricity trader in subsequent years shall be decided separately on annual basis by the Commission considering the request of the electricity trader.

6 DUTIES AND FUNCTIONS OF TRADING LICENSE.

6.1 The electricity trader shall undertake the licensed business in accordance with the provisions of the Act and the rules and regulations made there under and the provisions of the Regulations.

Provided that it shall be the duty of the electricity trader to comply with the following:

- (a) This licence does not entitle the electricity trader to undertake the business of transmission or distribution of electricity in the state.
- (b) The electricity trader shall comply with the requirements of the applicable laws in force and, in particular, the Act, the rules and regulations made thereunder the Regulations, the State Grid Code, orders and directions issued by the Commission from time to time;
- (c) The electricity trader shall be governed by the technical requirements, capital adequacy requirements and creditworthiness as may be specified by the

Commission;

- (d) The electricity trader shall establish adequate communication facilities like telephone, fax, computer, internet facilities, before undertaking trading;
- (e) The electricity trader shall coordinate with the State Load Despatch Centre and the State Transmission Utility with regard to his licensed business;
- (f) The electricity trader shall render all assistance to any person authorized by the Commission for carrying out his duties relating to the licence;
- (g) The electricity trader shall maintain an up-to-date record of his customers and the transactions entered into by him with other parties.
- (h) The electricity trader shall not omit or neglect to undertake trading activity for four consecutive quarters.
- (i) The electricity trader shall not enter into any agreement leading to abuse of his dominant position or enter into a combination which is likely to cause or causes an adverse effect on competition in electricity industry.
- (j) The State Load Despatch Centre, shall verify the quantum of energy traded, as indicated in the report and submit a report to the Commission.
- (k) The electricity trader shall maintain at all times the capital adequacy and net worth sufficient to cover the maximum trading volume over an average settlement period of 30 days (one month) worth of credit subject to the minimum requirements as may be laid down by the Commission.

6.2 The electricity trader shall as soon as practicable report to the Commission-

- (a) any significant change in his circumstances which may affect his ability to meet his obligations under the Act, the rules and the regulations thereunder, directions and orders issued by the Commission, agreements or the Licence;
- (b) any material breach, or likelihood thereof, of the provisions of the Act, the rules and the regulations thereunder, directions and orders issued by the Commission, agreement or the licence, which was reasonably within his knowledge, along with the reasons therefore, as soon as practicable; and
- (c) any change in management control or major change in the shareholding pattern of the electricity trader.

Explanation I – for the purpose of this clause, “management control” shall include the right to appoint majority of the directors or to control the management or policy decisions of the electricity trader, including by virtue of shareholding or management rights or shareholders’ agreement or partnership agreement or trust deed or voting agreement or in any other manner;

Explanation II – for the purpose of this clause, “major change in shareholding pattern” shall mean the acquisition, by such person as specified in Regulation 7 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as in force from time to time, of such per cent of shares or voting rights in the electricity trader as would entail a disclosure under sub-regulation (1) of that Regulation.

- 6.3 The electricity trader shall seek the approval of the Commission before creating any encumbrance on the assets of the licensed business, except where such encumbrance is created for the purpose of the licensed business.
- 6.4 The electricity trader may engage any of its subsidiaries or holding company or a subsidiary of such holding company to provide any goods or services to the electricity trader in connection with the licensed business, subject to the condition that the transaction shall be undertaken on an “arms-length basis” and at a value that is fair and reasonable in the circumstances, which for the purposes of this clause, shall mean with respect to any specific transaction, substantially on terms that would be obtained between the electricity trader and a third party unrelated to and unconnected with the electricity trader;

Explanation – for the purpose of this clause, the terms “subsidiary” and “holding Company” shall have the same meaning as under Section 4 of the Companies Act, 1956.

7 ACCOUNTS

- 7.1 The electricity trader shall in respect of the licensed business:
- (a) keep such accounting records as would be required so that the revenues, costs, assets, liabilities, reserves and provisions for, or reasonably attributable to the licensed business are separately identifiable in the books of the electricity trader, and
 - (b) prepare on a consistent basis from such accounting records, the Accounting Statements prepared in accordance with the provisions of the Companies Act, 1956 and / or the standards or guidelines of the Institute of Chartered Accountants of India.
- 7.2 The electricity trader shall upon written request by any person make available a copy of its Accounting Statements at a reasonable price not exceeding photocopying charges.

8. PROVISION OF INFORMATION TO THE COMMISSION

The electricity trader shall furnish to the Commission such information, documents and details related to the licensed business as the Commission may require.

9. STANDARDS OF PERFORMANCE

The electricity trader shall furnish performance details to the Commission for such periods and in such forms as may be specified.

10. TRADING MARGIN

The trading margin on the electricity traded within the state including all charges except the charges for scheduled energy, open access and transmission losses shall be 4 paise/kwh or as may be decided by the Commission.

11. **LICENCE FEES**

During the period that the license is in force, the electricity trader shall make the payment of license fees in accordance with the CSERC (Fees and Charges) Regulations, 2004.

12. This license is also subject to the conditions laid down in the order of this Commission dated 13-03-2008 in petition no. 33 of 2007(L)
13. The interpretation of the license and the terms and conditions thereof shall be as determined by the Commission

By order of the Commission

**Sd/-
Secretary**

Copy to:-

1. M/s. Global Energy Limited
GESCO Corporate Centre, 70, Nehru Place
New Delhi- 110019
2. Principal Secretary
Energy Department
Government of Chhattisgarh
D.K.S. Bhawan, Mantralaya
Raipur (C.G.)
3. Secretary
Chhattisgarh State Electricity Board
Danganiya, Raipur (C.G.)
4. Chief Engineer
State Load Despatch Centre
Khedamara, Bhilai (C.G.)