**UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION NOTIFICATION No.: UPERC/Secy/Regulation/05-256**

Lucknow : Dated, 9 June, 2005

**UPERC (Procedure Terms & Conditions for grant of Trading Licence for Intrastate Electricity Trader and other related provisions) Regulation, 2004.**

In exercise of powers conferred under Section 181 read with Section 12,14,52, 66,and 86 of the Electricity Act, 2003 and of all other powers enabling in this behalf, and after previous publications, the Uttar Pradesh Electricity Regulatory Commission hereby makes the following regulations, namely: -

1. **Short Title and Commencement**

(a) These regulations shall be called the Uttar Pradesh Electricity Regulatory Commission (Procedure, Terms & Conditions for grant of Trading License for Intrastate Electricity Trader and other related Provisions) Regulations, 2004

(b) This Regulation shall apply to any person undertaking intra-state trading of electricity in the territory of the State.

2. **Definitions and Interpretation**

(1) In these regulations unless the context or subject-matter otherwise requires:

**"Act"** means the Electricity Act, 2003 (36 of 2003);

**"Applicant"** means a person who has made an application to the Commission for grant of licence for intra-state trading of electricity;

**"Agreement"** means the agreement entered into between the electricity trader and the seller of electricity on the one hand, the electricity trader, and the buyer of electricity on the other;

**"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) and such other particulars and details in the manner as the Commission may direct from time to time. If the Trading Licensee engages in any business or activity in addition to the Licensed Business, the accounting statements shall comply with the regulations of the Commission dealing with the treatment of Other Business of Trading Licensees and show separately the amounts of any revenue, cost, asset, liability, reserve or provision, which has been either: (i) Charged from the Licensed Business to any Other 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 Trading Licensee together with a description of the basis of the apportionment or allocation.

**"Annual Accounts"** means the accounts of the Trading Licensee prepared in accordance with the provisions of the Companies Act, 1956 and/or in such other manner as may be directed by the Commission in terms of the provisions of the Act;

**"Area of Activity"** means the area of activity stated in the Trading License within which the Trading Licensee is authorized to trade;

**"Auditors"** means the Trading 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);

**"Authorized",** in relation to any Person, business or activity, means authorised by licence granted under Section 14 of the Act or deemed to be granted under the first second third and fifth proviso to Section 14 of the Act or exemption granted under Section 13 of the Act and the regulations of the Commission;

"**Commission"** means the Uttar Pradesh Electricity Regulatory Commission.

**"Conduct of Business Regulations"** means the Uttar Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2000,as amended from time to time and includes any statutory re-enactment thereof;

**"Deemed Licensee"** means a person ~~authorised~~authorized under the first, second, third and fifth proviso to section 14 of the Act.

**"Distribution"** means the conveyance or wheeling of electricity by means of a Distribution System;

**"Distribution Code"** means the Code governing all material technical aspects relating to connections to and the operation and use of the Distribution System as approved by the Commission;

**"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 concerned with electrical safety;

**"Grid Code"** means the grid code developed by the State Transmission Utility approved by the Commission, covering all material technical aspects relating to connections to and the operation of the Grid, the use of a Transmission System, or (in so far as relevant to the operation and use of a Transmission System) the operation

of electric lines and electrical plant connected to the Transmission System, the Distribution Systems, or the system of any Supplier, and shall include the Interim Grid Code;

**"Intra-state trading,"** means trading in electricity within the territory of the State by an electricity trader;**"Licence"** meansthe licence under section 14 of the Act under which the Licensee is authorized to conduct the Licensed Business;

**"Licensed Business"** means the business of Trading in electricity as authorised under the licence;**"Net worth"** means the sum total of paid up capital, premium, free reserves and surplus but shall not include reserves credited out of revaluation of assets, write back of depreciation provisions and amalgamation.

**Other Business"** means business of the Trading Licensee other than the Licensed Business;

**"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 the Act or the State Act;

**"Specific Conditions"** means the conditions in addition to or in variation of the General Conditions which the Commission may lay down specifically for a trading licensee;

**"State"** means the State of Uttar Pradesh;

**"State Act"** means the Uttar Pradesh (Uttar Pradesh Electricity Reform Act 1999) not inconsistent with Act-2003.

**"State Government"** means the Government of the State of Uttar Pradesh;

**"Trading"** means purchase of electricity for resale thereof and the expression trade shall be construed accordingly;

**"Trading Licensee"** means the Licence under section 14 of the Act for undertaking Trading and shall include Deemed Licensee for the purpose.

**"Transmission Licensee"** means the entity, which has been granted a Transmission Licence or is a deemed Licensee under the first, second, third or fifth proviso of Section 14 of the Act authorized to transmit electricity;

**"Transfer"** shall include the sale, exchange, gift, lease, licence, loan, securitisation, mortgage, charge, pledge, or grant of any other encumbrance or otherwise permitting of any encumbrance to subsist;

Save as aforesaid and unless repugnant to the context or the subject-matter otherwise requires, words and expressions used in these regulations and not defined, but defined in the Act, and the Grid Code shall have the meanings assigned to them respectively in the Act or the Grid Code or the licence for intra-state trading. There shall be a Hindi translation of this Regulation also however in case of dispute as to the meaning of words and expression, the interpretation of this English version shall prevail ;

(2) These regulations shall be applicable to trading carried out bilaterally between generators & traders on the one hand and the traders and licensees on the other. The U.P. Electricity Regulatory Commission is in the process of framing regulations for open access. The State Commission shall also consider in future for introduction of power exchange/market. These regulations shall be reviewed and modified, from time to time, to keep pace with these developments.

## REQUIREMENTS FOR BEING AN ELECTRICITY TRADER

3. **Technical and Commercial Requirements**

(1) The applicant for trading licence shall have understanding of generation availability, Plant Load Factor, transmission availability, extra transmission capacity and scheduling of generation and demand etc. including the technical capability and resources to coordinate with Regulatory Commissions, State Transmission Utility, Central Transmission Utility, Central Electricity Authority and State/Regional Load Dispatch Centers, agencies for metering, billing, revenue realization and energy accounting and capabilities adequate to manage technical ,market and commercial functioning with each of the interacting player in the grid along with updated awareness of rules, codes and regulations enforced in the industry by the Commission or the Government in order to handle the intended volume of intra-state trade. For the said purpose the trader shall place employee profile capable of handling the said specific functions efficiently besides necessary required infrastructure. Therefore, the applicant shall have at least one full-time professional having, experience in each of the following disciplines, namely:

(i) Engineer having 7-10 years experience in Power system operations,

(ii) Expert in Finance, commerce, and accounts having degree in Chartered Accountancy/ ICWA/MBA with experience in commercial and market settlement activities

(2) The technical requirement of staff shall be complied with before undertaking trading activities, notwithstanding the fact that the Commission has granted the licence for intra-state trading.

(3) The applicant shall furnish to the Commission the details of the professional and the supporting staff engaged by him on full-time basis before undertaking intra-state trading.

4. **Capital adequacy Requirement and Creditworthiness to qualify as Trader**:

(1) The applicant shall declare to the Commission the maximum trading volume the applicant proposes to handle in a month and its future plans of trading during the initial three years.

(2) The applicant shall maintain at all times the capital adequacy and net worth sufficient to cover the maximum trading volume supported by documentary evidence over an average settlement period of 30 days(one month) worth of credit for the applicant as an electricity trader subject to the following minimum requirements;

(a) Trade upto 50 Million Units (MU),
Net Worth Requirement(Rs. million) = Trade Volume(MU) * Rs. 2.0 per unit

(b) For each addition of 10 MU over and above 50 Million Units (MU) per month,
Net Worth Requirement (Rs. million) = Trade Volume (MU) * Rs3.0 per unit

(3) The trader, considered for trading of electricity for more than 100 MU in a month, shall make endeavors to maintain investment grade credit rating from an independent Credit Rating Agency throughout the period of the Licence.

(4) Capital Adequacy shall be a dynamic function based on quantum of trade, the trader is allowed by the Commission on the basis of its business plan and shall correspond to 'pool rate' of the power handled by the trader along with company expenses; trade risks on account of default in payment and change in price adjusted six monthly by the corresponding adjustments in the equity of the trader over and above the initial limit of capital adequacy fixed by the Commission or as deemed fit by the Commission.

~~(5)~~(5) Credit Worthiness of the trader shall correspond to percentage trade default in multiplied by the capital adequacy for three-settlement period. The credit worthiness shall be revised six monthly with the revision in capital adequacy or as deemed fit by the Commission**.**

(6) The Commission, if considered necessary, shall fix trading margin to the electricity trader. (7) The Commission may fix minimum and maximum ceiling of tariff for sale or purchase of electricity on being satisfied that sellers are taking undue advantage of shortage and indulging in speculated prices. Any contravention shall be dealt with under the provisions of Conduct of Business Regulation.

5. **Deemed Licensee: -**

Notwithstanding anything contained otherwise in this Regulation the Deemed Licensees under Section 14 of the Act entitled to undertake intra-state trading in electricity shall be required to have the technical and financial requirements as specified in the above clauses including the capital adequacy norm and the credit worthiness. Provided that the Commission may under the proviso to Section 16 of the Act lay down general or special conditions, which such licensee shall be required to comply to continue the activities of an electricity trader.

6. **Term of Licence:**

The Trading Licence shall come into force on the date to be mentioned by the Commission in the order granting the licence and subject to the terms and conditions of the grant of licence shall remain in force for the period of 25 years or as mentionedin the Order until or unless revoked earlier.

7. **Duties of Electricity Trader:**

The Electricity Trader shall:

(a) Have in place all agreements or arrangements for the purchase and sale of electricity, and all necessary authorisations as required by the Trading Licence to be able to perform its obligations under such agreements;

(b) Have in place the requisite Agreements with the Transmission Licensees and Distribution Licensees for the transmission or wheeling of electricity, as the case may be;

(c) Have in place Billing and Settlement Agreements, i.e. between him and the supplier of energy including the generating companies or, between him and other Licensees, who are purchasers of electricity and also between him and the customers, who are traders or consumers;

(d) If the contract of the trader with its customer is for a fixed term, then prior to the expiry of the fixed term, he shall inform the customer as to when the expiry will occur and the tariffs and terms & conditions applicable to the customer beyond the expiry of the contract, if the arrangement is continued;

(e) Maintain an up to date register or record of all the business transactions; and

(f) Comply with any other requirements as the Commission may direct from time to time.

8. **Compliance with Laws, Rules and Regulations**

8.1 The Trading Licensee shall comply with the provisions of the Act, Rules, Regulations, orders and directions issued by the Commission from time to time and the provisions of all other applicable laws including National Electricity Policy and Plan, and State Government policy for development and promotion of trading and market.

8.2 The Trading Licensee shall act in accordance with this General Conditions except where the Trading Licensee is exempted from any provisions of these general conditions at the time of the grant of licence or otherwise specifically obtains the approval of the Commission for any deviation there from.

8.3 The Trading Licensee shall duly comply with and undertake the activities consistent with the Grid Code, Distribution Code, Supply Regulations, Conditions of Supply and other codes and standards, orders and directions of the National Load Despatch Centre, Regional Load Despatch Centre, Central Electricity Authority and the State Load Despatch Centre and other statutory authorities, issued in the discharge of their functions Under the Act or the State Act.

8.4 The Trading Licensee shall submit such data as required under the Act by the Commission, Central Electricity Authority, State Load Despatch Centre, Regional Load Despatch Centre, the State Transmission Utility and others as provided in the Act..

9. **Activities of the Trading Licensee**

9.1 Any person granted license or a deemed licensee under Section-14 read with Section-12 or exempted under section-13 of the Act, other than being a transmission licensee, may engage in the business of trading in electricity in the state.

9.2 The Trading Licensee shall not without the prior approval of the Commission:

(a) Acquire any beneficial interest in any Generating Company of Generating Station; or

(b) Engage in the business of electricity distribution

9.3 The Trading Licensee shall seek approval of the Commission before making any loans to, or issuing any guarantee for any obligation of any Person, except when made or issued for the purposes of the Licensed Business. Loans to employees pursuant to their terms of service and trade advances in the ordinary course of business are excluded from the requirement to seek such approval.

9.4 Besides purchase price of Electricity as agreed on account of trading, there shall be other charges like Transmission charge and surcharge thereon, wheeling charge and additional surcharge thereon, as the case may be and as determined by the Commission from time to time under the provisions of Open Access Regulation in case open access is permitted to a consumer**.**

9.5 A person intending to engage in trading of electricity shall make an application in such form and manner as prescribed by the Commission and accompanied with such fees as prescribed by the State Government

**TERMS AND CONDITIONS OF THE LICENCE**

10. **Obligations of the Licensee**

The licensee shall be subject to the following obligations:

(a) The licensee shall comply with the requirements of laws in force and, in particular, the Act, the Rules and the Regulations, Grid Code, orders and directions issued by the Commission from time to time.

(b) The licensee shall increase his net worth, subject to provisions of clause 4, if the volume of trade moves from a lower category to a higher category or exceeds the permitted trade volume within the same category and such change shall be decided based on the volume of electricity traded as on 31st March of each year. The licensee shall keep the Commission informed of such changes;

Provided that the trader shall not be construed to have exceeded the permitted trade volume or moved to higher category until excess of traded electricity is within ten percent of the traded volume/month permitted by the Commission;

Provided further that such excess shall be attributed to unscheduled interchange and explainable exceptional circumstances.

(c) The trading margin for the intra-state trading fixed by the Commission, from time to time, shall be applicable to the licensee.

(d) The licensee shall be governed by the technical requirements, capital adequacy requirement and creditworthiness specified by the Commission in these regulations, for being an electricity trader and shall upgrade these technical and capital adequacy requirements including staff, when the volume of trading increases.

(e) The licensee shall establish adequate communication facilities like telephone, fax, computer, internet facilities, before undertaking the trading.

(f) The licensee shall render all assistance to any person authorized by the Commission for carrying out his duties relating to the licence.

(g) The trading shall be carried out bilaterally between the parties by entering into appropriate contracts. Necessary safeguards with regard to supply of electricity through trading, or payment for the electricity traded shall be included in the agreements between the parties. All trading arrangements shall be done through the letters of credit or with any other superior instrument.

(h) The licensee shall pay the licence fee specified under these regulations in accordance with the time-schedule specified hereunder.

(i) The Commission may issue such directions as it considers appropriate to a trading licensee if such licensee enters into any agreement leading to abuses of its dominant position or enters into a combination, which is likely to cause or causes an adverse effect on competition in electricity industry, and the licensee shall comply with such directions.

**PROCEDURE FOR GRANT OF LICENCE FOR INTRA-STATE TRADING**

11 All proceedings under these regulations shall be governed by the Conduct of Business Regulations. 12. (1) The application for grant of licence for intra-state trading shall be made to the Commission in the manner specified under these regulations, in

Form-I appended to these regulations and shall be accompanied by such fee as may be prescribed by the Uttar Pradesh Government. Provided that till such time the fee is prescribed by the Uttar Pradesh Government, the application for grant of licence for intra-state trading shall be accompanied by a fee as per the UPERC (Fee & Fine) Regulations as applicable from time to time payable through Bank Draft/Pay Order drawn in favour of Secretary, Uttar Pradesh Electricity Regulatory Commission, Lucknow.

(2) The applicant shall publish a notice of his application as prescribed in the Conduct of Business Regulation and shall include, among others, the following:

(a) Name of the applicant in bold at the top clearly bringing out whether the applicant is an individual, a partnership firm, private limited company or a public limited company, incorporated under the Companies Act, 1956, giving full particulars of its office address and the registered office address in case of a Company incorporated under the Companies Act,1956.

(b) A statement that the applicant has made an application for grant of licence in intra-state trading under sub-section (1) of Section 15 of the Act, to the Uttar Pradesh Electricity Regulatory Commission.

(c) Share holding pattern, financial and technical strength, and management profile of the applicant. (d) Volume of power intended to be traded during the first year after grant of licence and the future plans for trading during the next 3 years.

(e) Details of past experience of the applicant or the persons on its management in same or similar activity.

(f) Geographical areas within which the applicant will undertake trading in electricity as stated in the application made to the Commission.

(g) A statement to the effect that the application and other documents filed before the Commission from time to time, are available for inspection with the applicant, by any person.

(h) Name and address and other relevant details of the person under the control of the applicant with whom the application and other documents can be inspected by any person.

(i) A statement to the effect that complete application is available in the website of the applicant (Yes/No).

Form-II appended to these regulations and may include other specific terms and conditions as the Commission deems fit and proper.

13. **Prohibited Activities**

(1) The licensee shall not, without prior approval of the Commission:

(i) Acquire by purchase or take over or otherwise the utility of any other licensee, or

(ii) Merge his utility with the utility of any other licensee, or

(iii) Assign or transfer his licence to any person, by sale, lease, exchange or otherwise.

(2) The licensee shall not engage in the business of transmission of electricity.

(3) Wherever prior approval of the Commission is required, the licensee shall file an appropriate application before the Commission, in accordance with the Conduct of Business Regulations.

14. **Payment of Licence Fees**

14.1 Within such period as the Commission may direct, the Trading Licensee shall pay to the Commission the Licence Fees, initial and also periodic, mentioned in the Special condition in such manner as the Commission may direct in the said Special Condition

14.2 Where the Trading Licensee fails to pay to the Commission any of the fees due under relevant clause of this regulation by the due dates:

(a) Without prejudice to other obligations, the Trading Licensee shall be liable to pay interest on the outstanding amount at a simple interest rate of 1.5 percent per month, 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 Trading Licensee, the Commission may revoke the Trading Licence.

15. **Accounts of the Licensee**

15.1 Unless otherwise permitted by the Commission the financial year of the Trading Licensee for the purposes of these General Conditions and matters relating to the Licensed Business shall run from the first of April to the following thirty-first of March.

15.2 The Trading Licensee shall, in respect of the Licensed Business and 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 Trading Licensee, from those of Other Business in which the Trading Licensee may be engaged; (b) prepare on a consistent basis from such accounting records and deliver to the Commission, the Accounting Statements; namely:-

(i) 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 direct from time to time such statements and documents to be published in the manner directed by the Commission; (ii) in respect of the Accounting Statements prepared, an Auditor's report for each financial year, stating whether in their opinion these statements have been properly prepared in accordance with this clause 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

(iii) a copy of each Half Yearly profit and loss account not later than three months 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.

15.3 The Trading 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. Any change, if proposed, in the basis of charge or apportionment 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.

15.4 Where, in relation to the Accounting Statements in respect of a financial year, the Trading Licensee has changed the basis of charge or apportionment or allocation from those adopted for the immediately preceding financial year, the Trading Licensee shall, if directed by the Commission, (in addition to preparing Accounting Statements on those bases which it has adopted), prepare and deliver to the Commission such Accounting Statements on the basis which it applied in respect of the immediately preceding financial year.

15.5 The Accounting Statements specified above shall, unless or otherwise approved or directed by the Commission:

(a) be prepared and published with the Annual Accounts of the Trading Licensee, in the manner provided herein;

(b) state the accounting policies adopted;

(c) be prepared in accordance with generally accepted Indian accounting standards; and

(d) be prepared in the form as the Commission may stipulate from time to time;

15.6 The references to costs or liabilities of, or reasonably attributable to Licensed Business or Other Business shall be construed as excluding taxation, and capital liabilities which do not relate principally to such Business and interest thereon.

15.7 The Trading Licensee shall ensure that the Accounting Statements in respect of each financial year prepared under this regulation and the Auditor's report in respect of each financial year are publicised in such manner as the Commission may direct and are made available to any Person requesting them at a price not exceeding the reasonable cost of duplicating them.

16. **Submission of Information**

16.1 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 Trading 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.

16.2 The Trading Licensee shall duly maintain the information as the Commission may direct under Section 128 of the Act.

16.3 The Trading Licensee shall duly inform the Commission about any incident restricting it from meeting its obligation under the licence granted including any act of omission or commission by others and steps taken by the Trading 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 affect any part of its Trading activities and in any event, by not later than two months from the date of such occurrence:

(a) Submit a report to the Commission giving full details of the facts within the knowledge of the Trading Licensee regarding the incident and its cause;

(b) Trading Licensee can reasonably furnish and state reasons as to why Trading Licensee requires more than two months for giving full report of such incident; and

~~(c)~~ (c) Give copies of the report to all parties concerned with the Major Incident and to such other Persons as the Commission may direct.

16.4 The Commission may by order, after providing an opportunity of hearing direct the Trading Licensee to provide 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 Trading Licensee.

16.5 The Trading Licensee shall also undertake such studies as the Commission may direct it to undertake from time to time in regard to the trading activities and any other matter concerning the Trading Business that the Commission considers necessary in the public interest. The Commission at its own discretion may require the submission of a report to be prepared by an independent person on the activities of the Trading Licensee at the cost and expense of the Trading Licensee.

16.6 The Commission may at any time require the Trading Licensee to comply with the provisions under this regulations in a manner, the Commission may direct and the Trading Licensee shall be obliged to comply with the same.

16.7 The Trading Licensee shall submit a Business Plan within three months of Trading Licence coming in force for such period as the Commission may direct and shall update such plan annually. The Business Plan shall contain year wise turnover projected profit and loss account, projected balance sheets, projected cash flow statements and projected important financial parameters.

16.8 The Trading Licensee shall comply with conditions of technical requirements, capital adequacy and credit worthiness as laid down by the Commission in the concerned Regulation and provide information in these regard and at such interval as specified by the Commission.

17. **Compliance of Norms :**

17.1 The Trading Licensee shall duly comply with the Regulations, guidelines, directions and orders 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. These shall include the Technical Requirements, Capital Adequacy and Credit Worthiness provided in Uttar Pradesh Electricity Regulatory Commission (Intrastate Electricity Trader) notified by the Commission as amended, modified or substituted from time

to time;

17.2 The non-maintenance of the technical and financial parameters as per sub-clause (1) above shall amount to a material breach of the obligations of the Trading Licensee.

18. **Standards of performance**

The licensee shall furnish the performance details on a monthly basis, submitted each quarter, to the Commission in the format prescribed in

Form - IV appended to these regulations, by 15 th day of month or as may be decided by the Commission, time to time.

19. **Prudential Reporting**

The licensee, shall, as soon as practicable report to the Commission:

(a) Any significant changes in its circumstances which may affect the licensee's ability to meet its obligations under the Act, rules and regulations directions/orders issued by the Commission, the Grid Code, agreement or the licence.

(b) Any material breach of the provisions of the Act, the rules and the regulations, directives/orders issued by the Commission, the Grid Code, agreement or the licence.

(c) Any major change in shareholding pattern, ownership, or management of the licensee.

20. **Amendment of Licence:**

20.1 Amendment of License shall be governed by the provisions of the UPERC (Conduct of Business) Regulation as amended from time to time unless specified otherwise in this regulation and the license**.**

20.2 These General Conditions of License may be altered or amended by the Commission at any time it deems fit if it is in public interest in exercise of powers under Section 18 of the Act. For any such alteration or amendment, before any alterations or amendments in the Trading License are made, the following provisions shall have effect:

(a) Where the Trading Licensee has made an application under Section 18, sub-section (1) of the Act proposing any alteration or amendment in the General Conditions of License, the Trading Licensee shall publish a notice of such application with such particulars and in such manner as may be directed by the Commission;

(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 alterations or modifications shall be made only with the consent of the Central Government;

(c) Where any alterations or amendments in a license are proposed to be made otherwise than on the application of the Trading Licensee, the Commission shall publish the proposed alterations or amendments with such particulars and in such manner as the Commission consider to be appropriate;

~~(d)~~(d) The Commission shall not make any alterations or amendments unless all suggestions or objections received within thirty days from the date of the first publication of the notice have been considered by the Commission.

21. **Revocation of Licence:**

21.1 Provisions and procedure of Revocation of Licence shall be as per the provisions of UPERC (Conduct of Business) Regulation unless specified otherwise in this regulation and the license.

21.2 Subject to the provisions of section 19 of the Act and the Regulations framed thereunder, the Commission may, at any time initiate proceedings against the Trading Licensee for revocation of the Trading Licence and if satisfied in such proceedings on the grounds for revocation duly considering the public interest, revoke the Trading Licence:

(a) Where the Trading Licensee in the opinion of the Commission, makes material breach or wilful default in doing anything required of him by or under this Act or the State Act or the rules or regulations made thereunder

(b) Where the Trading Licensee violates any of the terms or conditions of his licence the breach of which is expressly declared by such licence to render it liable to revocation;

(c) Where the Trading Licensee fails, within the period fixed in this behalf by his licence, or any longer period, which the Commission may have granted therefore-

(i) to show, to the satisfaction of the Commission, that he is in a position to fully and efficiently discharge the duties and obligations imposed on him by his licence; or

(ii) to make deposits or furnish the security, or pay the fees or other charges required by his licence;

(d) Where in the opinion of the Commission the financial position of the Trading Licensee is such that he is unable to fully and efficiently discharge the duties and obligations imposed on him; and.

(e) Where the Trading Licensee has failed to comply with all the Regulations, codes, and standards and also orders and directions of the Commission or otherwise has committed an act which renders Trading Licence revocable on any other grounds stated in the Act or the State Act or the Rules or Regulations framed there under.

21.3 Where in its opinion the public interest so requires, the Commission may, on application, or with the consent of the Trading Licensee, revoke his licence as to the whole or any pa rt of his area of Trading upon such terms and conditions as it thinks fit.

21.4 Before revoking a Trading Licence the Commission may make such alternate arrangement to be made for discharging the duties of the Trading Licensee which the Commission considers necessary in public interest and all such arrangement shall be at the cost and risk of the Trading Licensee.

22. **Communication**

(1) All communications relating to the 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 at 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.

(i) When delivered in person to the addressee or to his authorized agent;

(ii) On expiry of 15 days from the date of sending by registered/speed post at the address of the addressee.

23. **Dispute Resolution**

23.1 The Commission shall be entitled to act as arbitrator or nominate person(s) as arbitrator(s) to adjudicate and settle disputes between the Trading Licensee and any other licensees or between the Trading Licensee and generating companies in pursuance of clause (f) of sub-section (1) of section 86 read with section 158 of the Act and Regulations of the Commission.

23.2 The arbitration proceedings for disputes may be commenced and conducted by the Commission or the disputes may be referred to the arbitration of others, as the case may be, in accordance with the Conduct of Business Regulations specified by the Commission.

24. **Trading Margin :**

24.1 The Trading Licensee shall calculate the expected revenue from charges which it is permitted to recover as a trading margin if considered necessary, in accordance with the provisions of the Act, the State Act, the Regulations of the Commission, the tariff terms and conditions and other guidelines, orders and directions issued by the Commission from time to time.

24.2 The Trading Licensee shall file the Expected Revenue Calculation in the manner provided in the Conduct of Business Regulations and consistent with the Regulations under section 61 of the Act

24.3 Unless otherwise provided in the Special Conditions or in any order or direction made by the Commission the Trading Licensee shall every year, not later than 31st November, submit to the Commission a Statement with full details of its expected aggregate revenues and cost of service for the ensuing financial year for its Licensed Business based on the trading margin allowed by the Commission, in accordance with the provisions of the Act and the regulations, guidelines and orders issued by the Commission from time to time.

25. **Miscellaneous**

25.1 All issues arising in relation to interpretation of these General Conditions and as to the terms and conditions thereof shall be a matter for the determination of 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.

25.2 The Commission may at the time of grant of Trading Licence waive or modify the application of any of the provisions of these General Conditions either in the order granting the licence or by Special Conditions made applicable to a specific Trading Licensee

25.3 The General conditions contained herein shall apply to all applicants for grant of Trading Licence after the coming into force of the Act and also to all deemed Trading Licensees under section 14 proviso first, second, third and fifth of the Act

26. **Issue of orders and practice directions:-**

Subject to the provisions of the Electricity Act, 2003 and this regulation, the Commission may, from time to time, issue orders and practice directions in regard to the implementation of this Regulation and procedure to be followed and various matters, which the Commission has been empowered by this regulation to direct, and matters incidental or ancillary thereto.

27. **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, do or undertake or direct the licensees to do or undertake things, which in the opinion of the Commission is necessary or expedient for the purpose of removing the difficulties.

28. **Power to Amend: -**

The Commission may, at any time add, vary, alter, modify or amend any provisions of these regulations.

29. These Regulations are made in English & translated into Hindi. In case of dispute, English version shall prevail.

By Order of the Commission

Secretary to the Commission

Dated:

Place: Lucknow

FORM - I

**(Procedure Terms & Conditions for grant of Trading Licence for Intrastate Electricity Trader and other related provisions) Regulation, 2003.**

**Application form for grant of Trading Licence**

**Particulars of the Applicant**

1. Name of the applicant:
2. Address:
3. Name, Designation & Address :of the contact person
4. Contact Tel. Nos.:
5. Fax No.:
6. E-mail ID:
7. Place of Incorporation/Registration:
8. Year of Incorporation/Registration:
9. Following documents are to be enclosed

a) Certificate of registration:

b) Certificate for commencement of business:

c) Original power of attorney of the signatory to _____ the Applicant or its promoter: d)

Details of Income tax Registration:

FORM - I

**Details of Financial Data of Applicant**

10. Net worth (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 Exchange In equivalent**
**Currency rate used Indian Rs.**

a) Year 1( ) to ( ) ---------- ---------- ----------
b) Year 2( ) to ( ) ---------- ---------- ----------
c) Year 3() to ( ) ---------- ---------- ----------
d) Year 4( ) to ( ) ---------- ---------- ----------
e) Year 5( ) to ( ) ---------- ---------- ----------
f) Copies of Annual Reports or certified audited results to be enclosed in support of above. 11. 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 Exchange In equivalent**
**Currency rate used Indian Rs.**

a) Year 1( ) to ( ) ---------- ---------- ----------
b) Year 2( ) to ( ) ---------- ---------- ----------

FORM - I c)

Year 3( ) to ( ) ---------- ---------- ----------
d) Year 4( ) to ( ) ---------- ---------- ----------
e) Year 5( ) to ( ) ---------- ---------- ----------
f) Copies of Annual Reports or certified audited results to be enclosed in support of above.
12. List of documents enclosed in support of Sl. Nos. (10) and (11) above:

**Name of the document**

a) _____
b) _____
c) _____
d) _____

13. a) Whether applicant himself shall be financing the proposed trading fully on its own balance sheet: Yes/No
b) If, Yes, proposed equity from the applicant
i) Amount :

ii) Percentage :

14. 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. :

FORM - I 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 Applicant and the other agency.

15. Details of debt proposed for the Trading 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.: 16.

Organisational & Managerial Capability of Applicant:

(Applicant is required to enclose proof of their Organizational & Managerial Capability, in terms of these Regulations)

17. **Approach & Methodology:**

(Applicant is required to describe Monthly Trade Volume and Future Plans of Trading, Approach & Methodology for establishment of the Trading arrangements as proposed by the applicant.) (Signature of Applicant)

Dated :

Place:

Note: Annex declarations, in form of proposed organizational structure & curricula vitae of various Executives, proposed office and communication facilities etc

**FORM II**

**UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION**

**LICENSE TO TRADE IN ELECTRICITY AS AN ELECTRICITY TRADER**

1. The UTTAR PRADESH Electricity Regulatory Commission (hereinafter referred to as "the Commission"), in exercise of the powers conferred under Section 14 of the Electricity Act, 2003 (hereinafter referred to as "the Act"), hereby grants this licence to _____, (hereinafter referred to as "the licensee") to trade in electricity as an electricity trader in the area _____ subject to the terms & conditions contained in the Act, (in particular, Sections 17 to 22 thereof, both inclusive), the Rules made by the UTTAR PRADESH Government (hereinafter referred to as "the Rules") and the Regulations specified by the Commission (herein after referred to as "the Regulations"), including statutory amendments, modifications, reenactments thereof, which shall be read as part and parcel of this licence.

2. This licence is not transferable, except in accordance with the provisions of the Act, the Rules and the Regulations.

3. (1) The licensee shall not without prior approval of the Commission—

(a) Undertake any transaction to acquire by purchase or take over or otherwise, the utility of any other licensee; or

(b) Merge its utility with utility of any other licensee;

(2) The licensee shall not at any time assign its licence, or transfer its utility, or any part thereof, by sale, lease or otherwise without the prior approval of the Commission.)

(3) Any agreement relating to any transaction referred to in sub-clause (1) unless made with the approval of the Commission, shall be void.

4. The grant of this licence to the licensee shall not in any way hinder or restrict the right of the Commission to grant a licence to any other person within the same area for trading in electricity as an electricity trader. The licensee shall not claim any exclusivity.

FORM II 5. This licence shall commence on the date of its issue and unless revoked earlier, shall continue to be in force for a period of 25 (twenty five) years or as mentioned in the order.

6. The licensee may with prior intimation to the Commission, engage in any business for optimum utilisation of its assets.

Provided that the licensee shall not engage in the business of transmission of electricity.

7. Unless otherwise specified by the Commission, the licensee shall pay annual license fee of Rs.___ lakh, and license fee for a part of the year shall be paid on pro-rata basis. The year for the purpose of this clause means a period of twelve months from 1st April of a year to 31st March of the following year.

8. The provisions contained in Sections 19 to 22, both inclusive of the Act shall apply to the licensee with regard to revocation of licence and sale of utility of the licensee.

9. (Any specific condition(s) to be laid down by the Commission)

**SECRETARY**

Place: Lucknow.

Date:

FORM - III

**(Procedure Terms & Conditions for grant of Trading Licence for Intrastate Electricity Trader and other related provisions) Regulation, 2003.**

**Proforma for submission of information for the Quarter (say January to March, 2004)** Name of the Trader:

License details (No & date):

S. No.

Volume of Trading in million Kwhs (for each month) :

Purchased from:

Sold to:

Point of purchase:

Purchase price;

Point of sale:

Sale price:

Transmission /wheeling charges borne by Seller/ Trader/Buyer*

Transmission losses borne by Seller/ Trader/ Buyer*

UI charges borne by Seller/ Trader/ Buyer*

Remarks

- Strike out whichever is not applicable.

FORM-IV

(Procedure, Terms & Conditions for grant of Trading License and other related matters) Regulation, 2003

Proforma for submission of Standards of Performance of Electricity Trader

(month wise position to be submitted through SLDC each quarter ) Name of the Trader:

License details (No. & date):

| S. No | Volume of trading during the quarter | Cumulative trading upto the present quarter | Whether there is any change in the category of trader (Yes / No) | Whether networth is increased, due to change of category (Yes / No) | Whether additional license fee, due to change in category deposited with the Commission (Yes / No) | Whether any violation to the license conditions pointed out by any agency or observed by the licensee himself | Payment track record for energy purchased for trading | Remarks |
|---|---|---|---|---|---|---|---|---|
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