

Cross Border Trade of Electricity Regulations 2019

March 24, 2021

About Cross Border Trade of Electricity Regulations, 2019

Background

India has signed Memorandum of Understanding with Bhutan, Bangladesh, Nepal, and Myanmar to inter-alia improve power connectivity with these neighbouring countries. The Ministry of Power issued the Guidelines on Cross Border Trade of Electricity on 05.12.2016, which was subsequently substituted by the 'Guidelines for Import/Export (Cross Border) of Electricity-2018' issued on 18.12.2018, to promote cross border trade of electricity with neighbouring countries.

Central Electricity Regulatory Commission (CERC) issued CERC (Cross Border Trade of Electricity) Regulations, 2019 on 8th March 2019.

Key points

- **Scope of the regulations:** These regulations shall be applicable to the Participating Entities in India and the neighbouring countries which are engaged in cross border trade of electricity with India.
- **Bilateral sale & purchase of power:** Under these regulations, sale and purchase of power between India and the neighbouring countries will be allowed through mutual agreements between the local entities and the entities of the neighboring countries through bilateral agreement between two countries, bidding route or through mutual agreements between entities.
- **Trading:** According to CERC, any electricity trading licensee of India may, after obtaining approval from the Designated Authority, trade in the Indian Power

Exchanges on behalf of any Participating Entity of neighbouring country, for the specified quantum as provided in the approval subject to compliance with the applicable Regulations of the Commission

- **Appointing Designated Authority:** The new regulations provide for a designated authority appointed by the power ministry for facilitating the trade; a transmission planning agency; a nodal agency for settling charges and a system operator while the Central Transmission Utility (CTU) will grant long term and medium term open access.
- **Exchange of electricity:** The regulations have allowed trade of electricity through the exchanges in the Day Ahead Market (DAM)
- **Determining the tariff:** As per the new regulations, the tariff for import or export of electricity across the border will be determined through competitive bidding or through mutual agreements signed between the parties under the overall framework of agreements signed between India and the neighbouring countries.
- **Power Connectivity by foreign entities:** Under the new regulations, foreign entities will have to apply to the CTU for seeking connectivity, long-term access or medium-term access while applications for short-term access will have to be made to the National Load Dispatch Centre (NLDC) which will act as the system operator.
- **Other provisions:** The regulations have detailed provisions governing multiple areas of the cross border trade including application fee; treatment of delay in Transmission system and Generation projects; bank guarantee; metering arrangements; data and communication facilities; and cyber security etc.

Current status

Currently, a mere 3,000 Mw of power is traded in the South

Asia region among seven countries including India, Bhutan, Bangladesh, Nepal, Pakistan, Sri Lanka and Myanmar. The country annually imports around 1,200 mw power from Bhutan, exports 1,200 Mw to Bangladesh, exports 450 Mw to Nepal and 3 Mw to Myanmar.

Extra

Reading:

<https://journalsofindia.com/central-electricity-regulatory-commission-cerc/>