

Approach & Methodology

A number of states in the country are having shortage of power whereas some others have surplus power due to which not only existing resources remain unutilized but inefficient functioning of power resources coupled with serious grid problems continue. To overcome these problems and to ensure optimum utilization of the existing resources with most efficient generation and transmission regime, power trading, an accepted business practice in the power market the world over, will help in providing stability/security in the regional grids and will improve the overall efficiency of the power sector.

Looking to a number of advantages of power trading, Electricity Bill, 2003 envisages electricity trading as an important business activity. Even the policy makers in the Government are now banking upon trading as an important tool to bring in efficiency in the power sector. Further, various Central Electricity Regulatory Commission (CERC) orders very clearly state that Commission is anxious to promote trading activity to bring in competition, efficiency, economy and discipline in the power industry.

Power trading has huge potential due to existing size and expansion of the power sector. Looking to the huge power trading potential coupled with government support to power trading business, KCT desires to enter this business.

KCT shall ensure that the regulations in force are complied with. KCT is financially strong having fixed deposits without encumbrance with various banks. The Net Worth of the Company exceed Rs. 600 Crore. KCT is in a position to mobilize substantial funds at short notice. KCT possess unmatched infrastructure with full –fledged offices at every nook and corner of the country. These offices are manned by qualified and experienced personnel having good contacts with power utilities for better co-ordination, identification of buyer/ seller, identification of source of surplus as well as deficit utilities for commencing power trading as per procedure as under :-

1. To identify the surplus power sources i.e. Generators, IPP's captive power stations and utilities with surplus in power.
2. To identify the buyer(s) for such power.
3. To examine and make available the transmission facility for transfer of power from surplus states to deficit states – while doing so, the following details are required to be worked out.

(a) To arrange the system studies from power grid so as to ensure availability of transmission facilities either from the existing transmission network or from the transmission network under construction and nearing completion.

(b) To interact with the concerned Regional Electricity Boards (REBs) of the seller(s) and the buyer(s) states and to get their consent.

(c) To interact with the concerned Regional Load Despatch Centres (RLDCs) of the seller(s) state and the buyer(s) state and to get their consent.

4. To prepare the application, submit to CERC and obtain its License for trading of power.

5. To prepare the bid and its submissions to the sellers(s) and the buyer (s) and to follow it up further to get the business.

6. To finalise the commercial terms and conditions and enter into Memorandum of Understanding (MOUs) / Power Purchase Agreements (PPAs) with the seller (s)/ buyer(s) for power trading transactions.

7. To have the daily and weekly schedules from the buyer(s) and to forward to the seller(s) and accordingly the concerned REBs/ RLDCs are to be taken into confidence on these and related matters.

8. To have a close rapport with the REBs/RLDC for smooth flow of contracted power on behalf of KCT (weekly/monthly) and to make available the energy transaction readings.

9. To prepare the bills and its submissions to the buying states in the shortest possible time to receive the payments on priority and also to ensure Letter of Credit operations or other better methods.

10. To make available adequate funds to ensure timely payment to the supplier of power in order to avail incentive payments.

11. To be in constant touch with the REBs/ RLDC for monthly regional accounts and reconciliation thereof vis-s-vis provisional buildings with the supplier/buyer of power.

12. All the technical/commercial/administrative matters other than involving policy matters will be carried out by KCT.