



***Guidelines on Cross Border Trade of Electricity Issued***

***Integrated Energy Policy formulated to cover Renewable Energy Sources***

If you have questions or would like additional information on the material covered in this Newsletter, please contact the authors:

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**Guidelines on Cross Border Trade of Electricity Issued**

India has been trading in electricity with Bangladesh, Bhutan and Nepal under bilateral MoUs/power trade agreements. Further to the Framework Agreement for Energy Cooperation signed on November 27, 2014 amongst South Asian Association for Regional Cooperation (“**SAARC**”) countries, the Ministry of Power in consultation with the Ministry of External Affairs has issued guidelines on cross border trade of electricity with the objective of harmonizing laws governing trade in electricity as also facilitating cross-border trade of electricity with greater transparency, consistency and predictability, and minimizing perception of regulatory risks.

**Main features of the Guidelines:**

- Ministry of Power to designate an authority (who will coordinate with the nodal agencies of neighbouring countries) for facilitating the process of approval and laying down the procedure for cross border transaction and trade in electricity.
- Central Electricity Regulatory Commission (“**CERC**”) to frame appropriate regulations for facilitating cross border trade of electricity with neighbouring countries.
- Participating entities complying with the following conditions will be eligible to participate in cross border trade of electricity after obtaining a one-time approval from the designated authority:
  - (a) import of electricity by Indian entities from generation projects located outside India and owned or funded by the Government of India or by Indian public sector undertakings (“**PSUs**”) or by private companies with 51% or more Indian entity (entities) ownership;

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Recommended by:



- (b) import of electricity by Indian entities from projects having 100% equity by Indian entities and/or the Government / Government owned or controlled company(ies) of neighbouring countries;
- (c) import of electricity by Indian entities from licensed traders of neighbouring countries having more than 51% Indian entity(ies) ownership, from the sources as indicated in the foregoing paragraphs (a) and (b); and
- (d) export of electricity by distribution licensees/PSUs, if surplus capacity is available and certified by the concerned distribution licensee or PSU. However, export of electricity from any coal based Indian thermal power project (other than PSUs) to neighbouring countries will be allowed only if surplus capacity is certified by the designated authority.

- Any other participating entity will be eligible to participate in cross border trade of electricity after obtaining approval of the designated authority on a case to case basis.
- Where import/export of electricity is agreed between the Government of India and the Government of a neighbouring country involving the participating entities of the two countries, the tariff for such transaction will be determined through Government to Government negotiations.
- In case of cross border transaction of electricity through arrangements other than Government to Government negotiations, the tariff for import of electricity by Indian entities from generating stations located outside India may be determined (under long term/medium term/short term agreement), through a process of competitive bidding. On the other hand, the tariff for export of electricity to entities of neighbouring countries by Indian entities (through long term/medium term/short term agreements) may be as mutually agreed or through competitive bidding, subject to payment of applicable transmission/wheeling charges.
- A participating entity who has obtained approval of the designated authority can undertake cross border trade of electricity through Indian power exchanges under the categories of term ahead contracts, intra-day contracts/contingency contracts as defined in CERC regulations.
- Transmission interconnection between India and a neighbouring country will be planned jointly by transmission planning agencies of the two countries.

#### **Integrated Energy Policy formulated to cover Renewable Energy Sources**

The Government of India has formulated an Integrated Energy Policy (“IEP”) document that provides a roadmap for developing energy supply options and increased exploitation of renewable energy sources of the country.

With an aim to achieve 100 GW of solar capacity installation by 2022 through projects under various schemes, the IEP outlines several schemes which have already been launched by the Ministry of New and Renewable Energy (“MNRE”) as follows:

- (a) Scheme for development of solar parks and ultra-mega solar power projects;

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|  | <ul style="list-style-type: none"><li>(b) Scheme for development of solar PV power plants on canal banks/canal tops;</li><li>(c) Scheme for setting up of 300 MW of grid connected solar PV power projects by defence establishments under the Ministry of Defence, and paramilitary forces with viability gap funding (“VGF”) under Batch IV of Phase-II/III of the Jawaharlal Nehru National Solar Mission (“JNNSM”);</li><li>(d) Scheme for setting up of 1000 MW of grid connected solar PV power projects by central PSUs with VGF under Batch V of Phase-II of the JNNSM;</li><li>(e) Scheme for setting up of 15000 MW of grid connected solar PV power projects under Batch II of Phase II of JNNSM (by NTPC Limited/NTPC Vidyut Vyapar Nigam Limited);</li><li>(f) Setting up of 2000 MW grid connected solar power with VGF through Solar Energy Corporation of India;</li><li>(g) Development of solar cities programme; and</li><li>(h) Scheme for development of solar zones in the country.</li></ul> |
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**Feedback**

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