

FREQUENTLY ASKED QUESTIONS ON TRANSACTION OF ESCERTS

- 1) Who are sellers?
 - ✓ Those DCs to whom ESCerts have been issued in their respective PAT cycle (see clause 2.2.1 of the Procedure).

- 2) Who are buyers?
 - ✓ Those DCs who have been entitled to purchase ESCerts by MoP are the buyers. (see clause 2.2.2 of the Procedure).

- 3) How to become Eligible Entity?
 - ✓ All the DCs to whom MoP has issued/entitled to purchase ESCerts have to get themselves registered with POSOCO for becoming eligible entities (as defined in clause 2.2 of the Procedure) to participate in trading/transaction of ESCerts.

- 4) Who will inform the date of opening of Registration and date of commencement of trading of ESCerts?
 - ✓ BEE being the Administrator shall inform the date of opening of Registration to all DCs along with the fee details. The date of trading of ESCerts commencement shall also be informed by Administrator.

- 5) What does the Designated Consumer (DC) has to pay to become an Eligible Entity?
 - ✓ On 24th March 2017, CERC has approved the Fee order for transaction of ESCerts, with following details:
 - i. One time Registration Fee of Rs. 15000/- per application.
 - ii. The Eligible Entities who have been issued ESCerts, shall pay an ESCerts Fee at the rate of Rs. 5/- per ESCert.

The taxes and duties on fees & charges shall be applicable as per the prevailing norms.

- 6) What is mode of payment for fee?
 - ✓ All fees and charges shall be payable by way of “electronic clearing system/online payment facility”. However, the transaction charges shall be borne by the applicant.

- 7) What quantity of ESCerts a seller can sell?
 - ✓ Sellers can sell the ESCerts issued to them by MoP in their respective PAT cycle at any of the exchanges. However, bids placed by them at both the exchanges should not be more than the quantity of ESCerts issued to them by MoP i.e. available ESCerts for transaction in their Registry account (see clause 14.4 step 4(b)) at any point of time.

- 8) What quantity of ESCerts a buyer can buy?

- ✓ Buyers can purchase ESCerts beyond their compliance in respective PAT cycle (see clause 14.4 step 4(c)). However, it may be noted that ESCerts once purchased cannot be resold (see clause 2.4 of the Procedure).

9) What will happen to the balanced ESCerts in account of a Designated Consumer (DC)?

- ✓ As per PAT Rules, amended in March 2016, Rule no. 12(6) and 13 (2), the DCs may use balanced energy saving certificates after the compliance, if any, for the purpose of banking and such banked ESCerts may be used for the compliance of their next cycle or sell to any other DC for the compliance within the validity period. Validity period for ESCerts issued during current cycle is till the completion of the compliance period of respective DC's next cycle. However, it may be noted that ESCerts once purchased cannot be resold (see clause 2.4 of the Procedure).

10) What is the time period for registration with Registry (POSOCO)?

- ✓ As per the clause 3.2 to 3.4 of the Procedure, there is a provision of maximum 30 working days for registration with Registry (POSOCO). After registration with Registry the DCs shall register themselves with Power exchanges and trading of ESCerts shall commence subsequently. Time regarding registration of DCs to become eligible entity will be informed by BEE (Administrator).

11) When trading/transaction of ESCerts will be done and how long will be the trading process?
When a Designated Consumer (DC) has to submit Form D?

- ✓ Trading/transaction of ESCerts shall be done on **continuous basis** i.e. **every Tuesday** on weekly basis. After submission of Form D (see clause 8.6 of the Procedure) in June, the trading of ESCerts shall continue with respective sellers and buyers as defined in clauses 2.2.1 and 2.2.2 respectively.

12) Is bilateral trading permitted?

- ✓ As per the clause 4.4 of the Procedure and clause 12(4) of PAT Rules, bilateral trading even within the same corporate group is not permitted and accordingly inter-sector self-retention/transfer of ESCerts is also not permitted.

13) Is there any floor price of ESCerts?

- ✓ There is no floor price of ESCerts declared at this stage. The price of ESCerts will be determined by the market based on the demand and supply of ESCerts.

14) What is the life of ESCerts?

- ✓ Every ESCert has a life of two cycles for a particular DC. The ESCerts gained by DCs in PAT Cycle –I can be used till the end of PAT Cycle –II.

15) Is the trading of ESCerts a complete online process?

- ✓ The trading of ESCerts is a complete online process.

16) If a DC has membership at both the power exchanges and against the same ESCerts DC is making dual transactions that is one at the IEX and other at the PXIL. Then how will this be controlled?

- ✓ Dual transactions for the same ESCerts is not permitted. There is however a mechanism whereby the Registry does a cross checking from both the Power Exchanges before permitting the Exchanges to go ahead with the transaction.

17) What is the reason behind the expiry of ESCerts period?

- ✓ The objective of the scheme is to make industry more energy efficient. If ESCerts do not have a validity period then industry would keep banking the ESCerts rather than introducing innovation for making their industries more efficient.

18) Where will the penalty fund go?

- ✓ The Penalty will go to the State exchequer.