

FAQs on ESCerts Trading

Q. Is it mandatory for DC to register with Registry (POSOCO) ?

DC is not mandated to go for the registration with Registry. It is completely on the DC whether he wants to go for trading of ESCerts or not. For trading of ESCerts, DC has to become the Eligible Entity i.e. they have to register themselves with Registry.

Q. If DC is already registered with Registry how DC can trade the banked ESCerts?

PATNet portal provides the provision for the DC who is already registered with Registry. DC has to login and go to their dashboard section, click on participate in trade under trading tab.

Q. If DC has been issued ESCerts in PAT cycle II and is having banked ESCerts from PAT cycle I then how new ESCerts shall be introduced in Registry and how both new & old ESCerts shall be traded?

DC having banked ESCerts from PAT Cycle I and have been issued ESCerts again in PAT Cycle II, have to go to their dashboard \Rightarrow trading tab \Rightarrow participate in trade. PATNet portal will ask for the payment to introduce the new ESCerts (issued in PAT Cycle II)

Note: As per the modification done in the procedure for transaction of ESCerts i.e. clause 3.4 (b) (c) and (d) DCs can introduce those ESCerts for trading in slots.

Q. If DC is already registered with Registry then what type of fee shall be applicable on the DC?

If the DC is already registered with the Registry, then DC has to pay only the ESCerts fee i.e. Rs 5 per ESCert subject to ESCerts being introduced by DC for trading.

Q. If DC is not registered with Registry, what will happen to their opening and closing balance?

Neither the procedure nor the Regulations bind the DC to register with the Registry, it is completely the decision of the DC. When DC will not register with the Registry, they will not become the Eligible Entity for trading of ESCerts. They will be treated as Non Eligible Entity for trading of ESCerts. BEE shall take care of banking of ESCerts as well as extinguishment of ESCerts for such DCs who are not registered with Registry.

Q. What is the denomination of each ESCert?

One Energy Saving Certificate is equivalent to 1 metric Tonne of Oil Equivalent (MTOE).

Q: What is the value of 1 metric tonne of oil equivalent (MTOE) for assessment year of PAT cycle II?

The value of 1 metric tonne of oil equivalent for the PAT Cycle II is Rs 18,402/-

Q. Who is eligible for ESCerts trading?

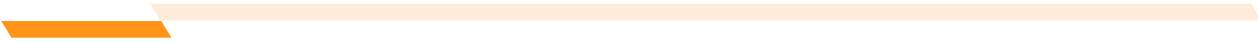
Any entity, who is notified by the Government of India for participation in PAT scheme, becomes a Designated Consumer (DC). All the DCs to whom the Ministry of Power has issued or entitled to purchase ESCerts, have to get themselves registered with Registry (POSOCO) for becoming eligible entities to participate in the trading/transaction of ESCerts.

Q. Who will inform about the date of opening of registration and date of commencement of trading of ESCerts?

Being the Administrator, Bureau of Energy Efficiency (BEE) shall inform about the date of opening of registration to all DCs. The commencement of ESCert trading shall also be informed by BEE.

Q. Who can be a seller or a buyer during ESCert trading?

Any DC, who has over achieved its target for the current PAT cycle and has been



issued ESCerts by the Ministry of Power, or any DC with banked ESCerts from its previous participating PAT cycle, can be a seller on Power Exchange during ESCert trading.

As per PAT Rules Amendment 2018, DCs who have achieved the energy consumption norms and standards but has not been issued energy saving certificates shall also be eligible to purchase energy saving certificates during the trading sessions for meeting their compliance of next compliance cycle.

Any DC, who has under-achieved its target for current PAT cycle and has compliance to meet as per Energy Conservation Act, 2001, can be a buyer on Power Exchange during ESCert trading.

Q. What will be the validity of ESCerts for sellers having banked ESCerts?

As per Rule 12 (5) and (6) of PAT Rules Amendment 2016: “The designated consumer who has been issued energy saving certificates during the current cycle may use them for purpose of banking or may sell them to any other designated consumer for the compliance and the energy savings certificates issued shall remain valid till the completion of the compliance period of their next cycle.”

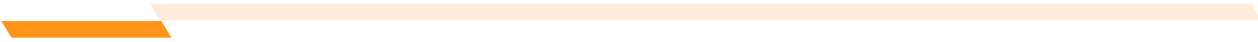
Q. What will be the validity of ESCerts for buyers having banked ESCerts?

There is banking allowed for buyers with ESCerts purchased over and above their compliance. They can use banked ESCerts for compliance in their next PAT Cycle. As per amendment in Procedure i.e. clause 4.1 and 14.4 (c), such excess ESCerts shall remain valid until the completion of compliance period of the next PAT cycle (of DCs) from the date of purchase of such ESCerts or until the submission of such ESCerts to the Administrator, and these excess ESCerts cannot be resold.

Q. What will happen if DC becomes buyer in PAT Cycle II(existing Cycle) but having banked ESCerts from PAT Cycle I (previous cycle)?

There will be 2 scenarios in that namely:

- a. DC having banked ESCerts more than they are entitled to purchase in PAT Cycle II- for example: banked ESCerts=1000 and entitled to purchase=400. Automatically 400 banked ESCerts will get blocked and remaining 600 DC



can be sold during the trading sessions.

- b. DC having banked ESCerts less than they are entitled to purchase in PAT Cycle II- for example: banked ESCerts =500 and entitled to purchase = 1000. Automatically 500 banked ESCerts will get blocked for compliance and for remaining 500 ESCerts the DC has to buy those ESCerts to meet their compliance.

Q. What does defaulter DC in trading of ESCerts means?

DC will be treated as a defaulter if DC (seller) is placing more number of ESCerts for bidding i.e. more than what he has in his account (with Registry) to sell. For that particular trading session DC shall be treated as a defaulter and hence cannot trade. For more details please refer clause 14.4 of Procedure.

Eligible entities with more than 3 cases of such defaults specified in a cycle shall be barred from transaction of ESCerts for next 6 months notwithstanding any penalty due to be imposed as per the provisions of the EC Act 2001.

Q. Where are ESCerts traded?

ESCert are traded only on Power Exchanges i.e. IEX and PXIL. The DC may register with any power exchange or both the exchanges.

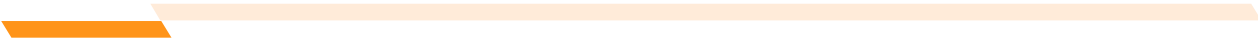
Q: How DC can register with Power exchanges? Is it mandatory for DC to get registered with both exchanges or registration with any one of them will be sufficient?

As per clause 10(5) of the Trading Regulations, 2016 , DC can register themselves with any of the Power Exchange or both. It is upto the DC whether they want to register with one or both the exchanges. Process of registration of DCs with Power exchanges is available on their business rules which are available on PATNet<https://escerts.gov.in/PortalUser/GetImportantLinks>

DCs are also requested to visit the respective websites of both the Power exchanges.

Q. What is the floor and forbearance price of one ESCert?

There is no floor and forbearance price of an ESCert. The price of ESCert is derived during market- based double-sided closed auction process at Power Exchange.



Q.If DC is already registered with the Registry as Eligible Entity, then does DC need to register again with the Registry?

Registration with the Registry (POSOCO) is a one-time process. So, DC need not to register again with the Registry (POSOCO).

Q. Is self-retention of ESCerts allowed within the same group in PAT Cycle?

No, self-retention of ESCerts is not allowed within the group company. A notified DC can only use ESCerts for trade or for compliance purpose for itself only. It cannot transfer ESCerts within the group company.

Q. What is the fee for registration of DC with POSOCO?

DCs are requested to follow fee order issued by CERC on 30th April 2021. It is available on BEE's website (<https://beeindia.gov.in/>) as well as website of CERC (<http://www.cercind.gov.in/2021/orders/5-SM-2021.pdf>).

Q. What is the fee and process for registration of DC with IEX or PXIL?

DCs are requested to follow business rules of IEX and PXIL that are available on websites of both the exchanges. <https://powerexindia.in/> and <https://www.iexindia.com/>.