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Cross Border Electricity Trade [CBET] scenario of India

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India has a massive power sector economy and this is going to only increase in size in the future but with growing energy demands and climate change, the fossil materials and traditional sources of energy couldn't be relied upon. New avenues of energy sources and an integrated power grid are the future answer to the unprecedented threats which are hovering over India's power sector. A single unified market of electricity reduces the dependency upon fossil fuels and increases the proper exploitation of renewable energy. Over the past decade, there have been multiple initiatives taken by Regional Multinational groups such as SAARC and BIMSTEC added to this is the Government of India (GOI) series of reforms, guidelines, and regulations regarding the Cross-border electricity trade (CBET). Further, the CBET laid down the basis of liberalization of the electricity market which would only improve the quality and availability of electricity service. CERC has been entrusted by the GOI for the proper execution of the Cross border electricity trade through the legal framework and regulations introduced by the Power ministry.

Keywords: BIMSTEC, CBE, CERC, energy, fossil, grid, regulations, renewable, SAARC, CERC.

INTRODUCTION

Globalization is the name of the economy in which we are living where everything is interconnected to each other in one way or another and disruption of one could disrupt the other too but what it brings with it is that Globalization reduces the dependency on a single

source by providing us option which caters our needs and suits our pocket. Globalization has extended its footprint and has played important role in various domains varying from manufacturing to IT service once such field is the energy and power sector which is undergoing a slow but determined change to become more inclusive and accessible. One thing to note about globalization in the energy sector is that globalization is no new phenomenon when it comes to the trade of raw materials of energy such as crude oil, coal, and gas. Still despite large dependence and interconnection when it comes to the trade of raw materials for the generation of energy there exists a lack of a globalized version of electricity exchanges across borders. Cross Border Electricity Trade(CBET) is nothing but a flag bearer of the emergence of 'globalization of energy' which is defined as "the growing interconnectedness of the world's energy supplies through the movement of growing volumes of energy over greater distances across international borders"¹. Though a truly global interconnectedness of electricity and supply of electricity across the continent might not be feasible or difficult to achieve, regional interconnection of the Power grid is something that could be considered as the stepping stone in this domain of CBET which should be achieved first to envision fruits of Globalized network of supply of electricity across the border in future. India is strategically located in one of the densely populated regions of the earth i.e South Asia which has a combined population of 1.8Bn+ People and is surrounded by developing economies and the energy market which has the exponential prospect of becoming the most influential market for electricity trade. A World Bank report back then in 2015 stated a USD 226 Bn worth of benefits in form of savings (USD 9bn yearly) in the period 2015-40 if the South Asian region Intends to exploit CBET exhaustively in the region² and Then in 2017 even Asian Development bank insisted Indian Government amend its Law for better for Exchange of the Cross border electricity trade.³ Since then many initiatives have been taken by the Ministry of power and

¹ Indira Overland, "Energy: The missing Link in Globalization' (2016) 14 Energy Research & Social Science, 122,123 <<https://www.sciencedirect.com/science/article/pii/S2214629616300093>> accessed 09 June 2022

² Michael Tomain, et al., 'How Much Could South Asia Benefit from Regional Electricity Cooperation and Trade?' (World Bank, June 2015) <<https://openknowledge.worldbank.org/handle/10986/22224>> accessed 09 June 2022

³ 'Amend Electricity Act to enhance trade with Saarc nations: ADB to India' (Business Standard, 5 November 2017) <https://www.business-standard.com/article/economy-policy/amend-electricity-act-to-enhance-trade-with-saarc-nations-adb-to-india-117110500433_1.html> accessed 09 June 2022

CERC such as the Electricity Import/Export guidelines 2018, The CBET regulations 2019, and the Electricity amendment 2020 to provide a clear legal framework for easement of execution of such exchanges. This article would further delve into this framework along with explaining the highlights and RE.

NEED OF CBET

Increased commercialization and private companies:

For specifically south Asian countries including India CBET is more than an instrument for the exchange of electricity across the border it has a lot of socio-economic drivers which are making its need felt by the concerned government authorities as time is passing by. On the whole South Asia is facing an acute supply of electricity to its downtrodden population though the per capita production of electricity has increased over the years consistently the per capita consumption of such electricity was seen minimal growth as compared to production. Since a dominant chunk of this transmission industry is controlled by governments there is a lack of inefficiency & innovation in delivering the service to end consumers but proper commercialization and introduction of private players would improve such a scenario. Still, these private entities would only come into the energy sector of their country when there is a security of supply of electricity and any amount of risk of lack of energy would deter them from entering the transmission market.

Security of supply and Optimal Utilization of Transmission lines:

CBET could play an important role by ensuring round-the-clock electricity supply in a country's grid whenever the other country is in a deficit of it due to an unprecedented crisis like the one faced by India in 2022 Summers. Countries like Nepal which seasonally produces more electricity in the Wet season⁴ and Bhutan which exponentially produces surplus energy

⁴ Dipanjan Roy, 'Nepal starts exporting surplus energy to India' (*The Economic Times*, 6 June 2022) <<https://economictimes.indiatimes.com/industry/energy/power/nepal-starts-exporting-surplus-energy-to-india/articleshow/92024858.cms>> accessed 09 June 2022

than it needs⁵ could be used to supply to a region where any of the regional power plants is producing electricity below its capacity due to certain restrictions. Coming to transmission lines there are already bilateral agreements between India with Nepal, Bhutan, and Bangladesh respectively where transmission lines across the border are already bilateral transmission links are developed but this link primary caters to only two partner countries and hence a proper regional all-party CBET would allow the regional member countries to utilize the existing transmission infrastructure of other countries while trading with other countries.

Complimentary Peak and Low demand months in the region:

One might have heard in particular In case of bilateral trade of electricity between India and Nepal where at some months India exports electricity and then in wet months it import electricity from Nepal⁶ this is due to the complementary nature of peak and low demand in either of the country which encourages such trade of electricity i.e There are some months specifically in the rainy season when Nepal Produces more Hydropower than its need and this then exported to India in then in DrySeason Nepal Imports the electricity from India which enjoys electricity surplus during this time. This

Encourages Clean Energy and aligns with Climate change goals:

The south Asian region is a net fossil fuel importer when it comes to generating electricity through fossil fuels such as coal, gas, and petroleum. Major countries of the SAARC region namely India, Bangladesh, and Pakistan have been increasing their generation of electricity through these fuels to meet the exponentially increasing demand. These fuels/raw materials are cheap to extract and require less advanced technological and financial investment to harness the energy but what this process release is the harmful emission of gasses and

⁵Benjamin Hass, 'Energy Consumption In Bhutan' (*World Data*, 2020)

<<https://www.worlddata.info/asia/bhutan/energy-consumption.php>> accessed 9 June 2022

⁶ Prithvi Man Shrestha, 'Nepal Starts Selling More Electricity to India from Saturday midnight' (*The Kathmandu Post*, 14 June 2022) <<https://kathmandupost.com/national/2022/06/04/nepal-exporting-more-electricity-to-india-from-saturday-midnight#:~:text=Prithvi%20Man%20Shrestha&text=The%20Nepal%20Electricity%20Authority%20started,exchange%20market%20starting%20Saturday%20midnight.&text=the%20country's%20power%20plants%20started%20to%20generate%20surplus%20energy>> accessed 10 June 2022

effluents which are costing our lives and the quality of the environment in which we live. Thus here CBET could help in reducing the major SAARC countries including India their dependency on Fossil fuels by substituting the same from Green Energy surplus countries like Nepal and Bhutan over a period slowly. Moreover, such substitution and imports of green energy would bring the rapid interest of private entities to invest in offshore Green Energy plants in PPP modes such as Nepal or Bhutan. Thus reducing the government's burden to finance such projects by increasing private participation and flow of cash.

CBET could be a boon for even North-East India's power potential exploitation which houses the potential of about 40% of India's Hydropower energy all alone but still, as of now we are harnessing just 3% of it as of 2021⁷. CBET could drive this growth of clean energy trade in the northeast since the presence of proximity with Bangladesh and Myanmar by providing a cheap alternative to expensive fossil fuel/Coal imports if proper investment and steps are taken by the GOI to develop this aspect of CBET which would aid proper sustainable economic power exploitation in the region.

In addition to the above-mentioned scenario many South Asian Governments have committed Intended Nationally Determined Contributions (INDCs) to the United Nations Framework Convention on Climate Change (UNFCCC) including India which commits to reduce its Overall Green Energy emission intensity by 33-35% by 2030 to below 2005 Level and to have a total installed capacity of 500GW from RE (Renewable Energy) till 2030.⁸ Thus CBET and its potential to unlock untapped green energy in the region and its proper exploitation would certainly help India and its regional partner too in achieving their INDCs.

REGIONAL POLICY FRAMEWORK OF INDIA

India has signed a few crucial Memorandum of Understanding (MoU) agreements when it comes to developing a regional integrated power grid one such MoU which broadly forms the

⁷ 'Power Potential In North Eastern Region' (North East Electric Power Corp. Ltd.) <<https://neepco.co.in/power-generation/power-potential>> accessed 10 June 2022

⁸ 'MNRE Annual Release' (PIB India) <<https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1785808>> accessed 10 June 2022

basis of the policy of the regional SAARC member is the SAARC framework agreement for energy cooperation (Electricity)⁹ which recognized the need and importance of the cross border electricity exchanges and trade between the SAARC states. The agreement in brief touches all major essentials of such Cross border trade such as taxes (Article 4) and Transmission Access(Article 12) which advocates for enabling non-discriminatory access to the respective transmission grid according to the laws and rules framed within any such CBET agreement.

The agreement (Article 1) also defines the term buying and selling entities as any public or private entities engaged in the transmission, generation, or utility along with trading companies or any such established institutes registered and authorized by the member state to engage in any such business. Explaining the scope of such trade in Article 3, the agreement directs member states to enable Buying and selling institutes to negotiate terms, conditions, payment security mechanism, and tenure of electricity trade but what this article misses is the cost negotiation authority between such entities who are engaging in such trade, though the Article 7 talks about promoting competition but a competition without the authority of cost negotiation isn't a proper competition but would be indirect government influence on free economic trade which would eventually cause hurdles in such trade practices for private entities. But still, the highlight of this agreement remains Article 16 which provided the option of dispute settlement through the SAARC arbitration council. Another such regional agreement that was signed by India was the BIMSTEC MoU for Interconnection of Grid¹⁰ which aims at improving the inter-regional coordination for developing and aligning the energy infrastructure with a wider aim of inclusion of 'Grid-Interconnection' with a final objective of ensuring energy security through encouraging green renewable energy, by generating additional energy, by active cross border electricity trade. Clause 2.2 in Article 2 of the MoU mentions objective Interconnection of the grid, a few of them were : (i)To Coordinate

⁹ SAARC, 'Framework Agreement for energy cooperation (Electricity)' (*Ministry of Energy, Water resources and Irrigation*, May 2020) <<https://www.moewri.gov.np/storage/listies/May2020/saarc-framework-agreement.pdf>> accessed 12 June 2022

¹⁰ 'MoU for establishment of the BIMSTEC GIRD Interconnection' (*Ministry of Power GOI*, 9 SEP 2018) <<https://powermin.gov.in/en/content/memorandum-understanding-establishment-bimstec-grid-interconnection>>Accessed> accessed 12 June 2022

and plan to optimize and reduce costs of power plants,(ii)to provide reliable economical electricity supply,(iii)To develop tariff transmission framework to allow for trade among member states. Further Clause 2.3 suggest member states for no-discrimination among member states for power flow through their grid keeping in mind the grid capacity and power supply position, further it mentions impositions or exemption of levy of any kind of taxes or monetary amount on 'BIMSTEC grid interconnection' lines for either construction, use(transit), operation or maintenance of such lines should be mutually decided by participating member states. Further, it speaks upon syncing of the legal framework and other regulations for the implementation and execution of such trade among member states. Subclause 3.2 in the article talks about a crucial BIMSTEC interconnection coordination committee (BGICC), to actively oversee the process of the interconnection of grids and develop a proper plan for the execution of the interconnection of the grid. Interestingly the same authority has been given the primary responsibility of dispute resolution in Article 4.

Still, if we see most of the Intl. policies which are nothing but regional frameworks signed by India. Whether it's the SAARC or BIMSTEC framework, it highly relies upon the individual member state to take active steps for execution of this framework in the end as this framework doesn't try to put any obligation upon its member states its lack that effect of driving CBET in South Asia. Nonetheless, India has lately recognized its important position in these frameworks and the region. Thus, as discussed earlier these agreements and regions could only succeed in way of achieving International cross-border trade [CBET] arrangement only with active initiatives if taken by India as a central player.

STEPS TAKEN BY THE GOVERNMENT OF INDIA (GOI)

There are certain guidelines issued by GOI to clear pathways and confusion regarding various hurdles and questions and procedures to be followed to participate in cross-border electricity trade. These steps have been introduced in a series of sequences which follows as: -

GUIDELINES FOR IMPORT/EXPORT (CROSS BORDER) OF ELECTRICITY-2018

These guidelines were introduced in suppression of previous guidelines released in 2016 with the same title. The scope of these guidelines covers the aspects and actions taken or which are to be taken to import or export electricity from neighbouring countries with a primary objective of facilitating such cross-border electric trade is to promote transparency and consistency among regulations and frameworks governing such agreements and to have reliable transmission of import or export of electricity to National Grid. The guidelines here appear to be formulated keeping in mind the share of government to Government mode of exchange of cross-border electricity trade which could be inferred from clause 3.1 of the Rule no.3 which says that any agreement for export or import between Indian entity(ies) or Neighboring country entity(ies) must be according to laws prevailing in that country and should be consistent with: (i) Bilateral agreement of the two countries regarding the trade of electricity;(ii) mutual agreement between the two entities.¹¹ Further, if such a trade agreement comes into force after a process of bidding it shall follow the same rules. Nevertheless, all the imports/export by Indian entities should be ultimately governed by the rules and regulations and policy framed and notified by the concerned Central Electricity Authority/Central Electricity Regulatory Commission and if applicable the concerned SERCs¹²

The guidelines further speak upon the appointment of a designated authority which should be appointed by the Ministry of Power (MoP), GOI, and its role. The primary role of this designated authority is to plan and execute the main transmission lines which are to be used for Import/Export, to maintain the safety and functioning of such transmission lines, or any other work/role assigned to them in the Future by MoP, GOI. One of the crucial roles of this authority would be to approve any such desirous entity that aims to participate in CBET.¹³

Stipulating rules for Import and export, it says Indian Entities could import electricity from a neighbouring country's(ies)power plant directly if it has already obtained prior approval from the concerned authorities provided that the entity exporting such electricity has permission to do so from their own country. When it comes to Exporting, Any Indian discoms or power

¹¹ Guidelines for Import/Export (Cross Border) of Electricity,2018, r 3(3)

¹² *Ibid*

¹³ *Ibid*

generating entities could export electricity generated by renewable energy or hydropower and even coal, provided that such coal is imported coal and not the local coal and only after getting appropriate approvals from designated authorities. After getting such approval the entities could engage in direct trade with the importing entities or through a licensee trader or power exchange.¹⁴

The guidelines also laid down certain basic logical conditions for CBET like such trade would be permitted in case of import of electricity by keeping in account the total energy generation and the excess or lack of demand. And also, the ownership pattern and equity share the detail of the entities participating in CBET to be shared with the designated authority to get the necessary permission. Mentioning tariff, the guidelines state that tariff for imported electricity in India would be determined through “a process of competitive bidding as per the tariff policy of India or by mutual agreement”¹⁵ here whether the “mutual agreement” is used in the context of engaging individual entities or respective country is still doubtful. Further, there is an exception for tariff determination of power imported from hydropower which is to be set by CERC’s regulation. For exported electricity, the tariff should be categorised into long term, short term, and medium term which is again to be determined by a “process of competitive bidding subject to the charges as applicable for transmission/ wheeling of electricity through the Indian grid.”¹⁶ But in both the cases of import or export the final authority of deciding tariff would remain with the respective government if in case they have already signed or have a certain agreement in place which has mutually determined a particular tariff already the same shall prevail. Speaking about the transmission regulation it says that the transmission system developed for the interconnection of the grid across the border would be part of the national integrated grid and import and export transmission access priority in the grid would be given according to the CERC’S guidelines. Still, power exclusively exporting emerging to the neighbouring country would be allowed to have separate transmission link only after having permission from requisite concerned authorities

¹⁴ Guidelines for Import/Export (Cross Border) of Electricity-2018, r 5

¹⁵ *Ibid*

¹⁶ *Ibid*

Most importantly recognizing the role and its position in the SAARC region the guidelines specify a scenario in which India would do nothing but aid in the transmission of electricity between two countries which means it would act as the bridge between two trading countries and for doing so the participating countries would have to approach the Central Transmission utility for obtaining required permission for getting transmission corridor. Nonetheless, the transmission grid made into use for the exchange of CBET should be under the purview of the rules and regulations of GOI. When it comes to the settlements, the Central Government according to the guidelines would form a nodal agency for each country which would oversee the settlement of grid operations related to charges as per the CERC's regulation¹⁷. Further, all disputes falling under Indian limits shall be settled according to the Electricity act 2003 and any dispute involving two separate entities from a distinct country could be settled through an international arbitration centre as mutually decided.¹⁸

THE CBET REGULATIONS 2019

These regulations were introduced by CERC under section 178¹⁹ (read with section 66²⁰) of the electricity act 2003 in subsequence and following up with the Guidelines for Import/Export (Cross Border) of electricity-2018. This regulation prima facie appears more descriptive and exhaustive than the previous 2018 guidelines and is technical in its tone and explanation which involves transmission, planning, connectivity, and access. In the technical domain, it specifies metering, data sharing and collection, System security of the grid, and financial guarantees to secure access. However, focusing in brief upon the important regulatory legal stance taken in the regulation, It follows up the 2018 guidelines issued upon Import and export. The scope of the regulation widens from the previous guidelines as it says that the regulations would apply to "participating entities in India and the neighbouring country"²¹ Coming to the institutional framework mentioned, the regulation in addition to the previous description of Designated authority(DA) in 2018 guidelines, it speaks about the role of Designated Authority to remain

¹⁷ *Ibid*

¹⁸ *Ibid*

¹⁹ CBET Regulations, 2019, s 178

²⁰ CBET Regulations, 2019, s 66

²¹ Cross Border Trade Of Electricity Regulations, 2019

collaboratively with any such designate authority of the neighbouring country. Another Institutional authority mentioned in the regulation is the Transmission Planning agency²² which should be responsible for the planning and commissioning of the transmission lines and also execute the same in collaboration TPA of the neighbouring country. TPA's role is executed by the Designated Authority. Another Institute by name of Settlement Nodal Agency is also introduced, which shall be responsible for the settling of all grid-related charges, including operating charges, deviation charges, and other charges related to transactions with a specific neighbouring country in the Electricity trade across borders.²³The presence of settlement Nodal Agency plays a crucial role in decreasing confusion surrounding settling and accounting of the various charges and clears the way out in a situation of dispute arising out of levying of such charges. The nodal agency should also be liable for developing a secure mechanism for payments for charges to be collected by it moreover such taxes or cess if levied upon cross-border entities it would be according to Indian laws.²⁴Further, the settlement Nodal agency has to pay on behalf of the participating neighbouring entities all the charges of the system operator as per CERC rules.²⁵Then another two institutes mentioned in the regulations were the National Load Dispatch Centre and Central Transmission Utility (CUT), where the NLDC role is of being the system operator and the authority to grant short-term access to entities desiring to participate in CBET whereas CUT yields the authority to grant long term and medium-term open access to Indian grid.²⁶ Moreover, both of these authorities have responsibility for billing, collection, and disbursement of the transmission charges for the use of the transmission utility.

A participating entity in cross-border electricity trade has to secure connectivity or a type of either long, short, or medium-term access. An entity that aims to be connected or is connected with special cross-border transmission links shall seek connectivity permission from the Central transmission Utility for getting the access grid but even the grant of connectivity doesn't mean that entity could exchange power with grid, to do so the entity would have to

²² *Ibid*

²³ *Ibid*

²⁴ Cross Border Trade Of Electricity Regulations, 2019, r 30

²⁵ Cross Border Trade Of Electricity Regulations, 2019, r 32

²⁶ Cross Border Trade Of Electricity Regulations, 2019

separately secure long or short or medium-term open access to the grid²⁷The regulation further seeks to designate authority to oversee the development of the power generation plant in the neighbouring state along with the transmission system which is used to transmit power to India in collaboration with CUT and the transmission planning agency of the neighboring respective country which is engaged in electricity trade with India.²⁸Realizing upon the case where there would be a delay in commissioning of the actual project which was going to supply electricity or the transmission link in the neighbouring state beyond the date as mentioned in the long term agreement, then such generator of the power should be liable for paying compensation calculated from the time from the date from which its Long term open access became operationalized²⁹ It's unclear whether such remedy is available to entities having a short term or medium-term open access nonetheless to seek such Long term open access an 'access Bank Guarantee' valid for five (5) years from the date of long-term access operationalization, for a sum of Rs. five (5) lakhs/MW corresponding to the quantum of long-term access sought shall submit the same to the CTU.

In case of failure of commissioning of requisite infrastructure i.e. transmission system before the date stipulated in contract within the limit of India's boundary when the power generation plant is already been constructed and was to be connected by transmission link only but which wasn't done then in such case if the CTU does not make an alternative arrangement, the transmission licensee must pay transmission charges to the generating company in proportion to the commissioned generation capacity.³⁰This brings a sense of security of compensation in case there is a delay in the work of commissioning transmission links which are set up by Governments thus encouraging the interest of private entities.

Dealing specifically with the problems that might arise in long-term open access in form of confusion regarding the start date of such access which is addressed in the regulation to be the date which is either stipulated in the Long term open access agreement or from the date from which onwards there is the availability of transmission system for accommodating the Long

²⁷ *Ibid*

²⁸ *Ibid*

²⁹ *Ibid*

³⁰ *Ibid*

term access.³¹This means that even if there is a stipulated date in the long-term access agreement there is no surety that from that onwards the entity would get the access as in the end it depends upon the availability of the transmission system. In certain cases of transmission where the transmission links don't fall into the commercial use category because of security concerns of the grid then such links could be operationalized only on a case-by-case basis and the entity using them should pay for the charges for using such transmission links. Further rule 31 laid down a methodology to share loss for any loss incurred in the transmission of electricity in transit.

In the end, the regulation further gives a descriptive version of the dispute settlement procedure where it adds further to what was mentioned in the 2018 guidelines and stipulates a time limit of 60 days for mutual dispute settlement where the participating entities are from India and the neighbouring country and if the entities are unable to arrive at any settlement before 60 days then upon expiration of such time limit the dispute should then be tried to be settled by the government to government settlement.³²If the governments are unable to resolve the dispute then the dispute shall be brought to International arbitration only upon mutual consensus of the participating entities.

Keeping in mind the new age vulnerability to national security by threatening of National grid all the participating entities in the trade are required to take steps to secure cyber security of all the critical assets of the transmission system to keep it away from hacking and other threats, NLDCs been made responsible for overseeing the entities for checking their progress on this domain³³

THE ELECTRICITY AMENDMENT BILL 2020(DRAFT)

This bill is going to be revolutionary in many ways once introduced and passed through the parliament as it's going to drive many new reforms which are long been pending to be implemented in the power sector. Focusing on the Cross Border Trade of electricity aspect, The

³¹ *Ibid*

³² *Ibid*, r 34

³³ *Ibid*, r 21

amendment is a big leap to fill the gap which was left for years showing interest of the GOI in encouraging CBET. The draft bill defines cross-border trade of electricity through a proposed amendment in Section 2 of The Electricity act 2003 as “transactions involving import or export of electricity between India and any other country and includes transactions related to the passage of electricity through our country in transit between two other countries”³⁴ then another amendment is proposed in Section 49 by proposing section 49A mentioning the power of Central to stipulate and introduce rules from time to time to facilitate Cross border trade whose clause 2 states the responsibility of central commission which is CERC to introduce regulation for cross border electricity trade.³⁵

Further in subsequence of the above, an amendment to Section 79 of the electricity act 2003 which specifies the function of CERC has been added where the amendment sub-clause ‘JA’ has been added to empower CERC to regulate the CBET.³⁶ Nonetheless, the Draft bill in its aim and objective recognizes the arising need for regulation for the proper execution of CBET hence CERC has been made responsible for the proper regulation of the trade which shows the keen interest of the Central government to promote CBET.

CONCLUSION

To envision an ideal regional Inter-connected grid to exchange/trade power as one like of Nord Pool in Europe South African Power pool in Africa and a few others in various regions of the world is what the South Asian region should be achieving ultimately either through the aegis of SAARC or BIMSTEC but to achieve so there needs to be strong political will to rise above personal differences and to connect the regional national grid to secure wide-ranging financial and environmental benefits a proper realization of the SAARC regional grid would allow the region to connect the item with the ‘Greater Mekong sub region’ further enhancing the electricity market size and enhancing prospects of more private participation. At this current moment in South Asia India holds an influential geopolitical position and should yield its influence to formalize the regional interconnected power grid. As of now, CBET is carried

³⁴ Electricity Amendment Bill, 2020, s 3(iii)

³⁵ Electricity Amendment Bill, 2020, s 14

³⁶ Electricity Amendment Bill, 2020, s 21(ii)

out on a bilateral basis but this mode of CBET shall be phased out and the slowly true open market should be envisioned for the entities across the border to engage in CBET. though if we see the current development and introduction of 2018 guidelines and then subsequent 2019 regulations followed by a 2020 Electricity amendment draft all point towards reforms in the power sector for accommodating the interest of the entities desirous of engaging in such trade. Further in another good development, CERC in 2021 introduced proper regulations and procedures for all entities seeking permission for trade³⁷. These all development are highly welcome steps in the field of the CBET scenario of India but more exhaustive and more liberal initiatives should be taken in the coming time to lessen the influence of Governments in certain aspects of the CBET agreement like Tariff determination. Overall, the steps taken by the Government show a strong early determination to make CBET successful in India and the South Asian region.

³⁷Procedure for approval and facilitating Import/Export' (*Ministry of Power*, 28 February 2021) <https://cea.nic.in/wp-content/uploads/2021/02/Final_DA_Procedure_26022021.pdf> accessed 13 June 2022