

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. Dr. Pramod Deo, Chairperson
2. Shri R.Krishnamoorthy, Member
3. Shri S.Jayaraman, Member
4. Shri V.S.Verma, Member

Review Petition No.199/2009

In the matter of

Application under Section 94 of the Electricity Act, 2003 read with regulations 103, 111 and 114 of the CERC (Conduct of Business) Regulations, 1999 for review and modification of the order dated 31.8.2009 in Petition No. 120/2008.

And in the matter of

Indian Energy Exchange Limited, New Delhi...

Applicant

The following were present:

1. Shri Jayant Deo, IEX
2. Shri Rajesh Mediratta, IEX

**ORDER
(DATE OF HEARING: 15.9.2009)**

The applicant, Indian Energy Exchange Limited, has made this application seeking review of the order dated 31.8.2009 passed by the Commission in Petition No. 120/2008 in the matter of seeking permission to introduce additional contracts by it.

2. Briefly the facts of the case are as under:

(a) Through Petition No. 120/2008, the petitioner had requested for commencement of trading in weekly contracts using a methodology having two trade sessions-closed uniform price auction followed by continuous trading (both of them) or open auction;

(b) The Commission by its order dated 31.8.2009 in Petition No.120/2008 had approved the closed auction with uniform price solution only for region-wise weekly contract;

3. In the present petition, the petitioner has submitted that closed auction standalone would not work since there are five regional markets in which auctions are being conducted. The petitioner has requested to allow closed uniform price auction followed by continuous trading on open auction.

4. During the hearing, the Commission asked for the details of the methodology and procedure for conducting open auction. Thereupon, the petitioner proposed to file a fresh petition in lieu of the present review application. Accordingly, the petitioner vide its affidavit dated 19.9.2009 has filed revised petition containing the details of the methodology and procedure for open auction and has made the following prayers, namely:

(a) To consider the review petition filed on 9.9.2009 as fresh petition, on payment of balance fees.

(b) To allow the petitioner to use following trading mechanisms in order of priority;

(i) Closed uniform price auction followed by continuous trading;

(ii) Open uniform price auction as one of the options for matching of regional weekly contracts in addition to already approved closed auction. The pricing methodology for concluded transactions in auction will remain the uniform price.

5. Having heard the representative of the party and considered material on record, we proceed to dispose of the matter presently.

6. The petitioner has furnished the detailed methodology for conducting open auction and the advantages of the methodology. After studying the detailed methodology, we allow the petitioner open auction with uniform clearing price methodology.

7. It has been submitted that the rationale to allow open auction is that there are five regional auction sessions running simultaneously for term-ahead markets. The sellers in these markets can bid only in the region in which the seller is located and buyers can bid in any region. With the open auction mechanism all participants, particularly all buyers, will be aware of supply quantity available in different regions as the supply quantity and price will be transparently displayed. The delivery point being state/regional periphery to which the seller belongs enables the buyer to calculate his ultimate cost of delivered power as he is aware of the transmission charge from different regions to his periphery. Hence, buyers can take an informed decision on power purchase.

8. In view of the above, the applicant is permitted to use open uniform price auction methodology also for region-wise weekly contracts (trading one month in advance with a delivery period of one week in addition to already approved closed uniform price auction methodology). Only one of the said two methodologies shall be adopted for this contract at any one point of time.

9. As per the details of open uniform price auction given by the petitioner vide its affidavit dated 17.9.2009, the complete aggregated bids for demand and supply level shall be displayed instead of five best bids and sell orders.

10. The rules, bye-laws and business rules shall be amended in accordance with the directions given above and copy shall be forwarded to the Commission for information and record.

11. With the above, the petition is disposed of.

SD/- (V.S. VERMA) MEMBER **SD/- (S.JAYARAMAN) MEMBER** **SD/- (R.KRISHNAMOORTHY) MEMBER** **SD/- (DR.PRAMOD DEO) CHAIRPERSON**
New Delhi dated the 2nd December 2009