

CENTRAL ELECTRICITY REGULATORY COMMISSION

3rd Floor, Chanderlok Building, 36-Janpath, New Delhi-110001

Tel. No. 23353503, Fax No. 23753923

Website : www.cercind.gov.in

New Delhi, the 11th September, 2009

PRESS RELEASE

CERC checks price volatility in Day-Ahead Markets

Exercising its powers under the Electricity Act, 2003, CERC issued order today notifying the permissible price band for interstate day-ahead power transactions. The following are the key features of the order:

- i) The price band is only for interstate day-ahead power market.
 - ii) The price band would be from 10 paise per unit to Rs.8 per unit.
 - iii) This would be applicable to power exchanges and also to bilateral markets.
 - iv) The order would lapse after 45 days.
2. This order has been passed by CERC after conducting a public hearing on 8th September, 2009 and considering the comments/suggestions/objections received from the stakeholders.
3. The move to initiate this regulatory intervention was based on noticing the steep increase in short-term power prices and increased weekly price volatility.
4. The order mentions that the Commission is equally conscious of its statutory obligation to ensure reasonable return for the investors in the sector and assures that their long term interests, future investment plans and reasonable rate of return

are among the other considerations kept in mind while arriving at the above mentioned caps. Further, Commission has made it clear that the price caps are being imposed only for day-ahead transactions and that too for a short period of 45 days.

5. The order is available on the website of the Commission.
(<http://www.cercind.gov.in>)

Sd/-
(Alok Kumar)
Secretary