

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Coram:

Dr. Pramod Deo, Chairperson
Shri S. Jayaraman, Member
Shri V.S.Verma, Member
Shri M.Deena Dayalan, Member

L-1/13/2010-CERC

Date of Order: 21.6.2011

In the matter of:

Approval of the Rules, Bye-Laws and Business Rules of Power Exchange of India Limited in compliance with the provisions of Central Electricity Regulatory Commission (Power Market) Regulations, 2010.

And

In the matter of:

Power Exchange of India Ltd., Mumbai

.....Applicant

ORDER

Last proviso to Regulation 14 of Central Electricity Regulatory Commission (Power Market) Regulations, 2010 provides as under:

“Provided further that the Power Exchanges in operation shall realign their Bye-laws, Rules and Business Rules to make the same in conformance with these regulations and shall submit the same for approval of the Commission within three months from the date of notification of these regulations.”

2 The Applicant had submitted its revised Bye-laws, Rules and Business Rules on 19.4.2010 in compliance of the Power Market Regulations as quoted above and had subsequently re-submitted the revised Bye-laws etc. on 03.08.2010. Affidavits dated 05.10.2010 and 10.11.2010 were filed by the Applicant mentioning the deletion and amendment of a few clauses of revised Bye-laws, Rules and Business Rules. The



Commission in its order dated 19.11.2010 while according approval to the Rules, Bye-laws and Business Rules of PXIL also directed as under:

“The Applicant is directed to appropriately incorporate our directions/observations in its Rules, Bye-Laws and Business Rules and submit the same for perusal of the Commission within ten days from the date of issue of this order. If any discrepancy is noticed at that stage or if it appears that the revised Rules, Bye-Laws and Business Rules do not conform to the Power Market Regulations and REC Regulations in any respect, the Commission shall issue such further directions as may be considered necessary to ensure compliance with these Regulations.”

3. The Applicant has submitted the revised its Rules and Bye-laws for both market segments (Physical and REC) and Business Rules for Physical Market Segment of Power Exchange on 29.11.2010 since the Business Rules for renewable energy segment were earlier approved vide order dated 17.9.2010. The applicant has further submitted vide its letter dated 19.11.2011, a modified Settlement Guarantee Fund (SGF) section in Bye Laws replacing the SGF section of the document.

4. The documents submitted by the Applicant have been examined. We have indicated our directions/observations in the **Annexure** to this order. We accord our approval to the revised Rules, Bye-laws and Business Rules and direct the applicant to appropriately incorporate the same in its Rules, Bye-Laws and Business Rules and submit for perusal of the Commission by 15.7.2011. If any discrepancy is noticed at that stage or if it appears that the revised Rules, Bye-Laws and Business Rules do not conform to the Power Market Regulations in any respect, the Commission shall issue such further directions as may be considered necessary to ensure compliance with the aforesaid Regulations.

Sd/-
(M.Deena Dayalan)
Member

sd/-
(V.S.Verma)
Member

sd/-
(S. Jayaraman)
Member

sd/-
(Dr. Pramod Deo)
Chairperson



Annexure

Observations/directions of the Commission on the revised draft Bye-Laws, Rules and Business Rules of the Power Exchange of India Ltd.

Sr. No.	Page No.*	Clause No.	Observations/directions of the Commission
Rules of Power Exchange of India Limited			
1	5	1.4	Since the term applicable laws is already a defined term under clause 2.2, defining the same under clause 1.4 in a different manner is inappropriate. Hence the same should be deleted.
Bye-Laws of Power Exchange of India Limited			
2	61	5.4.2	Parameter terminology "Duration of contracts" is not in accordance with Power Market Regulations. Power Exchange can only define the contract calendar and not the delivery duration. Delivery duration has to be approved by the Commission.
3	63	5.7	The direction was as follows: "The subject of "extension and postponement" is not clear. It needs to be clarified." No action has been taken.
4	70	7.1	Electronic record of audio and videos to be archived for a period. The archiving period is to be specified.
5	73	8.2.2.b	The direction was as follows: The words "clearing limits" to replace the word "limits". No change has been made.
6	Full Chapter (As submitted vide letter dated 19.1.2011)	11	Distinction between clearing members and Advisory members to be made as Advisory members will not take risk and hence SGF implication will be different for them.
7	-do-	11	Details of SGF corpus size, exchange contribution to SGF submitted vide letter dated 4.3.2011 should be made part of the Bye laws.



Business Rules of Power Exchange of India Limited			
8	110	1.1.4	The direction was as follows: “The services specified in Regulation 26(i) (c) of Power Market Regulations be mentioned for ease of readability.” However, the same has not been specified.
9	112	2.2.2 2.2.4	The formats prescribed by the exchange for accepting irrevocable Guarantees shall be furnished for information only to Commission. The sentence “The Member shall however be responsible for his own trades and/or trades executed on behalf of his clients on the Exchange.” shall be replaced with “The Member other than Advisory member shall however be responsible for his own trades and /or trades executed on behalf of his clients on the Exchange.”
10	150	Annexure 1A	In Trading Methodology the phrase “Refer to Annexure V-I” shall be added after the Phrase “Double Sided closed bid auction with uniform market clearing price.”
11	154	Annexure 1A	The direction was as follows: “Congestion Management Methodology to be integrated with matching rules section. It shall be made more detailed like defining upstream and downstream areas, heading of Table 2 (after market splitting) to be corrected.” The first two parts of the direction should be complied with.
12	157	Annexure 1A	Exhibits 2 & 3 to be specified against the graph; on the Y- axis negative values to be removed as the negative price bidding is not the part of market design.
13	160, 167	Annexure 1B, 1C	In Trading Methodology the Phrase “Refer to Annexure V-II” shall be added after the Phrase “Discriminatory price-Double sided auction”.



14	186	Annexure III	The direction was as follows: “The word “CERC” be removed from the first paragraph of the Risk Disclosure document.” It has not been fully complied with.
15	193	Annexure V	Matching Rules – Points (e) and (h) to be reworded to make it clear to the participants on the exchange. <u>Illustration:</u> The phrases like “ <i>Stacked in a batch</i> ” “ <i>Solve these AD & AS equations to arrive at MCP & MCV.</i> ”
16	193	Annexure V	Acceptance or Rejection of Block bids w.r.t. price criteria in contiguous hours to be explained as a rule and with illustrations.
17	196	Annexure V - m	Over-supply graph wrongly mentioned as Over-demand and plot-3 shall be mentioned as plot -4.
18	193, 194, 195, 196	Annexure V	The price Quantity solutions (MCP & MCV) to be marked in all the graphical solutions.
19	197	Annexure V	Discriminatory price Double sided auction – Auction stages (Sell session, buy session & modification session) to be defined for the participants to understand the flow of auction process.

* Page number references are with respect to track change document.