

# Central Electricity Regulatory Commission

## New Delhi

### Petition No. 95/RC/2014

<b>Subject</b>	:	Regulatory Compliance Application in compliance to Regulation 7(2) and 24 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2010.
<b>Date of hearing</b>	:	12.6.2014
<b>Coram</b>	:	Shri Gireesh B. Pradhan, Chairperson Shri M. Deena Dayalan, Member Shri A.K. Singhal, Member
<b>Petitioner</b>	:	Indian Energy Exchange Ltd.
<b>Parties Present</b>	:	Ms Shruti Bhatia, IEX Shri Rajesh Kumar Mediratta, IEX Shri Gaurav Maheshwari, IEX

### Record of Proceedings

The representative of the petitioner submitted that the present petition has been filed for approval of revised Business Rules of Indian Energy Exchange (IEX). She further submitted that the objective of the amendments in Business Rules is three-fold, i.e. modification in TAM contracts to meet the changing market requirements, incremental changes for clarity in compliance and flexibility in operations.

2. The representative of the petitioner further submitted that the following changes are being sought in Business Rules of IEX for term ahead market products i.e. intraday, weekly, daily and contingency:

(a) Provision for non-standardized time blocks to meet the dynamic market requirements and to do away with fixed time blocks for flexibility in design of contracts;

(b) Although no change is being done to the contracts, an in-principle approval is being sought for so that IEX can implement TAM on 15 minute basis as and when required with prior approval of the Commission.

(c) Provision for flexibility in inter-State contracts is being sought. Presently, only sellers are restricted and not the buyers in TAM. With

the new provision, IEX would have an option to restrict either the buyer or the seller maintaining the inter-State nature of the contracts. Owing to transmission constraints, number of contracts do not materialize and hence this flexibility is being sought.

3. The representative of the petitioner submitted that the settlement of daily contracts is proposed to be reduced from T+4 to T+3/T+2 basis wherever requisite permissions, approvals and clearances are there and there is feasibility of such reduction which will allow scheduling of contracts for little longer duration within overall specification of the daily contracts. The representative of the petitioner submitted that the timelines for availability of intra-day contract is being increased from 2:00-24:00hours so that the contracts are available before 2:00 clock also. The Commission in Petition No. 120/2008 has already granted approval which is being re-iterated in the petition.

4. The representative of the petitioner submitted that the following amendments are proposed to be incorporated in Business Rules for clarity in market compliance:

(a) Grid connected clients definition has been modified so that participants from the neighbouring countries can trade subject to the delivery point being within the Indian grid.

(b) Member to nominate a compliance officer, maintain complaint register, maintain separate ledger for exchange transactions, provide net worth certificate to exchange especially by Professional members.

(c) Subordinate service provider definition which is not been specified in the rules are being specified. Clause 19 (A) defines the sub-ordinate service provider as any intermediary appointed/involved between the member and the client and requires appointment/involvement of any such service provider to be informed to the Exchange by the member. This is also to ensure that compliance of trading margin cap of 0.75% is being maintained.

(d) New provision of member client account is being introduced to streamline member to client transaction and transparency on part of the member. The client account is a current account which would be used for availability of trail and the exchange at any time may audit the transactions.

(e) Small incremental changes have been done such as the bank guarantee period is being reduced to 3 months, penalties on members are being relaxed, permission for Exchange to use bank lien marked in favour of Exchange as margin is being sought.

5. The representative of the petitioner requested the Commission to approve revised Business Rules as early as possible .

6. After hearing the representative of the petitioner, the Commission reserved order in the petition.

**By order of the Commission**

**Sd/-  
(T. Rout)  
Chief (Law)**