

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 9/SM/2016

Coram:

Shri Gireesh B. Pradhan, Chairperson

Shri A.K. Singhal, Member

Shri A.S. Bakshi, Member

Dr. M.K. Iyer, Member

Date of hearing: 26.5.2016

Date of Order: 17.6.2016

In the matter of

Operation of 24x7 Round the Clock Intraday/Contingency Market (Extended Market Session) on the Power Exchanges.

Parties Present:

1. Shri Sandeep Kumar, TPDDL
2. Shri Deepak Mehra, TPDDL
3. Shri Praveen Tanak, Adani Enterprises Ltd.
4. Shri S.S Barpanda, NLDC
5. Shri Kaushik Dey, NLDC
6. Shri Avnish Pandey, INOX WIND
7. Shri Abhinandan Goswami, ONGC TRIPURA
8. Shri Naresh Bansal, NHPC Ltd.
9. Shri Sanket Srivastava, NPCL
10. Shri Girish Gupta, SLDC
11. Shri Bhaskar Soren, PTC India Ltd.
12. Shri Kapil Dev, PXIL
13. Shri Rajeev Kumar Gupta, MPPMC
14. Shri Gaurav Maheshwari, IEX
15. Ms. Suruti Bhatia, IEX
16. Shri Amit Paul Elha, IPPAI
17. Shri Manish Kumar, IPPAI
18. Ms. Shalu, MPPL
19. Shri Sumit, MPPL
20. Shri K.G. Srinivasulu, APPCC/APTRANSCO
21. Shri M.Venkatanreddm, APPCC/APTRANSCO
22. Shri Manoj Sabal, IL&FS Energy

ORDER

The Commission vide order dated 8.4.2015 in Petition No. 6/SM//2015 directed the Power Exchanges to operate 24x7 intraday/contingency market within three months from the date of issue of the order after undertaking all essential procedures. The order of the Commission has been implemented by Indian Energy Exchange (IEX) and Power Exchange India Ltd since 20.7.2015.

2. Following the order, a preliminary review on the operation of Extended Market Session for the period from July 2015 to January 2016 was undertaken in the Commission. It was found that (i) of the total volume of electricity transacted through intraday and day ahead contingency contracts, 65 per cent of the volume was transacted in extended hours while only 35 per cent was transacted in normal hours; (ii) the price of electricity transacted through intraday and day ahead contingency contracts was relatively low during extended hours compared to normal hours; and (iii) more volume was transacted at lower price during extended hours when compared with normal hours. Details of the preliminary review/have been uploaded on the Commission's website. The Commission also invited views of the stakeholders and other interested persons, and heard the matter on 26.5.2016. The Commission heard the oral submission made by Indian Energy Exchange (IEX), Power Exchange India Ltd (PXIL), National Load Despatch Centre (NLDC)/Regional Load Despatch Centres (RLDCs) and ONGC Tripura Power Company Ltd (OTPC) and Andhra Pradesh Power Coordination Committee (APPCC). The summary of the oral/written submission made by stakeholders is provided as under.

3. IEX, through its written submission has conveyed support for continuation of the Round the Clock Intraday/Contingency market. It has submitted that post implementation of extended market, IEX has witnessed 53 per cent increase in volume traded in fiscal year 2015-16 (July 2015 to March 2016) under intra-day and day-ahead contingency contracts in comparison to the same period in fiscal year 2014-15. In fiscal year 2015-16 (July 2015 to December 2016) 226 MUs were scheduled for delivery of intraday/contingency segments at IEX compared to 147 MUs scheduled in the same period in fiscal year 2014-15.

4. IEX has requested the Commission to direct NLDC/RLDCs to ensure compliance of order dated 8.4.2015 wherein the Commission had directed that POSOCO would communicate approval/rejection of scheduling of bilateral transactions for intraday/contingency contracts and inform the Power Exchanges and the applicant within one (1) hour of receipt of such application. This would help reduce the gate closure time from 3 hours to 2 hours.

5. IEX has also submitted that there is no system to coordinate the total quantity scheduled till the time a fresh application is made to RLDC so as to ensure that there is no overscheduling beyond the limit approved by the SLDCs. Therefore, before sending application for scheduling transaction, Exchange/Member needs to check with the SLDC/client after a trade has been executed and take their consent. This practice delays the process. Therefore, IEX has requested the Commission to look into this matter.

6. IEX has submitted that automation of open access procedure by setting up a National Open Access Registry (NOAR) would enable a well-functioning and liquid contingency and intraday market. Besides, IEX supports the observation in the staff

paper on “extended market session on power exchanges dated 8.7.2014” that “the success of round the clock contingency/intraday market depends upon availability of transmission corridors and information about margins on various transmission links to market participants on an active and frequent basis. This information should be conspicuously available on the website of POSOCO/NLDC.” Further, it would be ideal if NLDC/RLDCs to post real-time TTC and ATC information on their website.

7. PXIL, through its written submission has submitted that the extended market session is required for the development of the power sector to meet the contingency requirements. However, PXIL believes that the expected growth of the extended market has been hampered due to the transmission constraints. PXIL has observed that the extended market is used by utility participants, not by open access customers. In order to get a better perspective on the functioning of round the clock extended market, PXIL has requested the Commission to extend the review period for further six months.

8. On behalf of NLDC/RLDCs, it was submitted that the RLDCs have been facilitating the functioning of Round the Clock Intraday/Contingency market. The 24x7 Round the Clock Intraday/Contingency market provides the market players an opportunity to meet their obligation in case of contingency, thereby minimizing deviation from their schedule. This ensures grid security and reliability. NLDC/RLDCs suggested that 24x7 Round the Clock Intraday/Contingency market must be continued. Besides, NLDC has suggested that (i) in order to facilitate different entities to sell/buy power to balance their portfolio, multiple iterations of collective transactions through the power exchanges may be permitted by the Commission by way of introduction of evening market on the power exchanges, as was envisaged in the original staff paper by

CERC, and (ii) the review of DSM charges may be considered by the Commission so that it may discourage deliberate deviations by the Utilities.

9. OTPC has submitted that the extended market session at the power exchanges is a novel concept and it should be promoted to make available the additional opportunity to the market participants for undertaking transactions during the extended hours in addition to the normal hours. The extended market session provides generators a ready to go market for their idle capacity in form of Unrequisitioned Surplus (URS) or merchant power and hence should be continued at the power exchanges. OPTC has also suggested to reduce the time period for the power to be scheduled after the power is sold at the exchange, from 3 to 2 hours.

10. APDISCOMs have welcomed the extended market session on power exchanges as it will be beneficial for the scheduling stranded capacities and discovering of better prices, and submitted that additional expenditure emerging on account of operating extended market session need not be considered and levied on them.

11. The Commission has noted the comments of the stakeholders as also the results of the preliminary review of the operation of the extended market session. Most of the stakeholders have supported continuation of the extended market session and have argued that such an initiative would be beneficial for development of the power sector. The results of the preliminary review are also positive in that the volume of electricity transacted was more and the resultant prices were low during six months of operation. 24 x 7 round the clock intraday/contingency market as compared to normal hours on the Power Exchanges.

12. The Commission while proposing the extended market session in July, 2014 had already highlighted the benefits of the initiative for the stakeholders in the power sector. Existence of the market platform 24 x 7 helps optimal utilization of assets while at the same time helping the buyers/load serving entities to meet their contingent demand. It also helps the load generation balance closer to real time and drives the market participants to contractual arrangements rather than depending on deviation settlement/un-scheduled inter-change. In the long run, availability of 24 x 7 power market is also expected to address the variability of renewable energy generation, and in turn effectively integrate the infirm renewable generation sources.

13. Considering the above, the Commission directs the Power Exchanges to continue operation of 24 x 7 Round the Clock Intraday/Contingency Market (Extended Market Session). All terms and conditions as stated in the Commission's order dated 8.4.2015 in Petition No.6/SM/2015 are to be complied by the IEX and PXIL.

14. Petition No. 9/SM/2016 is disposed of with the above directions.

Sd/-
(Dr. M. K. Iyer)
Member

Sd/-
(A.S. Bakshi)
Member

Sd/-
(A.K. Singhal)
Member

Sd/-
(Gireesh B. Pradhan)
Chairperson