

## Integrated Research and Action for Development

To,

16<sup>th</sup> March'2017

Ms. Shubha Sarma  
Secretary CERC  
3<sup>rd</sup> & 4<sup>th</sup> floor, Chanderlok Building,  
36, Janpath, New Delhi-110001.

**Subject: - Comments on CERC Notification (Draft) dated 16/02/2017.**

Dear Madam,

IRADe is a fully autonomous advanced research institute, which aims to conduct research and policy analysis and connect various stakeholders including government, non-governmental organizations (NGOs), corporations, and academic and financial institutions. Its research covers many areas as well as the policies that affect these areas. This includes energy and power systems and we are executing many activities related to promoting Cross Border Trade of Electricity (CBTE) in the South Asian Region.

We have gone through the draft notification issued by CERC. In our view this is a very significant step in the direction of promoting CBTE which will benefit all the participating Nations. We will also like to submit some comments/suggestions for the kind concentration of CERC. The comments are attached as annexure 1.

We will also like to request you to kindly give us an opportunity to present the same during the hearing on 22<sup>nd</sup> March'2017. The time duration of the presentation will be 5 to 10 minutes. Undersigned along with Mr. Gaurav Jain Senior Research Analyst and Mr. Nikhil Research Assistant shall be participating in the hearing.

*S.K. Ray*

Thanking you,  
Your's faithfully,  
S.K.Ray  
Technical Specialist IRADe  
+919971792136 [skray@irade.org](mailto:skray@irade.org)

Enclosure – Annexure – 1 Comments on Notification (Draft) as mentioned above.

## ANNEXURE- 1

Comments on CERC Notification (Draft) No 13/2/7/2015-PM/CERC dated 16<sup>th</sup> Feb'2017

Reference - Chapter – 3 Clause 8. Trade through Indian Power Exchange

### Issue/ Context – 1

In the definition “Cross Border Trade of Electricity” is defined as trade involving export and import of electricity between India and neighbouring countries of India. It does not include trade between two neighbouring countries through Indian grid.

In the “Chapter – 3 Clause 8. Trade through Indian Power Exchange” the participating entities have been allowed to participate in the Term Ahead Market. The manner in which the term ahead market is operated at present, it is possible that trades between two neighbouring countries may also get cleared with the power being wheeled through the Indian Grid.

Thus there appears to be some contradiction in the definition and clause 8

### Suggestion

The definition of “Cross Border Trade of Electricity” may be modified to include trade between any participants in the Term Ahead Market. Alternatively, the term ahead markets may be operated as separate platform in with only the eligible entities may participate and ensuring that the cross border bids are cleared against the bids of eligible Indian buyers and sellers only.

### Issue/ Context -2

In chapter -2 clause -7, eligibility criterion for participating applicant has been mentioned. One time approval is required from the designated authority for certain participants to participate in cross border trade. Other participants have also been allowed to participate in cross border trade after obtaining suitable approval from the designated authority. Similarly there is a provision for certification of surplus capacity by the designated authority in case of certain participants.

### Suggestion - 2.

It is suggested that the Indian participants who has participated in the domestic Day Ahead market and whose trade was not cleared be allowed to trade cross border power in the term ahead market automatically without separate approval. Those participants who have obtained any separate approval for participating in the term ahead market can bid in the term ahead market in any case.

**Reasoning** -- The domestic day ahead market is practically the last opportunity for an Indian entity to trade in the domestic market. If the trade do not get cleared then it can be offered to the neighbouring countries. The criterion for surplus and approval of participants will still be fulfilled in line with the spirit of the Government guideline.

This may be considered by CERC for including in the notification. It can alternatively be put up to the designated authority if it is felt that the matter comes under their purview.



**Issue/ Context – 3**

The bidding in the Day Ahead market and the term ahead market is independent. This may lead to a situation where an Indian seller may sell power at a comparatively lower rate in the term ahead market to a neighbouring country after an unsuccessful bid in the day ahead market where only domestic participants are participating and cross border participants are not participating. Similar situation can happen in case of an Indian buyer also. This will lead to comparatively cheaper power being sold to the neighbouring countries as compared to Indian entities in the domestic market. Similar situation may occur in case of power being bought by Indian entities.

**Suggestion – 3**

It is suggested that a provision may be suitably included so that the Indian participant seller should not be allowed to decrease the rate and buyer not allowed to increase the rate while trading in the Term Ahead market where cross border power is being traded.

This provision will ensure that the power sold by Indian entities in the domestic market is not costlier than power sold in the cross border market by the same entity. The reverse will be true in case of buying entities.

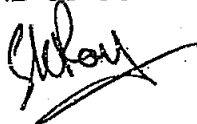
**Issue- 4**

In case of export to neighbouring countries, a situation may arise while in certain dispatch periods, there may not be any power availability in the domestic market. This is not very likely but possibility exists for this kind of situation to arise. This may be a cause of concern for the balancing and domestic intraday markets. The volumes in these markets are significantly lower but these trades play an important role in ensuring grid stability and also to cater to any eventuality in the domestic power market.

**Suggestion – 4**

A suitable quantum of power from the Indian sellers be reserved for the balancing and the term ahead market within India. How this quantum may be fixed needs more analysis but will depend upon the quantum of power traded in the domestic term ahead market during the last few days.

END OF COMMENTS



## ANNEXURE- 1

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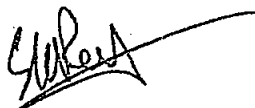
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