



**FICCI Representation on  
'Discussion Paper on Re-Designing Real  
Time Electricity Market in India'**

**Submitted to:  
Central Electricity Regulatory Commission**



## **Recommendations on Discussion Paper on 'Re-Designing Real Time Electricity Market in India'**

- A) A Draft Discussion Paper on 'Re-Designing Real Time Electricity Market in India' was published by Central Electricity Regulatory Commission (CERC) on 25<sup>th</sup> July 2018 vide notification no. RA-14026(11)/2/2018-CERC. CERC had invited comments/ suggestions from the stakeholders on the Draft Discussion Paper due for submission by 31<sup>st</sup> August 2018.
- B) FICCI welcomes the proposal of the Commission to introduce hourly auction (4-time blocks) in intra-day market as this design of market will help in creating larger pool of buy-sell for the intra-day market thereby increasing liquidity, robust price discovery, lower deviations (UI) and increased assurance in the market for near real-time transactions. Since trade will be close to real time, this market will help in handling variations of renewable energy generation in the system. To further improve the proposition our suggestions/ comments are stated below:
- 1. Align Gate Closure with Day-Ahead Market:** It is stated in Para 5.7 of the Paper that all day-ahead schedules are "firm financial commitments"; however, in Para 5.6 it is stated that the gate for schedule revision will close before the start of the intra-day auction i.e. 1.5 hours before delivery. Therefore, on one hand it is proposed that day ahead schedules are firm financial commitments and on the other hand provision of gate closure for revision has been provided. **The proposed market design will only be fruitful when gate closure for revision of schedule is aligned with firming up of day-ahead schedules.** The interface between day-ahead schedules and gate closure is to be clearly brought out to avoid ambiguities and ensure that financial commitments under day-ahead schedules are adhered to while actualizing gate closure operations.
  - 2. Allow Discoms to Sell Surplus Power at Generator's Bus-bar:** Referring to Para 5.7, we welcome the proposal of allowing generators / Discoms to correct their positions in the real time market. In addition, it will be further beneficial if Discoms are allowed to sell their surplus power from generator's bus to avoid double PoC charges.



3. **Clarify Transmission Charges when Generator Buys Power:** Referring to Para 5.7, if a generator buys power in real time, clarity is required on transmission charges payable. Consider a case when a generator is operating at 300 MW scheduled load, but is constrained to produce only 250 MW and buy 50 MW in real time. The final schedule for generator being 250 MW only, is to be addressed if transmission charges would be payable for whole of 350 MW (300 MW for sale and 50 MW for buy), leading to compounding of PoC charges.
  
4. **Need for Capacity Building for Power Cost Optimization:** It is observed that the Discoms are not fully utilizing available market instruments to optimize their power purchase cost. In order that they develop the skill for screen-based operations to take advantage of real-time market dynamics and employ tools at hand, both organizational strengthening and staff training would be necessary, as otherwise, the purpose of a new market design will not lead to adoption of a defined set of tasks required to optimize scheduling of economic power dispatch. In continuation, institutional strengthening along with operational autonomy is required at SLDC level so that the nuances connected with scheduling as per hourly auctions in the intra-day market are exercised in full and gate closure operations are optimized to balance the buy-sell bids. Fine-tuning of scheduling and dispatch as per last minute adjustments will also be a necessity as there will be increasingly higher penetration of renewable energy generation. In such context, capacity building in Discoms would be an important consideration to undertake demand forecasting by employing scientific tools so that the power procurement model is optimized and subjected to corrections based on real-time market operations.