

IERS GSTIN: 07AFCPA3502J1Z1

To,

Date: 16.09.2019

The Secretary
Central Electricity Regulatory Commission
3rd & 4th Floor Chanderlok Building,
Janpath,
New Delhi -110001

16/09/19
Shrey (IERS)

Subject: Suggestions & Comments on Draft CERC (Terms & Conditions for Grant of Trading License) Regulations, 2019

Sir,

With respect to the Public Notice on submission of Suggestions/ Comments on **Draft CERC (Terms & Conditions for Grant of Trading License) Regulations, 2019**, we, M/s Indian Energy Regulatory Services, a leading regulatory services provider to energy sector of India is submitting its thoughtful suggestions & comments on the draft as enclosed with this letter as **Annexure-I**.

Sincerely,

*Pishabh
Kumar*

16.09.2019
Authorised Signatory
Indian Energy Regulatory Services

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Annexure-I

- 1. Payment of Fee:** Since, Amendment in Categories of Trading License has been proposed, it shall further require the amendment in CERC (Payment of Fee) Regulations regarding the annual fee to be paid by respective trading license category to Hon'ble Commission.
- 2. Development of Power Market considering the proposed Amendment in EA:**

Hon'ble Commission is requested to overview the Network & Volume limit against particular category for making market more liberal & competitive considering the spirit of the Act and the proposed Amendment in Electricity Act regarding Supply licensee.

Hon'ble Commission is requested to allow a Annual Volume limit of 750Mus for the proposed Category V trading licensee. It is further requested that Network requirement for the proposed Category IV should be a minimum of Rs. 5 crores to let more players to come and make market more competitive.
- 3. Volume Limit Consideration against Trading License Category:** Hon'ble Commission is requested to overview the calculation for Volume Limit of Financial Year specified for various categories of Trading Licensees. Since, from the establishment of Power Exchange & notification of Power Market Regulations, market has changed manifolds, specifically all the transactions done at Exchange platform are purely secured and Power Exchange is maintaining Trading amount well in advance before scheduling any power transactions. Hence, Hon'ble Commission is requested to exclude Power Exchange volume while considering FY Volume limit for any category licensee as this would lead traders to bear double burden of payment liability and compliance from both CERC & Power Exchange for same volume.

Rishabh Verma
16.09.2019

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Hon'ble Commission is also requested to exclude all intra-state trading volume from its FY Annual limit for respective trading category who are also holding state respective intra-state trading license.

4. Abolition of Membership Fees & Various other fees charged by Power Exchange:

Hon'ble Commission is requested to increase its Regulatory surveillance to abolish practices like Membership Fees, Security Fees & Additional Annual Fees charged by Power Exchange in the name of parallel regulatory compliance. This is making market more ringfenced and hindering the trading competition in India.

Since, Exchange transactions fall under inter-state open access power scheduling, and Hon'ble CERC is the only regulator for inter-state transactions, so, other stakeholders including Power Exchange should not be allowed to exercise its dominant position in the name of Membership Fees & other fees which is not good for competition. Ultimately, back to back all these costs are being passed on to buyers & sellers by charging higher trading margin.

Exchange is charging hefty fee of around Rs. 60lacs from member to initiate trading on its platform apart from an additional annual fee. (IEX Fee chart is also enclosed).

Central Regulator is requested to abolish these anti-market practices.

5. Timelines for disposal of Trading License application: In case where applications are complying with all regulatory requirements, Commission is requested to make the **deadline of 90 days** to dispose such applications for the grant of trading license.

6. Commission is requested to make market more competitive by allowing sellers & buyers only towards maintaining LC/ payment security. Also, in short term market its requirement does not arise as such. Further, there should not be any trading margin curb in case traders don't maintain payment security in short term transactions.

*Rishabh
Kumar*
16.09.2019

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7. **Banking Transactions:** Banking transactions are also to be allowed through traders subject to a ceiling of trading margin of Rs. 0.01/kwh to prevent misuse of market dominance in this domain.
8. **Exclusion of REC, ESCerts & Other Certificates** while calculating volume limit to be complied under FY Annual Volume limit against respective trading license category.
9. **Volume Exceeds:** Flexibility of 120% to be given in case Volume exceeds against the allowed limit in any Financial Year during exigency or prevailing market conditions. However, traders are at liberty to upgrade it in coming Financial Year for upgrading the license.

*Rishabh
Verma*
16.09.2019