

Ref: PXIL/SPD&L&S/06092019/19

Date: 06<sup>th</sup> September 2019

To  
**The Secretary**  
**Central Electricity Regulatory Commission**  
**3<sup>rd</sup> and 4<sup>th</sup> floor, Chanderlok Building**  
**36 Janpath**  
**New Delhi - 110001**

**Sub: CERC discussions paper on "Proposed framework for Real Time Market for Electricity" - Observations, comments and suggestions from Power Exchange India Limited.**

Ref: Public Notice No. RA-14026(11)/2/2018-CERC dated 6<sup>th</sup> August 2019.

**Dear Sir,**

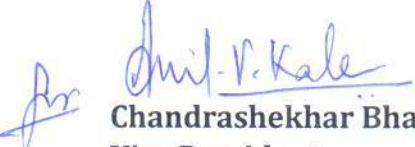
With reference to the subject cited above, we hereby submit our observations, comments and suggestions, in response to the public notice.

The proposed real time market design is built around the concept of gate closure and encouraging market participants to contract electricity near to real time. Adoption of an integrated approach towards market operations and system operations is a welcome step and is likely to widen the scope of organized electricity trading in the country.

We request the Hon'ble Commission to kindly take our suggestions on record and grant us an opportunity to present them to the Commission and its staff.

Thanking You,

Yours faithfully,  
For **Power Exchange India Limited**

  
**Chandrashekhar Bhat**  
**Vice President**



Pg 1/4

**Observations, comments and suggestions on CERC discussion paper on “Re-designing Real Time Electricity Market in India”**

1. RTM will enhance resource optimization as all un-contracted generation capacity and sudden changes in the demand / ability to deliver can be better handled near to real time.
2. Discoms will have a larger pool of generation resources to meet their power requirements competitively and abstain from resorting to purchase under DSM route
3. Clearing and Settlement: Since the RTM market would operate on 24 x 7 basis, the transaction would conclude beyond the banking hours of the day. The Power exchange would frame appropriate clearing and settlement mechanism in order to meet the challenges of clearing and settlement function of trades post closure of banking hours
4. Observations related to amendment in CERC (Power Market) (Second Amendment) Regulations 2019
  - a) Sub clause (o) of clause (i) of Regulation 2 of the Principal Regulations  
“(o) “Intraday Contract / Contingency Contract” means the contract where continuous transaction occurs on day (T) after the closure of day ahead transaction window and the delivery of power is on the same day (T) or next day (T+1) and which is scheduled by Regional Load Despatch Centre or National Load Despatch Centre.”

**Suggestion**

“Intraday Contract / Contingency Contract” is a defined term under the Central Electricity Regulatory Commission (Power Market) Regulations, 2010. PXIL operates these contracts under approval of the Hon’ble Commission using a Batch Auction trading methodology different from “Continuous Matching”. We therefore request the Hon’ble Commission not to amend the existing definition of “Intraday Contract / Contingency Contract” by including the word “Continuous”.



5. Observations related to amendment in CERC (Open Access in inter-State Transmission) Regulations 2008

a) Sub clause (g-a) of clause (1) of Regulation 2 of the Principal Regulations “(ga) “Intraday Contract / Contingency Contract” means the continuous transaction which occurs on day (T) after the closure of day ahead market window for delivery of power on the same day (T) except for the duration of the specified hour of delivery of the real time market, or for the next day (T+1) and which are scheduled by Regional Load Despatch Centre or National Load Despatch Centre.”

**Suggestion**

“Intraday Contract / Contingency Contract” is a defined term under the Central Electricity Regulatory Commission (Power Market) Regulations, 2010. PXIL operates these contracts under approval of the Hon’ble Commission using a Batch Auction trading methodology different from “Continuous Matching”. We therefore request the Hon’ble Commission not to amend the existing definition of “Intraday Contract / Contingency Contract” by including the word “Continuous”.

6. Clause 3.2.4 of Explanatory Memorandum

*“The NLDC shall assess and communicate the margin in each transmission corridor before the trading for RTM closes for a specified duration that will be available for delivery period in RTM transactions (say by end of 23:00 hrs for delivery of power between 00:00 hrs to 0030hrs). The allocation of transmission corridor between the power exchanges for real time transactions could be in the ratio of their shares in the cleared volumes in the day ahead market subject to a minimum of 10% of the available capacity to the power exchange having smaller share; or based on such methodology to be decided by the Commission by way of an Order.”*

**Suggestion**

The framework proposes transmission capacity allocation between power exchanges in the ratio of their shares in cleared volumes of DAM. Since participation in existing Day Ahead Market is skewed on one power exchange due to market structural issues, allocating transmission capacity of RTM Product similar to DAM would deprive ‘choice of accessing exchange’ for a market participant and negate competition between power exchanges.



Such allocation would continue to benefit the existing beneficiary of a market distortion and leave no choice to consumers but to transact only through one exchange.

PXIL requests the Commission to allocate the transmission capacity equally among the Power exchanges, this allows market participants to exercise 'choice', would also allow a new market segment to evolve appropriately and most importantly promote competition between exchanges.

7. The amendment 2 of the Principal Regulations, also mention Intra State entities scheduled by the "Nodal agency" whereas the Nodal agency have been mentioned as the Regional Load Despatch Centre or National Load Despatch Centre. For the purpose of clarity, the Hon'ble Commission may either include State Load Despatch Centre as Nodal Agency or clarify on the eligibility of entities to participate.
8. Clause 3.1.11 of the Explanatory Memorandum allows the generator to buy power. In order to place a purchase bid at Power Exchange(s), a valid No Objection Certificate is required from the Load Despatch Centre. The Load Despatch Centres may accordingly be advised to issue NoCs to facilitate the above transaction.

