

Ref: KEIPL/DEL/PT/CP/14614

Date: 06.09.2019

To
The Secretary, CERC
Mr. Sanoj Kumar Jha
3 rd & 4 th Floor, Chanderlek Building,
36, Janpath, New Delhi - 110001

Sub: **Proposed framework for Real-Time Market for Electricity-** draft amendments to:-
(i) Central Electricity Regulatory Commission (Indian Electricity Grid Code), 2010;
(ii) Central Electricity Regulatory Commission (Power Market Regulation), 2010;
(iii) Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008;

Respected Sir,

This has reference to the draft amendments in the subject mentioned Central Electricity Regulatory Commission Regulations in connection with **Proposed framework for Real-Time Market for Electricity**.

In this regard, we hereby submit our Comments/Suggestions on the subject mentioned draft regulations:-

In this context, first of all, we would like to mention that in the development of competitive electricity industry/ market, the key role is being played by Apex body of MoP ie POSOCO/NLDC being a System Operator and of the licensees as per the **Electricity Act 2003(Act)**.

The Section 14 (Grant of Licence) of The Act cover the following for grant of Licence which include the electricity trader (but not the Power Exchanges).

"Section 14. (Grant of licence): The Appropriate Commission may, on an application made to it under section 15, grant a licence to any person –

- (a) to transmit electricity as a transmission licensee; or*
- (b) to distribute electricity as a distribution licensee; or*
- (c) to undertake trading in electricity as an electricity trader."*

We understand that the Commission notified the Central Electricity Regulatory Commission (Power Market) Regulations, 2010 in exercise of powers conferred under Section 66 the Act which came into effect from 21.1.2010. The section 66 of the Act envisages the development of market (including Trading) in power.

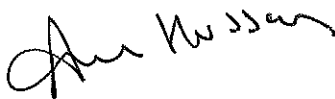
It is not clear under which proviso of the Act, the word power exchanges were stated. CERC in the statement of reasons vide order dated 03.04.2014 stated that:-

"All existing power exchanges which were in operation as on 21.1.2010 were deemed to have been registered under the Power Market Regulations. Two Power Exchanges namely, Indian Power Exchange Limited and Power Exchange of India Limited, are functioning at present under the regulatory oversight of the Commission. These Power Exchanges are being operated by Companies Registered under the Companies Act, 1956. A Company's Board of Directors play an important role in the company's corporate governance. Therefore, a company's Board of Directors should consist of persons with financial integrity and probity in public life. This requirement is all the more important in case of market infrastructure institutions like the Power Exchanges. Though Power Market Regulations contain provisions for appointment of Independent Directors, they are silent regarding the appointment of Directors in the Board of the Exchange and their qualifications/disqualifications."

Currently power market is being developed by the traders (licensees) through innovative models/products. The Power Exchanges are **basically a trading platform discovering the market clearing price through their software**. The participation in the Exchange (Non-licensee) apart from few other entities directly, is by traders (Licensee) who facilitate in promoting the market by aggregating the Generators, OA customers (Buyers & Sellers), Utilities (Licensee). Further the process of scheduling and dispatch etc. is completely managed by independent apex organisation of MoP i.e. NLDC, POSOCO.

Under the proposed Real Time Market Scenario, the complete bidding process, discovering price and volume as per transmission corridor driven through Technology can be under Apex Organisation (POSOCO) since the real time corridor availability and Grid power position is available with them. As such, NLDC can very well discover MCP wherein the various market players can place their bids directly. Another important aspects relating to Grid Security and Safety under System Contingency which may emerge under RTM would be better managed by NLDC. In a brief, one Technology based trading platform can be with NLDC, POSOCO and other activities like settlement could be with the Power Exchanges.

For Kreate Energy (I) Private Limited



Authorised Signatory
Date: 06.09.2019
Place: New Delhi

