

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 304/MP/2020

Subject : Petition under Regulation 7 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2010 for approval of introduction of the Real Time Market (RTM) Contracts at Power Exchange India Limited

Petitioner : Power Exchange India Limited (PXIL)

Respondent : Power System Operation Corporation Limited (POSOCO)

Date of Hearing : 20.5.2020

Coram : Shri P. K. Pujari, Chairperson
Shri I. S. Jha, Member
Shri Arun Goyal, Member

Parties present : Shri Sakya Singha Chaudhuri, Advocate, PXIL
Shri Nithya Balaji, Advocate, PXIL
Shri Prabhajit Sarkar, PXIL
Shri Kapil Dev, PXIL
Shri Yasir Altaf, PXIL
Shri Gajendra Sinh, POSOCO
Shri Subhendu Mukherjee, POSOCO

Record of Proceedings

The matter was listed for hearing through video conferencing.

2. Learned counsel for the Petitioner submitted that the instant Petition has been filed, *inter-alia*, for approval of introduction of proposed Real Time Market (RTM) contracts on PXIL platform and amendment in the Business Rules of PXIL. Learned counsel submitted as under:

(a) In compliance with the Commission's direction dated 12.3.2020, the Petitioner had hosted a copy of the Petition along with Public Notice on its website inviting comments/suggestions from the stakeholders. In response, six stakeholders have submitted their comments/suggestions and the same have been filed before the Commission vide affidavit dated 11.5.2020 wherein stakeholders have raised the issue regarding allocation of transmission corridor for RTM between the Power Exchanges.

(c) The Statement of Reasons (SoR) of 'Framework for Real-Time Market for Electricity' provides for allocation of transmission corridor between the Power Exchanges for real time transactions in the ratio of their shares in the cleared volumes in the Day Ahead Market (DAM) subject to minimum of 10% of the available capacity to the Power Exchange having smaller share or



based on such methodology as decided by the Commission by way of an order. Similar provision has also been incorporated in the Detailed Procedure framed by POSOCO for 'Scheduling of Collective Transaction through Real Time Market'. However, the Petitioner being a smaller market player in DAM, may be adversely affected if the allocation of transmission corridor in RTM is linked to its cleared volumes in DAM.

(d) The Commission in its order dated 4.4.2016 in Petition No.158/MP/2013 had introduced a minimum transmission corridor allocation threshold of 10% in DAM, considering that the Petitioner was a smaller market player. However, applying the same ratio i.e. 90:10 to RTM would essentially tie up the Petitioner's volumes to be traded in RTM to volumes cleared/managed by the Petitioner in DAM and would put the Petitioner in a perennial constraint that would arise out of such allocation.

(e) There is no requirement of upfront allocation of transmission corridor among different Power Exchanges and it should be left to the market participants. If the upfront allocation of transmission corridor is required, the Commission may allocate the transmission corridor on the basis of volume cleared in RTM itself instead of DAM by substituting the wordings "Day Ahead Market" with "Real Time Market" in the SoR. In case of congestion in transmission corridor, there is already procedure for curtailment in place which can be resorted to.

(f) As an alternate to point (e) above, the Commission may consider the upfront allocation of transmission corridor in the ratio of 50:50 for initial period, thereby providing an equal opportunity to both the exchanges for newly introduced RTM segment. If thereafter, the Commission is of view that the Petitioner has not effectively utilised the allocated transmission corridor during such period, the Commission may revise the allocation.

3. In response to the Commission's query as to what type of bids the Petitioner intends to introduce under the RTM segment, learned counsel submitted that the Petitioner will only introduce single bid and block bid in the RTM segment.

4. In response to the Commission's further query as to why allocation of transmission corridor between the power exchanges in the ratio of their shares in the cleared volumes of DAM, subject to a minimum of 10% to the power exchange having smaller share, cannot be applied initially which could be revisited at an appropriate time after emergence of sufficient data relating to cleared volume in RTM, learned counsel for the Petitioner submitted that the upfront allocation of transmission corridor based on DAM cannot be applied to RTM as both are different markets defined by different rules of operation. Learned counsel submitted that market for RTM is being defined by the available transmission corridor and unless the Petitioner is provided adequate transmission corridor, it will not be able to operate in this market despite having interested bidders on the buy and sell side.

5. In response to the query of the Commission as to whether the above change in the transmission corridor allocation will affect the consumers' choice/option and amount to forcing them to transact on PXIL, the representative of the Petitioner submitted that 10% minimum allocation rule in DAM is applicable only in such time



blocks and only for such transmission links which have any congestion (1%-1.5% of total cases). While applying such principle in the case of RTM would result in participants on PXIL being constrained to have access to only 10% of the transmission corridor for all inter-regional linkages for all time blocks, which would put the Petitioner in a state of perennial loss. Also, PXIL has significant market share, upto 40% in markets other than DAM. Accordingly, the representative requested that 'a priori allocation' should be done away with and 'post facto curtailment' should be undertaken, if necessary.

6. In response to the query of the Commission to Respondent, POSOCO, as to whether the prior allocation of transmission corridor can be dispensed with in RTM, the representative of POSOCO submitted that it has already filed its reply and the same may be considered while deciding the case. He further added that both Power Exchanges may work out a proper model based on which the Commission may review the methodology for allocation of transmission corridor.

7. Based on the request of the learned counsel for the Petitioner, the Commission allowed the Petitioner to file its written submission by 26.5.2020.

8. Subject to above, the Commission reserved order in the matter.

By order of the Commission

**Sd/-
(T.D. Pant)
Deputy Chief (Law)**

