

From: [Rachit Agarwal](#)
To: [Vishnu Batra](#)
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Greetings from ICEX!

I write this mail to you under advisement of Mr. Vibhav Agrawal of Reliance Power and also in reference to the draft notification of CERC regulations dated 18th July 2020, for the public comments. ICEX have few suggestions in the draft regulation which we wish to submit through you. Please find attached the document. Content of the same is reproduced below;

“Dear Sir,

Subject: Suggestion in the draft notification of power regulation dated 18th July 2020.

At the outset, we thank the CERC for the development of electricity market in India and bringing desired reform in regulation for the further growth and development of the market.

In reference to the subject matter, Indian commodity Exchange Ltd (ICEX) would like to offer its suggestions in the background of following developments.

From media we have come to know that the Ministry of Power issued office memorandum on July 10, 2020, whereby, the derivative contracts on electricity are likely to be permitted to trade on commodity exchanges under SEBI subject to the disposal of a case pending before the Hon’ble Supreme Court of India.

Permitting the derivative trading shall be one of the major reforms in electricity market as it will provide the hedging mechanism to the stakeholders. Derivative market derives its strength from underlying spot market of the commodity. Electricity market draws somehow parallel with currency market as the spot market of currency is regulated by RBI similarly, electricity cash market is regulated by CERC.

In view of the above factors ICEX hereby submit its suggestion for the kind consideration of the CERC.

a. Insertion of definition in section 2, “ Settlement price of electricity derivative contracts: The Stock Exchanges (Commodity Derivatives Segment) shall be free to use the disseminated price of the power exchanges for the settlement purpose”

b. Insertion of point in the section 31 of the draft regulation “The price disseminated by the power exchange shall be freely used for the settlement of the electricity derivative contracts on the Stock Exchanges (Commodity Derivatives Segment).”

c. Insertion of point in the section 31 of the draft regulation, the commodity derivative exchange which offers the electricity futures contract shall be free to use the disseminated price by the power exchange on its website as reference price for their settlement of the contract as underlying spot/cash market price if they desire so.

Sir, sanctity of the spot price is very much critical for the development of robust and vibrant electricity futures contract. Since the power exchanges are reporting the spot transaction, the commodity derivative exchanges must be free to use these prices as reference for their derivative settlement. It will help in development of the electricity financial trade and market across the country.

Thanks and Regards

Team ICEX”