



ଗ୍ରିଡ଼କୋ ଲିମିଟେଡ୍  
**GRIDCO Limited**

(A Government of Odisha Undertaking)  
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File No. Sr. GM(PP) – 72/ 2012/96

**Through Fax/ E-mail**  
Dated 13.08.2020

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

**Sub: Views of GRIDCO Ltd. on proposed draft Power Market Regulations issued by CERC**

Sir,

Please find enclosed herewith, the views of GRIDCO on the above said subject for further action at your end.

Thanking you,

Yours faithfully,

13/08/20  
Director (T&BD)

### View of GRIDCO on draft Power Market Regulations:

The proposed draft Power Market Regulations is a step forward in the development of futuristic power market to serve the overall interest of the end-consumers in a fruitful manner. GRIDCO welcomes it.

However, GRIDCO has some reservations in some proposals mentioned below which may be considered for modifications/ incorporations.

1. **Clause 5 (3) - Introduction of Term Ahead Market beyond 11 days on Power Exchanges with mandatory physical delivery:**

Presently the platforms available under Term Ahead Market of Power Exchanges are designed for delivery of power from day (T+2) to day (T+11), where T stands for the day of bidding on exchange. However, in the proposed regulations, the Power Exchanges are given freedom to design various products for delivery of power beyond (T+2), with the approval of the Commission. The gap between the bid date and the delivery date is no longer restricted to 11 days. However, the stipulations provided in the draft regulations is unclear of the duration of transactions that shall be feasible in this platform of Power Exchanges, i.e. whether it shall cater to long term and medium term contracts. Thus GRIDCO feels that there may be overlapping of supply period between TAM and proposed OTC market, thus rendering the OTC market redundant. Thus Commission is requested to provide clarifications in this regard.

Further it is mentioned that the scheduling and delivery of transactions shall be in accordance with relevant provisions of the Grid Code and the Open Access regulations. But, as understood from the draft regulations Term Ahead Contracts may be of any durations. Since as per the current provisions of the Open Access regulations the market participants can have one month rolling open access under short term open access, thus amendment may be required in the Open Access regulations.

2. **(Clause 7 (3)) – Settlement Conditions of OTC Market:** The provision laid down for the settlement in the OTC market does not address the payment security mechanism issue associated with the DEEP portal and other prevailing bilateral markets. Thus GRIDCO requests CERC to lay down stipulations to ensure payment security mechanism for the transactions in the OTC Markets in line with the Clearing and Settlement mechanism adapted for

the products in Power Exchanges which will be a way forward for such markets.

3. **(Part 6) - Introduction of Over The Counter (OTC) Platforms:** A new platform called OTC platform has been proposed with objectives to provide an electronic platform with the information of potential buyers and sellers of electricity and to maintain a repository of data related to buyers and sellers and provide such historical data to Market Participants, based on which the participants can make their sale purchase strategies and place their offers accordingly. There can be multiple number of such platforms as in case of Power Exchanges. However, Power Exchanges, Grid connected entities and Trading Licensees are debarred from setting up OTC platform. It will cater to all type of transaction i.e. Short Term, Medium Term and Long Term. This platform shall also provide data analytics support to the participant. Further it has also been stipulated that the OTC platforms shall not engage in the negotiation, execution, clearance or settlement of the contracts.

In this regard, GRIDCO is of the view that instead of creating an entirely different platform only for the sake of providing necessary market information to the market participants, portals facilitating the OTC Market transactions may be asked to develop such platforms thus enabling the participants not only to have access to the market information but also to execute transactions based on that information.

4. **(Part 5) - Enabling provisions for Market Coupling among the Power Exchanges:** GRIDCO welcomes the move as it will create an environment where monopolization by any single Power Exchange will be difficult.