

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Diary No. 100/2023**

Subject : Petition under Section 66 of the Electricity Act, 2003 read with the Regulation 25 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2021 seeking approval for introduction of Ancillary Service in Day ahead Market (AS -DAM) & in Real Time Market (AS -RTM)

Petitioner : Power Exchange of India Ltd (PXIL)

Respondent : Grid Controller of India Limited

**Diary No. 101/2023**

Subject : Petition under Section 66 of the Electricity Act, 2003 read with the Regulation 25 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2021 seeking approval for introduction of Ancillary Service in Day ahead Market (AS -DAM) & in Real Time Market (AS -RTM)

Petitioner : Hindustan Power Exchange Limited (HPEL)

Respondent : Grid Controller of India Limited

**Diary No. 106/2023**

Subject : Petition under Regulation 25 of Central Electricity Regulatory Commission (Power Market) Regulations, 2021 read with Central Electricity Regulatory Commission (Ancillary Services) Regulations, 2022 for approval of introduction of the Ancillary Services Market segments at IEX.

Petitioner : Indian Energy Exchange Limited (IEX)

Respondent : Grid Controller of India Limited

Date of Hearing: **21.3.2023**

Coram : Shri Jishnu Barua, Chairperson  
Shri I. S. Jha, Member  
Shri Arun Goyal, Member  
Shri P. K. Singh, Member

Parties Present : Ms. Nithya Balaji, Advocate, PXIL  
Shri. Sakya Singha Chaudhuri, Advocate, PXIL  
Shri Vishal Vinod, Advocate, HPEL  
Shri Naveen Godiyal, HPEL



Shri Kirti Goyal, HPEL  
Shri Jogendra Behera, IEX  
Shri Gaurav Maheshwari, IEX  
Shri Alok Mishra, Grid Controller of India Limited  
Ms. Manisha, Grid Controller of India Limited

### **Record of Proceedings**

Learned counsel for the Petitioner, PXIL in Diary No. 100/2023 submitted that the present Petition has been filed for approval of the introduction of Ancillary Service Contracts. Learned counsel mainly submitted as under:

(a) For TRAS, 'open bidding' may be allowed. If the double-sided closed auction is followed in the TRAS, as under DAM and RTM, there may be a tendency for the sellers to quote prices on the higher side. However, open-bidding will lead to realistic bidding by all TRAS providers.

(b) NLDC Procedure on TRAS should provide the bid format to be adopted by the Power Exchange and the requirement of TRAS UP and TRAS Down may also be made available in the public domain by the Nodal Agency, as this would enable market participants to make an informed decision.

(c) The market participants may be allowed to review and submit their bids for participation in the DAM-Ancillary Service market between 14:30-15:30 Hrs, in which case no order carry forward would be required.

2. Learned counsel for the Petitioner, HPEL in Diary No. 101/2023 submitted that while the commercial responsibility for settlement of amounts shall remain with the NLDC, the clearing and settlement should be routed through the Power Exchanges, which will ensure efficient settlement of transactions particularly for the smaller clients.

3. The representative for the Petitioner, IEX in Diary No. 106/2023 submitted that IEX has submitted its comments on NLDC Draft Procedure on TRAS. The representative of IEX mainly submitted as under:

(a) Since there is already a price cap in DAM, this differential price cap of Rs. 12/kWh in DAM and Rs. 50/kWh in TRAS will create arbitrage opportunity for sellers to get cleared in ancillary markets at high prices. So, price cap in TRAS should be harmonized with DAM.

(b) The Order Carry Forward option proposed in the Draft Procedure may increase the prices in the energy market as the seller will be incentivized to bid at a higher price considering that there is an additional market segment available for clearing.

(c) Bid structure proposed by NLDC in the Draft Procedure is different from the existing bid structure in DAM at the Petitioner's Exchange. NLDC procedure only has provision for single bid, but in Power Exchanges block bids and other versions of block bids are also there.



(d) Minimum quotation step or price tick as proposed in the Draft Procedure of NLDC is Rs.100/MWh, whereas at the Petitioner's Exchange the price tick is Rs.1/MWh. Therefore, NLDC and the Power Exchanges have to align their system first, and for certain changes to be made effective, one month's time is required.

4. The Commission, after considering the submissions made by the learned counsels and representatives of the Petitioners, ordered as under:

(a) Admit the Petitions.

(b) The Petitioner to file their brief written submissions within two days.

(c) The option to carry forward the uncleared bids, as proposed in the Draft Procedure of NLDC, need be retained to avoid the likelihood of adverse impact on the availability of energy bids in DAM. However, in cases where there is no energy bid in any time block in the DAM or the RTM, there has to be a provision for 'Ancillary Service (AS) only' bid.

(d) With regard to price tick size, the Power Exchanges to align the same in consultation with the NLDC.

(e) As regards the price cap for AS market, the Commission is of the view that the same need be harmonized with DAM and HP-DAM. Accordingly, NLDC and the Power Exchanges to make suitable provisions in their respective procedures and software towards the same.

(f) In order to avoid arbitrage opportunities, similar bid/price cap need be provided for RTM-AS as well. NLDC to examine various possible options, like bid cap, separate bid segments, or any other options, in consultation with the Power Exchanges for this purpose.

(g) Based on the assessment of preparedness of NLDC and the Power Exchanges, the Commission has decided to defer the implementation of TRAS by one month from 1.4.2023, for which a separate notification shall be issued by the Commission.

5. The Commission further directed that during this period, the NLDC and the Power shall finalize their procedures and software, and also undertake a mock exercise. NLDC was further directed to submit a report to the Commission on or before 17.4.2023 in this regard (including of mock exercise for a minimum period of 10 days).

6. The Petitions shall be listed for hearing on 20.4.2023.

**By order of the Commission**

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

