

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 006/SM/2015**

**Coram:**

**Shri Gireesh B. Pradhan, Chairperson**

**Shri A.K. Singhal, Member**

**Shri A. S. Bakshi, Member**

**Date of Order: 15.7.2015**

**In the matter of**

Extended Market Session on Power Exchanges.

**Parties present:**

Shri Kapil Dev, PXIL

**ORDER**

The Commission vide its order dated 8.4.2015 in Petition No. 006/SM/2015 directed the Power Exchanges to operationalize the extended market session within three months from the date of the order. The operative part of the said order is extracted as under:

“9. The Commission directs the following:

- a. Power Exchanges should commence operation of round the clock intraday/contingency market within three (3) months from the date of issue of this order after undertaking all requisite modifications, formulation of appropriate risk management practices considering banking hours and testing and validations of the software application of the trading system, clearing and settlement system and any other applications needed. The features of the contingency/ intra-day market shall be as under:

- i. The existing products for day ahead contingency and intraday markets would continue to be operated by the exchanges. As a principle, the timeline for these products is being extended so that trading window is open for periods as mentioned below:

1. Same day Delivery (upto 2400 hours): The trading window is open round the clock for delivery of power on the same day (minimum delivery period - 3 hours after contract execution subject to corridor availability)

2. Next day Delivery (0000-2400 hours): The trading window opens after declaration of day ahead results and remains open till end of day.

b. Power Exchanges are directed to submit for approval of the Commission the proposed amendments, if any, to rules, bye-laws or Business Rules along with views of the stakeholders on the views on the modifications and responses of the Power Exchanges on each of the views within 1 month of date of issue of this order.

c. The Commission may review the functioning of round the clock intraday/contingency market after six (6) months from the date of operation of the market.

d. POSOCO shall communicate approval/rejection of scheduling of bilateral transactions for intraday/contingency contracts and inform the Power Exchanges and the applicant within one(1) hour of receipt of such application.

e. The staff paper mentioned that creation of open access registry, information of TTC/ATC and reduction of time between intraday trading and delivery are critical success factors for this market. The Commission is of the view that with tightening of the frequency band and deviation settlement mechanism coming into force, the market participants need other avenues to meet their contingency requirement of purchasing/selling the power at short notice. The resolution of the issues mentioned shall be taken up simultaneously with the introduction of 24x7 intraday/contingency market.

f. The evening market based on collective transactions is kept in abeyance at present for reasons mentioned above.”

2. In compliance with direction (b) above, Power Exchange of India Limited (PXIL) has filed affidavits dated 6.5.2015, 26.6.2015 and 29.6.2015 proposing amendments/modifications in the Business Rules/By-laws of the Exchange and has prayed for approval of the same. IEX has filed a separate petition (i.e. 138/RC/2015) for approval of the By-laws and Business Rules to introduce extended trading session which is being considered separately.

3. PXIL vide affidavit dated 6.5.2015 has submitted that PXIL published a public notice dated 29.4.2015 inviting comments of the stakeholders on the proposed amendments to the contract specifications of Intra-Day product. PXIL has submitted that no comments have been received from the stakeholders and general public in response to the notice. The summary of the amendments proposed by PXIL are as under:

(a) Intra-day trading hours to be available from 00:00 Hrs to 24:00 Hrs for trading from 12 time blocks ahead upto 24:00 Hrs of the same day and 12 time blocks ahead upto 24:00 Hrs of the next day.

(b) Deletion of several clauses like validity and tenure, authority, survival, no waiver, etc. which were present in the existing version of the contract specifications of Intra-day product because of their legal and generic nature. They were shifted to the main body of the Business Rules.

(c) Deletion of several clauses like force majeure, indemnification, dispute resolution, notice and correspondence, governing law, non-consequential or indirect loss, liability and default compensation, default in payment, transaction fee, etc, present in the existing contract specification of Intra-day product because the content thereof is repetitive and has already been covered or merged in the related provisions of Business Rules of Bye-laws of PXIL.

(d) Changes have been proposed to simplify the contract specification and make it more relevant to stakeholders by giving only technical details.

4. The staff of the Commission discussed the various aspects of the proposed amendments with PXIL and suggested that since the proposed amendments contain several other provisions not specifically related to operationalization of the extended market session, the amendments to the Business Rules and By-laws should be confined to the provisions relating to operationalization of the extended market session in order to meet the dead line specified in the order dated 8.4.2015. PXIL vide affidavit dated 26.6.2015 has proposed changes to technical contract specifications viz. Trading Hours, Delivery Period, Operating charges and Margin apart from other amendments submitted earlier vide affidavit dated 6.5.2015. Subsequently, after discussions with the staff of the Commission, PXIL vide affidavit dated 29.6.2015 has submitted that no changes are proposed to the technical specifications of existing contract specifications for Intra-Day product except Trading Hours, Delivery Period, Margin, etc. The changes finally proposed by the PXIL are as under:

(a) Trading Hours-Currently, on PXIL the Intra-Day market session is open from 0800 Hrs. to 2000 Hrs. The same is now proposed to be from 0000-2400 Hours.

(b) Delivery Period- Bid acceptance for delivery starting from 8 time blocks ahead is proposed to be changed to 12 time blocks ahead for both same day delivery and day ahead delivery. The same day delivery will be accepted from 0000 Hrs. and the next day delivery will be accepted after 1500 Hrs.

(c) Margin- The existing pre-bid margin of 100% is proposed to be changed to 105%.

5. The matter was heard on 2.7.2015. In response to our query regarding the proposal of increasing the pre-bid margin from 100% to 105%, the representative of PXIL submitted that the additional 5% has been proposed to cover the statutory charges e.g. transmission charges, operating charges, etc. beyond the banking hours.

6. In our order dated 8.4.2015, the Exchanges were, *inter-alia*, directed to extend the trading sessions and delivery timings as under:

“9.a .....The features of the intraday/contingency market shall be as under:-

i. The existing products for day ahead contingency and intraday markets would continue to be operated by the exchanges. As a principle, the timeline for these products is being extended so that trading window is open for periods as mentioned below:

1. Same day Delivery (upto 2400 hours): The trading window is open round the clock for delivery of power on the same day (minimum delivery period - 3 hours after contract execution subject to corridor availability).

2. Next day Delivery (0000- 2400 hours): The trading window opens after declaration of day ahead results and remains open till end of day.

ii. Price discovery mechanism remains as is for the respective products.

b. Power Exchanges are directed to submit for approval of the Commission the proposed amendments, if any, to rules, bye-laws or Business Rules along with views of the stakeholders on the views on the modifications and responses of the Power Exchanges on each of the views within 1 month of date of issue of this order.”

7. PXIL had hosted the proposed amendments to the Business Rules on its website on 29.4.2015 and had invited comments from the stakeholders by 6.5.2015. PXIL has submitted that no comments have been received on the proposed amendments.

8. We have considered the proposal of PXIL. We are of the view that the proposal of PXIL to extend the trading timeline for Intra-day product to 0000-2400 Hrs, to commence the same day delivery from 0000 Hrs, to commence the next day delivery

from 1500 Hrs till end of day and to change the delivery period to 12 time blocks after the contract execution are in principle compliance with the order dated 8.4.2015. In view of banking hour restrictions, PXIL has proposed to increase the pre-bid margin from 100% to 105% to cover the statutory charges e.g. transmission charges, operating charges, etc.

9. The amendments proposed by PXIL are approved. PXIL is directed to submit the revised Business Rules both in track change and clean copy for records of the Commission and display the same on its website for information and reference by the stakeholders. PXIL is directed to commence the operation of Extended Market Session latest by 01.08.2015.

10. The petition is disposed of with the above.

Sd/-  
**(A.S. Bakshi)**  
Member

sd/-  
**(A. K. Singhal)**  
Member

sd/-  
**(Gireesh B. Pradhan)**  
Chairperson