

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 95/RC/2014**

**Coram:**

**Shri Gireesh B. Pradhan, Chairperson  
Shri A.K. Singhal, Member  
Shri A.S. Bakshi, Member**

**Date of Order: 25.3.2015**

**In the matter of:**

Regulatory Compliance Application in compliance of Regulation 7(2) and 24 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2010

**And in the matter of**

Indian Energy Exchange Limited  
Fourth Floor, TDI Centre,  
Plot No - 7, Jasola,  
New Delhi – 110025

**....Petitioner**

**INTERIM ORDER**

Indian Energy Exchange Limited (IEX) has filed the present petition seeking revision of its Business Rules under Regulation 7(2) and 24 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2010 (hereinafter referred to as "Power Market Regulations"). The petitioner has prayed for approval of revised Business Rules and contract specifications. The petitioner has made additional submissions vide affidavits dated 6.6.2014 and 27.6.2014.

2. As per Regulation 24 of the Power Market Regulations an Exchange is required to function as per the Byelaws and Rules approved by the Commission. The said Regulation further provides for amendment of the Byelaws and Rules with the



prior approval of the Commission. Further, the Power Exchange is required to submit the details of contract specifications as per Regulation 7 of the Power Market Regulations and modifications, if any, to the said contract specifications would require approval of the Commission.

3. The petitioner has sought the approval of the Commission to the following amendments or modifications to the Business Rules of the Exchange:-

(I) Amendments related to streamlining operations and strengthening risk management practices:-

- (a) Requirement of a new provision related to client account for Trader and Professional Members;
- (b) Requirement of amendment in the provision related to real-time transmission curtailment in the event of contingency;
- (c) Modification in the definition of grid connected client to enable trade with neighboring countries;
- (d) Change in pay-out timeline for the DAM; and
- (e) Removal of State specific conditions in the DAM contract description.

(II) Amendments related to strengthening Member/Client Transactions:-

- (a) Members and clients to transact only through cheque/demand draft and net-banking;
- (b) Aligning member service charge in accordance with the Commissions Regulations;

(c) Members to nominate Compliance Officer for all Exchange related transactions and maintain a Complaint Register; and

(d) Clarity with respect to dealings with the Subordinate Service Providers associated with the Members.

(III) Amendments related to Term Ahead Market (TAM):-

(a) Change in contract specifications:- A few States have imposed limitations on sellers, e.g. due to Section 11 implementation in Tamil Nadu, the sellers from the State are unable to participate in TAM contracts because of the regional nature of such contracts. Flexibility in TAM contract specifications can enable sellers and buyers from such States to participate in TAM on the Exchange. By allowing flexibility in terms of restricting bidding area of buyers and sellers, the Exchange may be permitted within the proposed broad contract specifications wherein only buyers of Tamil Nadu will be able to participate while the seller could be from any State/region. This will ensure power generated in Tamil Nadu is confined within the State as per the requirement under Section 11, and at the same time maintaining the inter-State nature of the Term-ahead contracts. The Exchange will ensure that in any point of time the contract specified by the Exchange shall not dilute its inter-State nature;

(b) Aligning contracts in TAM to 15-minutes time block:-In accordance with the prevailing practice of delivery / scheduling by the RLDC on 15 minute time block basis as per procedure of scheduling of bilateral transaction, approval of the Commission is required to

align specifications of TAM contracts on the same basis to 15 minute contracts. This amendment is being proposed to also to facilitate contracts with any hour/time block of a combination thereof. The petitioner may be permitted to introduce such contracts within TAM segment in future with due approval of the Commission;

(c) Intra-day Contracts: Amendment in contract specification:-

Presently intra-day contracts are available for trading from 14:00 to 24:00 Hrs. In future, there may be a need to make intra-day market available to the buyers and sellers for larger time duration. Therefore, rather than a fixed trading calendar, intra-day contracts trading calendar will be issued by the Exchange from time to time. This proposal is in line with the Commission's order dated 31.8.2009 in Petition No. 120/2008; and

(d) Daily Contracts: Amendment in contract specification:-Presently, under Daily contracts, trading on rolling seven (7) days basis is being undertaken with delivery/scheduling on T+4 basis. Modification in the contract is required to facilitate delivery/scheduling even on T+2 and T+3 basis. Ten Daily Contracts would be available on rolling basis for each trading day.

4. During the hearing on 12.6.2014, the petitioner reiterated the submissions made in the petition.

5. We have gone through the proposed amendments.

6. At present, more than 3000 customer across the country participate in trading on the IEX. The entire process of trading on power exchanges involves multiple agencies such as NLDC, RLDCs and the SLDCs etc. In our view, the proposed amendments will have substantial impact on the stakeholders in the IEX. Therefore, it is considered prudent and pragmatic to get the views of the stakeholders before any changes to the Business Rules are made. In view of the foregoing, the petitioner is directed to process the amendment to the Business Rules as under:-

- (i) The petitioner shall upload the Business Rules along with proposed modifications and reasons for the modifications on its website.
- (ii) The exchange shall invite the comments within 15 days from the stakeholders, particularly its members, clients, system operators and the other exchange inviting their comments on the proposed modifications to the Business Rules.
- (iii) The petitioner shall submit the consolidated comments received on the proposed amendment along with its own comments/suggestions thereon for the approval of the Commission within four (4) weeks from the date of issue of this order.

sd/-

**(A. S. Bakshi)**  
**Member**

sd/-

**(A.K. Singhal)**  
**Member**

sd/-

**(Gireesh B. Pradhan)**  
**Chairperson**