

## **APP Comments on CERC Discussion Paper on Redesigning Real Time Electricity Market in India**

#	Para	Existing provision	Comments/ Submissions for consideration
1.	5.7	<p>Settlement in the proposed Real Time Market:</p> <p>All day-ahead schedules (as a matter of principle) are “firm financial commitments”. Firm-financial commitment means that a supplier (generator or trader) receives revenue from day-ahead schedules regardless of real-time output of its generation unit.</p> <ul style="list-style-type: none"> <li>– ... Any shortfall or surplus from day-ahead generation schedule shall be rebalanced in real-time market (unlike in the existing system where such deviations are settled through DSM). If a supplier produces only 30 MWh in real time, it must purchase 10 MWh (to match day-ahead commitment) from real-time market at real-time price. This “purchase” by the generator is not for sale to the Discom – this must be construed as generator making up for shortfall from its day-ahead commitment (day ahead schedule).</li> <li>– Same logic applies to a Discom / buying entity...</li> <li>– If the load-serving entity consumes 90 MWh, it sells 10 MWh not consumed in real-time market at real-time price.</li> </ul>	<ul style="list-style-type: none"> <li>• In current practice, depending on the Frequency Rate and the limits stipulated in DSM Regulations, in situations where Generator's variable cost is more than the then UI/DSM rate, the only route available with the generating company is to deviate from its schedule (within limits) to protect itself/help itself commercially.</li> <li>• While it is mentioned in the Discussion Paper, that such purchase by the generator is not for sale to the Discom and shall be construed as generator making up for shortfall from its day-ahead commitment (day ahead schedule), it is to be noted that at the time of implementation, there could be situations where a Generator would gain out of arbitrage. In such a situation, it would really make sense for thermal generating stations having higher VC/fuel cost to back down its own generation and meet the requirement of its beneficiaries by buying power at a lower price (whenever available) from Real Time Intra Day market.</li> <li>• Hence, while implementing the proposed mechanism of Real Time Market, situations and criteria under which, Generator can bid and participate to procure power shall be clearly identified and stipulated. Also, such permissible situations for the generators may include the situations, where Generators having a provision of Alternate Supply in respective Bilateral Agreements/PPAs be allowed to use this route to source power from other sources and protect the recovery of their Fixed Cost.</li> <li>• We further submit that in the above mentioned arrangement, since the risk of procuring power at a market rate (which may be higher or lower than its long term PPA tariff) is on the generator in lieu of shortfall in its day ahead commitment, the generator shall be considered to be deemed available as per its day ahead commitment to the extent, generator succeeds in making such alternate arrangement of power by procuring power from Real Time Market and accordingly, shall be entitled for recovery of its Annual Fixed Charges as per such deemed Availability.</li> </ul>

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2.	5.7	<p>Scenario 1 of Box 1: Scenarios for settlement in proposed RTM</p> <p>For a situation where a Wind Generator who is having a schedule 80 MWh, is able to generate only 50 MWh in real time, would have to purchase such shortfall of 30 MWh from Market (which supposedly is being generated by some Thermal Unit connected to the grid as per the demonstration).</p>	<ul style="list-style-type: none"> <li>• Since in the corresponding section of the Discussion Paper, it is not clear whether in such a scenario, the corresponding Beneficiary would be considered as if it is meeting the deem RPO obligation of 80MWh or only 50 MWh (as the balance 30 MWh is either being generated by Thermal as supposed in demonstration or some unknown source), we find it relevant to submit that in such a situation, Beneficiary shall be considered to meet an RPO obligation of only up to 50 MWh and not 80 MWh, which otherwise would defeat the sole purpose of implementing RPO mechanism.</li> <li>• It is stipulated in the Discussion Paper that prices for such Intra Day real time transactions shall be determined based on market determined price. Though, we understand that it is too early to decide whether such transaction would happen in existing exchanges or a new platform would be introduced, we humbly submit that existing exchanges/platforms may be utilized for carrying out such Real Time Market operations to avoid inclusion of any additional costs in the system due to the proposed mechanism.</li> </ul>
3.	5.7	<p>Scenario 2 of Box 1: Scenarios for settlement in proposed RTM</p> <p>Second Scenario demonstrates a situation where a Wind Generator who is having a schedule 50 MWh, is able to generate only 80 MWh in real time, would be able to sell such extra quantum 30 MWh in Real Time Market.</p>	<ul style="list-style-type: none"> <li>• It would be relevant to mention that currently, most of the renewable generating stations bear the must run status and hence are entitled to raise bills on their respective beneficiaries as per the actual generation (even if higher than schedule) from such plants.</li> <li>• Hence, we submit that, in no way such proposed mechanism shall impact the existing long term arrangements and obligation of the long term beneficiaries of the renewable generating station to offtake the generation from respective renewable generating stations except for limits/reasons stipulated in respective PPAs and the proposed mechanism of Real Time Market should act only as an alternative/additional route for transacting power for Renewable Generator at its own discretion after meeting its obligations in their respective long term PPAs/arrangements.</li> </ul>
4.	-	Additional suggestions	<ul style="list-style-type: none"> <li>• Currently, generation sources with lower tariffs which are utilized by Discoms/ Beneficiaries/Consumers only, whereas, making such real time market available to Generators might reduce the options for them as a few</li> </ul>

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			generators would also gain by having access to such low tariffs and Discoms/beneficiaries/consumers would have to look out for higher tariffs for meeting their demand.
5.	-	Additional suggestions	<ul style="list-style-type: none"><li>• While, the Paper stipulates for an additional avenue for transacting power on Intra Day basis for real time market operations, we find it pertinent to mention that all existing modes of power sale through Short Term mechanism may continue to be made available as the existing routes are available from quite a while now and stakeholders have gained confidence and comfort over these mechanisms over the years. Hence, even if any of the existing routes are considered for elimination, that step should be taken gradually and not immediately.</li><li>• It would be appropriate that if this market/mechanism is first implemented/tested through a Pilot Test for a quarter and based on observations/trends, it may be rolled out completely.</li><li>• In order to ensure optimization of costs in the sector and the Grid, we find it appropriate to mention that all merchant capacities and the unused/untapped capacities from Captive Power plants shall be allowed to transact in the proposed real time market in addition to existing routes of power sale.</li></ul>