

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 33/RC/2017

Coram:

Shri P. K. Pujari, Chairperson

Shri M. K. Iyer, Member

Date of Order: 9th of October, 2018

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 Commission's order dated 11.08.2016 in Petition No. 95/RC/2014.

And

In the matter of

India Energy Exchange Ltd,
4th Floor, TDI Centre,
Plot No. 7, Jasola
New Delhi – 110025

.....**Petitioner**

ORDER

The petitioner, India Energy Exchange Limited (IEX) has filed this present petition under Regulation 7(2) and 24 of Central Electricity Regulatory Commission (Power Market) Regulations, 2010 (hereinafter referred to as 'Power Market Regulations') read with Commission's Order dated 11.08.2016 in Petition No. 95/RC/2014 seeking approval on the amendments proposed in its Business Rules, Rules and Byelaws.

Brief Background of the Case

2. As per Regulation 7(2) of Power Market Regulations, an Exchange is required to take prior approval from the Commission before making any modifications in the contract specifications specified under the Regulation. Regulation 24 of the Power Market Regulations stipulates that a Power Exchange shall function according to its

Byelaws and Rules approved by the Commission. The said Regulation further provides that the Byelaws and Rules of an Exchange may be amended subject to obtaining prior approval of the Commission.

3. IEX had earlier approached the Commission seeking approval on certain changes in its Business Rules and contract specifications through Petition No. 95/RC/2014. The Commission vide interim Order dated 25.03.2015 had directed IEX to post the proposed changes on its website and seek comments from the stakeholders. Meanwhile, the Commission vide Order dated 15.7.2015 in Petition No. 138/RC/2015 approved the changes pertaining to extending the timelines of the Day Ahead Contingency and Intra Day Markets. Consequently, some of the amendments to the Business Rules sought in the Petition No. 95/RC/2014 by the IEX were taken care of vide Commission Order dated 15.07.2015. Subsequently, the Commission appointed consultant M/s Deloitte to review the functioning of IEX and based on the final report submitted by M/s Deloitte, it was observed that certain violations of the provisions of the Power Market Regulations were taking place and corrective actions may necessitate further amendments to the Bye Laws and Business Rules of the IEX.

4. In view of the above, the Commission vide its Order dated 11.08.2016 in Petition No. 95/RC/2014, interalia directed IEX to file a consolidated petition for amendment of its Bye Laws & Business Rules incorporating the changes necessitated in the light of the observations of Deloitte in its report and after seeking the comments of the stakeholders on the proposed draft amendment. The relevant Para 7 of the Commission Order dated 11.08.2016 is extracted below:

“7. Corrective action to be taken for violation of the provisions of the Power Market Regulations may necessitate amendment to the Bye laws and Business Rules of the IEX. We are of the view that instead of piecemeal approval of the Bye Laws and Business Rules, IEX should file a consolidated petition for amendment of its Bye Laws and Business Rules by taking into account these changes necessitated in the light of the observations of Deloitte in its report and after seeking the comments of the stakeholders on the proposed draft amendment.”



Submission by the Petitioner

5. Pursuant to the directions of the Commission vide Order dated 11.08.2016 the petitioner has filed the present consolidated petition with amendments proposed in its Business Rules, Rules and Byelaws. Prior to submitting the proposal, the petitioner had hosted the proposed draft Business Rules, Rules and Byelaws on its website inviting comments from all the stakeholders by 08.02.2017 on proposed amendments vide its Public Notice dated 25.01.2017. In response to the said Public Notice, the petitioner had received comments from M/s GMR Energy Trading Limited. The petitioner has submitted that it has considered the comments received from M/s GMR Energy Trading Limited while finalizing the draft proposal. Further, the petitioner has submitted that it has incorporated the amendments required to address the relevant observations made by M/s Deloitte in their Report on "Review of Exchange" submitted to the Commission during March, 2016.

6. The petitioner in the present petition has proposed the following broad amendments in its Business Rules, Rules and Byelaws:

- a) Minimum period of Bank Guarantee towards additional security deposit of Members may be revised to 3 months in place of 1 year
- b) Opening of Client Account by Trading Member in the same bank may be made mandatory to increase transparency in transactions and enable tracking trail of the money whenever required
- c) Requirement of issuance of 'Contract Note' by Members of the Exchange may be done away with as necessary trade details are covered in the Daily Obligation Report
- d) Provisions related to applicability of Membership Service Charge on Trader and Professional Members of the Exchange may be incorporated to give more clarity
- e) Provisions regarding sub-ordinate service providers may be introduced to give clarity on the ceiling requirement of Member Service Charge of 0.75% over the entire chain



- f) Discretion of the Exchange may be allowed for allotment to customers during Real Time Curtailment to ensure that least number of customers are affected during the curtailment.
- g) Client Registration Form may be removed from the Business Rules so that the necessary changes can be made as and when required by the Exchange through Circulars
- h) Modification or cancellation of orders after market hours by Exchange may be allowed on request of Members due to reasons like error in punching of bid, plant shutdown, cancellation or modification of NOC by SLDC or due to any other statutory requirements
- i) Penal provision may be imposed on buyers in case of their failure to provide SLDC approval in line with the provisions existing for the Seller in Business Rules
- j) Modification proposed in Margins for TAM Contracts:
 - i. Day Ahead Contingency Contract: Additional 5% extra margin may be added to the initial margin of the buyer so as to cover various charges viz. transmission charges , exchange fees etc.
 - ii. Daily Contract: Additional margin of 50% of the total trade value may be incorporated in addition to the reference of risk curve provision available in Business Rules to bring further clarity.
 - iii. Weekly Contract: Additional margin at 50% of the total trade value along with another half days margin towards various charges may be collected from the buyer in single trench instead of two separate trenches as it is existing presently.
- k) Contract specifications may be provided for eight contracts starting from T + 2 to T + 9 to enable delivery on T + 2, T + 3 and T + 4 contracts.
- l) Instead of product specific category of membership, only basic membership i.e. Proprietary, Trader and Professional may be issued by the Exchange to give flexibility to the Members to trade in different product segments.
- m) Prior intimation to Exchange instead of prior approval may be allowed in the case of Partnership Firms to ease the process

Hearing on 6.7.2017

7. The matter was heard on 6.7.2017. During the course of hearing, the representative of the petitioner submitted that the present petition was filed in the month of February, 2017 and in the meantime, the procedure of EScert has been notified by Bureau of Energy Efficiency under the provisions of Central Electricity Regulatory Commission (Terms and Conditions for Dealing in Energy Savings Certificates) Regulations, 2016 which is required to be incorporated in the proposed amendment.

8. After hearing the representative of the petitioner, the Commission vide Record of Proceeding directed the petitioner to update its Business Rules, Rules and Bye-laws incorporating the changes related to EScert and submit the same on affidavit on or before 21.7.2017. The Commission further directed the Staff of the Commission to upload the petition of the IEX by 28.7.2017 on Commission's website after receipt of above affidavit incorporating the EScert Regulations to seek comments from the stakeholders/ general public, on the proposed draft amendment of the IEX.

9. Pursuant to the directions of the Commission vide Record of Proceeding the petitioner submitted the revised Business Rules, Rules and Byelaws incorporating the changes related to Escerts and with proposed changes in track change mode by way of affidavit on 21.07.2017. In accordance with the Commission's directions, the revised documents with proposed amendments in track change mode were uploaded in the Commission's website on 28.07.2017 inviting comments/suggestions on the proposed amendments by 18.08.2017.

Stakeholder's Comments and IEX Clarification

10. Based on the notification, comments/suggestions were received from three organizations namely Shree Cement Limited, Delhi Metro Rail Corporation Limited, and Association of Power Producers. It was observed that apart from responding to the amendments proposed by the petitioner, the stakeholders have also given their comments/suggestions on certain additional issues pertaining to Business Rules of the petitioner. All the comments/suggestions received from the above organizations



were shared with the petitioner vide letter dated 6.09.2017 seeking point-wise reply from the petitioner for the consideration of the Commission. The petitioner submitted its response to all the comments/suggestions including the additional points raised by the stakeholders vide letter dated 20.09.2017.

11. After examining the comments/suggestions received from the stakeholders and petitioner's reply made in this regard, certain additional clarification/information were sought from the petitioner vide letter dated 05.12.2017 which the petitioner submitted vide letter dated 09.02.2018.

12. The stakeholder's comments and IEX response including the subsequent clarifications given by the exchange is provided in the Annexure to this Order.

Hearing on 6.9.2018

13. The matter was heard again on 6.9.2018. During the course of hearing the Commission observed that the relevant additional comments/suggestions received from the stakeholders should be considered along-with the amendments proposed by the petitioner to which the representative of the petitioner consented.

Analysis and Decision

14. The Commission has examined the draft revised Business Rules, Rules and Byelaws taking into account the stakeholder's comments and petitioner's response/clarification made in this regard. The Commission has indicated its observations/directions in the last column of Annexure to this Order. The petitioner is directed to amend its Business Rules, Rules and Byelaws by appropriately incorporating our directions/observations publish the same on the website of the Power Exchange and submit the same to the Commission within thirty days from the date of issue of this order.

15. Accordingly, the Commission accord approval to the revised Business Rules, Rules and Bye laws as per the directions/observations in last column of the Annexure. If any discrepancy is noticed or if it appears that the revised Business



Rules, Rules and Byelaws do not conform to the observations/directions made by the Commission in any respect, the Commission shall issue such directions as may be considered necessary for such compliances.

16. Petition No. 33/RC/2017 is disposed of in terms of the above.

Sd/-
(Dr. M. K. Iyer)
Member

Sd/-
(P. K. Pujari)
Chairperson



Proposed Amendments in IEX Business Rules, Rules and Byelaws along with Stakeholder's Comments and Observations/directions of the Commission

A. Proposed Amendments in IEX Business Rules

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
1.	10.1	The Exchange Members are required to pay security deposit in accordance with Rule 5 of the Rules titled "Membership" at the time of admission, which will be used as initial margin for giving exposure to the Members linked to the percentage of the Margin applicable for each Contract. This is payable only by way of demand draft <u>or RTGS or cheque drawn in favor of 'Indian Energy Exchange Limited' or any other mode as may be decided by the Exchange.</u>	Shree Cements Ltd No provision exists for payment of interest on security deposit. Till date no interest has been paid on security deposit by Exchange. Hon'ble Commission should provide for payment of interest on security deposit in business rules.		The words 'or any other mode through banking transactions as may be decided by the Exchange' to be substituted in place of 'or any other mode as may be decided by the Exchange'.
2.	11.3	Bank Guarantee: The Exchange will accept bank guarantees strictly as per the format prescribed by it as decided by the Exchange and such bank guarantees shall be acceptable from the approved banks of the Exchange only. The tenure of bank guarantee instrument should be for a minimum period of one year <u>three (3) months</u> and a maximum period of three (3) years having an additional claim period of three (3)		Members submit BG in lieu of cash margins. Members have requested for issuance of BG for	Approved as proposed.

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		months. The bank guarantee must be issued by the bank on behalf of the Member. A third-party bank guarantee instrument issued on behalf of person other than the Member himself will not be accepted by the Exchange.		smaller duration since it encompasses costs to Members.	
3.	14.3	a. Settlement Account or Clearing Account: All Exchange Members or the Clients, as applicable, will have to open their Settlement Account with any the approved Clearing Banks. The Member or the Client, as applicable, will not have cheque book facility for issuing cheque to any third party or outsiders. The trader member can only issue cheque for transfer of money from this account to its client account. <u>The Trader Member can also provide option to its buyer clients to directly transfer money in Member's Settlement account directly. The Member will have to transfer the money from Settlement Account to its Client Account by giving instruction to the bank.</u> Apart from such transfer, only the Exchange will have power to withdraw money from this account by way of direct debit instruction. In respect of all pay in, Margins, charges and other dues payable to the Exchange, the Exchange will send direct debit instructions to the bank advising them to debit Settlement Account of the respective Member or the Clients, as applicable, by such		Since cheque book facility is not allowed in settlement account, cheques cannot be issued for transfer of money. For any transfer from settlement account, the member will have to do it by giving instruction to bank.	Approved as proposed

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
		payable amount. Similarly, the Exchange will credit the pay out, refund of Margins to this account only. The Trader Member will not use the Clients' funds for meeting his own obligation.			
4.	14.3 New Clause	<u>b. Client Account: In addition to the Settlement Account, Trader Member will have to open a Client Account in the same bank as that of the Settlement Account. The Member may receive the client's funds in its Settlement or Client account. However Member should make payments to its Clients towards their receivable amount from its Client account only.</u>	<p>APP</p> <p>Allowing the fund transfer directly from each client to settlement account of trade member would have tracking issues. The present system of fund transfer to client account should be continued.</p> <p>This addition of new clause would put burden on trader members in tracking the funds. The trader member should be free to settle accounts with its client from any account.</p>	<p>This amendment is sought with an intention of making the transactions between exchange, its members and their clients more transparent.</p> <p>As per the proposal a single client account for all clients will be opened by the member and not by the individual clients. This client account</p>	<ul style="list-style-type: none"> • Approved as proposed • However, the opening of the Client Account in the same bank as that of the Settlement Account is not required to be made mandatory for the Member. • Accordingly, the words 'in the same bank as that of Settlement Account' to be deleted.

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				<p>will have the facility to transfer or receive funds from the third party (clients). Several trader members of the exchange already have a Client Account which they use to transfer the proceeds to their clients.</p> <p>This amendment would standardize this practice and would infuse more accountability and transparency in the fund transfer mechanism. ;</p>	



S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
5.	18.1	b. Trader Client: A Client who is eligible to trade in electricity under the Electricity Act, 2003 and has a legally valid power purchase/sale agreement, which gives the Client the right to purchase and sell electricity A Trader Client will register each power purchase/sale agreement with the Member who will be registering the same with the Exchange and receive a separate registration identification code. The entities such as trading licensees can become Trader Clients		The process of Client codes generation by the Exchange is same for all types of clients	Approved as proposed.
6.	18.2	In the REC Market segment, the REC Member transacting on behalf of others can have Eligible entity, obligated entity or entity willing to purchase RECs as Client. Such Client will be known as REC Client. The Exchange may introduce new category of Clients consistent with the Act and regulations issued by CERC.		Please refer to point No. 54 regarding proposal of change in Membership categories	Approved as proposed.
7.	18.6	When establishing a relationship with a Client, the Exchange Members must take reasonable steps to assess the background, genuineness, beneficial identity, financial soundness of such person, and its trading objectives by registering the Client with them in the format prescribed by the Exchange as Client Registration Form as per Annexure III and Self Registration Form prescribed by the Exchange. The Member shall also obtain: a. an approved copy of the board resolution permitting the transactions in contracts	DMRC The circulars issued by the exchange shall be issued with the intimation to the Hon'ble Commission, such that the Commission may review the same and if in case the same is not inline with the rule/regulations can be	The client registration form contains basic information about the clients like contact details, address, etc. The information	<ul style="list-style-type: none"> To continue with the Annexure-III and update it with the latest formats of Client Registration Form (Client to Member & Member to Exchange Forms). Accordingly the words 'as per

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		<p>allowed on the Exchange .</p> <p>b. a copy of Power Purchase or Sale Agreement(s) with a grid connected entity from Trader Clients.</p> <p>c. other relevant documents.</p>	<p>stayed.</p> <p>APP If any changes are required in the form, same may be modified in the business rules and approval of Hon'ble CERC may be taken.</p>	<p>sought under KYC are commonly accepted KYC details and what needs to be reported to the Hon'ble Commission. Over the period of time there could be new requirements that may have to be added to complete the KYC, which is procedural and therefore separation of forms from the Business Rules and addition of new KYC requirements would in no way</p>	<p>Annexure III' and 'prescribed by the Exchange' to be retained.</p> <ul style="list-style-type: none"> • Incorporate the provision which would allow the exchange to bring modification in Client Registration Form through Circulars with prior intimation to the Commission. • The approval on the changes made in the Client Registration Form to be taken subsequently along with other changes proposed in the Business Rules.

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				contravene provisions of the Regulations. However, as and when such changes are made a copy of the circular would be sent to the Hon'ble Commission.	
8.	18.9 (k)	The Exchange Member shall <u>communicate, by any suitable mode, each of the transaction done by them for their respective Clients on the trading system of the Exchange. Such communication shall cover the important details like Trade Price, Trade Quantity, and Statutory Charges etc. provide the client with a copy of the trade confirmation slip as generated on the ATS, forthwith on execution of the trade with a contract note for the trade executed in the specified format as per Annexure V.</u>	Shree Cements Ltd It is submitted that most of the information is already available with Exchange. All such information is already available with CERC and is being displayed on their web-site and Therefore the same is not required APP We agree to the proposed changes.	It is the obligation of a member to report to clients all transactions done by them on the trading system of the exchange for their clients. Accordingly the proposal has been made. The	To continue with the existing arrangement in which the Member is required to communicate with their clients using Contract Note specified in Annexure V of the Business Rules.

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				Association of Power Producers (APP) is also of the same view in this regard.	
9.	18.11 New Clause	<u>Member should collect/pay money from/to its clients through banking transaction only like cheque/demand draft, NEFT/RTGS, Online fund transfer etc.</u>	APP We agree to the proposed changes.	Agreed.	Approved as proposed.
10.	19	<p>Member Service Charges Subject to the provisions of these Business Rules and the provisions of the Act, Rules and Regulations made there under the Member Service Charges that a Member can charge to its Clients, for providing services may be mutually agreed to between them.</p> <p><u>Provided that Member Service Charge for providing services to their clients by Professional Members shall not be more than the ceiling specified in the CERC (Power Market) Regulations, 2010 and its amendments thereof. This ceiling would be an overall ceiling including the service charges of any subordinate service providers, if any.</u></p>		Provisions have been incorporated regarding applicability of Member Service Charge as per Power Market Regulations for better clarity.	Approved as proposed.

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
		<p>Provided however the Professional Member who is not trading licensee shall not provide any credit or financing or working capital facility to their Clients.</p> <p><u>Provided that Member Service Charge for providing services to their clients by Trader Members shall be trading margin as per CERC (Fixation of trading margin) Regulations 2006 and as amended from time to time.</u></p> <p><u>Provided further that the Commission may, by order, review the Member Service Charge criteria from time to time.</u></p>			
11.	19.A New Clause	<p><u>Guidelines for dealings with sub-ordinate service providers.</u></p> <p><u>If any intermediary(s) is appointed /involved directly or indirectly between the Professional Member and the Client and service provided by the intermediary has a direct or indirect nexus with the Exchange trading facility, such an intermediary would have the status of sub-ordinate service provider. Professional Member shall inform the Exchange of such subordinate service provider(s) in writing within a week of such appointment /involvement.</u></p> <p><u>Exchange shall conduct the inspection of books</u></p>	<p>Shree Cements Ltd</p> <p>It is proposed that “Intermediary”/“Subordinate Service Provider” need to be defined in Rules / Bye Laws.</p> <p>Right to inspection of accounts by a licensee/Exchange is not provided in the Electricity Act. Therefore, amendment sought in</p>	<p>Sections 27 of the CERC (Power Market) Regulations, 2010 reads: 27. <i>Member Service Charge for providing services to their clients in day ahead and term</i></p>	Approved as proposed.

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		<p><u>of accounts of the subordinate service provider as and when required, the Professional Member has to ensure that the detail sought by the Exchange are provided by the subordinate service provider to the Exchange.</u></p> <p><u>If services given by the intermediary to the client are in a bundled form (Providing other service also along with trading facility), the rate of Member Service Charges for Exchange trades will be ascertained separately in writing.</u></p> <p><u>The ceiling on Member Service Charges, as defined by CERC, would be an overall ceiling in totality including the service charges of any subordinate service providers.</u></p>	<p>the Rule 19.A is against the spirit of Electricity Act, 2003.</p> <p>DMRC CERC Power Market Regulations provide a ceiling of 0.75% of transaction value on Member Service Charge of Professional Member and as per CERC order dated 21.12.2011 in Suo-Motu Petition 123/2011 the Exchange has to ensure compliance of this requirement. Further, it is also held by CERC that the ceiling on 'Member Service Charge' shall be for the entire chain of subordinate service providers in between the member and the client. During</p>	<p><i>ahead markets in Power Exchange shall not be more than 0.75% of transaction value. This ceiling would be an overall ceiling including the service charges of any subordinate service providers.</i></p> <p><u>Further CERC vide order dated 21.12.2011 in Suo-Motu Petition 123/2011 has directed exchanges to</u></p>	

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			<p>the inspection, a few professional Members have shown reluctance to share the information regarding SSP with the Exchange. Therefore, keeping in view the aforementioned, provisions regarding Sub-ordinate Service Providers have been introduced. However, it is submitted that the new mechanism on the manner of collection, settlement and monitoring of members service charge charged by the professional member to their clients should be first developed and submitted for prior approval of the Commission.</p>	<p><u>ensure the compliance of above regulation.</u></p> <p>To ensure that the Subordinate Service Providers are properly covered a definition of the same has also been provided in proposed clause 19 A.</p>	

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			<p>Further, power exchanges for the sake of transparency, accountability and in order to establish compliance of Regulation 27 of Power Market Regulations should conduct inspection of the accounts of all their professional members through third party independent agencies. The same may be done by the Clearing Corporation as defined in the CERC (Power Market) Regulations 2010. Independent Clearing Corporation of power exchange must be formed and approved by the Hon'ble Commission. The same is also inline with the</p>		

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			directions issued by the Commission vide order dated 21.12.2011.		
12.	22.1.a	<p>Lease Line Connectivity Members can connect trading workstation through leased line. The service provider will provide nation-wide Leased Line network for Members using Multi-Protocol Label Switching (MPLS) based VPN solution. The data reaches to the trading system through the node located at Mumbai <u>Delhi</u>.</p> <p>The MPLS is one of the most sophisticated and latest VPN technologies available as on date. MPLS can provide secure, cost effective, high performance, scalable and managed end-to-end network connectivity. It allows label switching, due to this it offers fastest <u>faster</u> mode of data transfer with <u>high level security</u>, making it most suitable for real time trading application like ours. Due to the features like 'Bandwidth on Demand' and 'Committed Bandwidth' it has overcome all shortfalls of conventional point-to-point leased line network. The <u>Service provider BSNL MPLS</u> network nodes are mesh connected on STM 1 (155 mbps) links. This ensures congestion free data transfer on the network. The network has multiple ring redundancy, ensuring high uptime to the end users.</p>	<p>APP To ensure that clients are not burdened with service charges of monopoly MPLS service provider, IEX should declare MPLS and VPN as equal priority services for trading on IEX.</p>	<p>MPLS is a secure mode of communication and therefore is preferred mechanism. However members can also have VPN (SSL) at the risk and discretion of the member.</p>	<ul style="list-style-type: none"> Approved as proposed. However, the Clause needs to be appropriately edited to keep it generic in nature.

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		<u>Members may be allowed to use SSL services as a backup. Members are advised to exercise caution and be fully aware of the pros and cons of using SSL link.</u>			
13.	22.1 b.	All applications to BSNL <u>Service provider</u> and co-ordination with <u>Service provider</u> BSNL will be taken care by the IEX Systems Department. Interested Members may send the necessary details in the specified format.			Approved as proposed.
14.	22.1 g.	Payment Members have to pay towards port charges, local loop charges (considering 7 km distance), one-time modem installation charges and inclusive of service tax applicable. Such charges are payable on an annual basis except the modem installation charges. The payment shall be made by way of demand draft favouring 'AO (F&A) <u>Service provider</u> BSNL Mumbai' payable at Mumbai. Member may send the demand draft along with the application form to the Exchange, Mumbai <u>Delhi</u> Office in advance to start the LL application process. The prices are uniform across the country except Mumbai and Navi Mumbai. In case of non-availability of <u>Service provider</u> BSNL network in a particular city, the payment would be refunded to the Member. In case of transfer of the facility to some other location, the Member has to pay the necessary charges to be decided by <u>Service provider</u>			<ul style="list-style-type: none"> • Approved as proposed. • However, the Clause needs to be appropriately edited to keep it generic in nature. • Delete the words 'favoring AO(F&A)' and the location name related to BSNL viz. Mumbai, Navi Mumbai etc.

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		BSNL.			
15.	22.1 i.	<p>Crisis management The complete MPLS network is monitored 24x7 from a centralized Network Operating Centre (NOC) of <u>Service provider BSNL</u>. This NOC is managed by highly skilled engineers which engineers, which can give all assistance to all Members. The NOC can be accessed on toll free number <u>16800-41425-1957</u>. For any further assistance any Member can also get in touch with respective Nodal Officer of <u>Service provider BSNL</u> which will be informed to you shortly.</p>			<ul style="list-style-type: none"> • Approved as proposed. • However, the Clause needs to be appropriately edited to make it generic in nature. • Incorporate the provision for displaying the contact details of the nodal officer in the website instead of mentioning that it shall be informed to you shortly.
16.	22.1 j.	<p>Undertaking All Members are obliged to provide the Exchange with an undertaking on company's letterhead in the enclosed format given in <u>Annexure-VII</u>. On receipt of the application along with the undertaking and payment, the application will be forwarded immediately to <u>Service provider BSNL</u> for further processing. It may take four (4) to (6) weeks for <u>Service provider BSNL</u> to complete</p>			Approved as proposed.

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		the process of providing Leased Line Network to the Member.			
17.	24.1	Notwithstanding the provisions of the Bye-Laws on force majeure, in case of the settlement of power contracts, the injection and drawl by the power generators and consumers depend upon the transmission corridors available with regional grids. In case of non-availability of transmission corridors because of system constraints notified by System Operator on the day of delivery, the outstanding Contracts will be settled on pro-rata basis <u>as decided by the Exchange from time to time.</u>	<p>Shree Cements Ltd It is submitted that Principles of such settlement should be objectively and clearly defined in bye laws and rules and should not be left to the discretion of Exchange.</p> <p>DMRC In case of non-availability of transmission corridors & changes on account of curtailment of transmission capacity, the outstanding Contracts will be settled as per the basis of curtailment decided by the Exchange from time to time. The</p>	Here we would like to point out that more often than not, the curtailment of transmission corridor comes around 45 minutes before the start of curtailed delivery period, leaving little time for the exchange to communicate it to its Members/Clients. Also this time is too short for the clients to respond to the	<ul style="list-style-type: none"> To continue with the existing practice of real time curtailment on pro-rate basis. However, looking at the practical difficulties in implementing the curtailment across all the portfolios on a pro-rate basis, following mechanism can be followed: <ul style="list-style-type: none"> Arrange the portfolios in descending order (in terms of bid buy/sell quantity) Carry out the curtailment on a pro-rata basis up to the portfolio where

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggesti ons	IEX Response	Observations/directio ns of the Commission
			<p>discretionary powers which have been proposed by (EX for such settlement may not be transparent as the methodology cannot be decided by the IEX and the ;mechanism/ algorithm must be developed first and submitted to the Commission for prior approval to ensure fair, neutral, efficient operations of the exchange. The exchanges should not be given such discretionary powers as stakeholders may not get confidence of fairness and rise in conflict of interest may take place.</p> <p>APP IEX has submitted that due to various</p>	<p>changed schedule. Considering the paucity of time to perform various activities during these exigencies and to ensure that least number of participants are affected, the discretion for allotment of curtailment is required by the Exchange.</p> <p>However, in view of the suggestions made a detailed process has been made with a request</p>	<p>the cumulative quantity becomes double the quantity required to be curtailed.</p> <ul style="list-style-type: none"> ▪ In case the curtailment is to be carried out for 50% or more than that of the total quantity bid then curtailment shall be carried out in all the portfolios on a pro-rata basis. • In light of the above, appropriate provisions to be incorporated in the Business Rules.

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggesti ons	IEX Response	Observations/directio ns of the Commission
			<p>activities in case of real time curtailment which creates operational difficulty particularly dealing with industries and CPPs.</p> <p>In this regard, few of the activities mentioned by IEX like identification of region, importing region etc. may be integrated / automated, if possible to reduce to overall time. However pro-data basis settlement should be continued because power generator and consumers as being aware of day to day transmission congestion / expected curtailment, would place their buy / sell bids</p>	<p>to the Hon'ble Commission to approve this framework. Please refer (Annexure 1) for the detailed procedure for Real Time Curtailment proposed by the exchange.</p>	

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
			accordingly. Wording introduced in IEX business rules would give them arbitrary power. So, this needs to be amended, as above.		
18.	25.2	In case of any mismatch between scheduling request issued by the Exchange at 15:00 hrs and final schedule issued by NLDC at 18:00 hrs, the final schedule issued by the NLDC shall be considered for adjustments in the obligations and the trades shall be reversed to the extent of such mismatch. Similarly, in case of subsequent changes on account of curtailment of transmission capacity by the Load Dispatch Centre(s), the trades shall be reversed to the extent of such curtailment. <u>The basis of curtailment will be as decided by the Exchange from time to time.</u> Reversal of trade shall be done at the respective Area Clearing Prices. The difference in the amount payable and recoverable due to such reversal shall be adjusted from the Congestion Revenue Account.	Shree Cements Ltd The basis of curtailment should be justiciable and equitable and should be on pro-data basis. It should not be left discretion of Exchange as it would result in subjectivity at the end of Exchange to the disadvantage of other consumers.		<ul style="list-style-type: none"> To continue with the existing practice of real time curtailment on pro-rata basis as discussed in Point No. 18 w.r.t Clause 24.1 above. The Clause needs to be accordingly revised.
19.	27.1	The Exchange will conduct inspection of books of accounts of the <u>Professional Members</u> periodically. The scope of such inspection will, in normal circumstances, be limited to the operations of the Member at the Exchange and its off-market	Shree Cements Ltd Right to inspection of accounts by a licensee/Exchange is not provided in	We agree with suggestion made that exchanges	<ul style="list-style-type: none"> Incorporate the provisions for undertaking inspection of

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggesti ons	IEX Response	Observations/directio ns of the Commission
		<p>deals, but in special circumstances the Exchange may decide for extending the scope of such inspection. The Exchange, directly or through empanelled Chartered Accountant Firms, will conduct such inspection. All Exchange Members shall be required to maintain Books of Accounts, documents, counterfoil of contract notes and other details for such period, as may be directed by the Exchange. They shall produce such records before the inspection team as per directions issued by the inspection team and extend their full co-operation in terms of providing information so as to carry out inspection smoothly. In addition to the normal inspection of the Books of Accounts, audit of statutory compliance and adherence to the Articles, Bye-laws, Rules, Business Rules, circulars and notifications issued by the Exchange from time to time, the Exchange may take suitable action based on the inspection report, if it deems proper.</p>	<p>the Electricity Act therefore amendment sought in the Rule 27.1 is against the spirit of Electricity Act, 2003</p>	<p>should not carry inspection of trading members. Our suggestion is also in line & is only for inspection of professional members.</p>	<p>Trading Members as directed by Commission in the Order dated 9th May, 2018 pertaining to Petition No. 12/SM/2016.</p> <ul style="list-style-type: none"> The Commission has directed the Power Exchanges to conduct annual inspection of both Professional and Trader Members through the engagement of third party conversant with the power sector. The inspection shall cover compliance with the regulations and rules of the Exchanges by the Trader Members and Professional Members, the

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggesti ons	IEX Response	Observations/directio ns of the Commission
					<p>volume transacted by Trader Members and Professional Members, the trading margin or Member Service Charge collected by Trading Members or Professional Members, as the case may be, and noncompliance with the regulations, if any.</p> <ul style="list-style-type: none"> The Commission has further directed the Power Exchanges to incorporate the necessary provisions with regard to annual inspection of their members in their Rules, Business Rules and Bye Laws and submit the same for



S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggesti ons	IEX Response	Observations/directio ns of the Commission
					<p>approval of the Commission.</p> <ul style="list-style-type: none"> • In light of the above, appropriately amend the Chapter IV: Inspection and Disciplinary Actions incorporating the provisions for conducting the inspection of Trading Members. • Provide the detailed procedure for inspection of Professional and Trading Members in the Annexure approved by Audit Committee/Board • The words 'counterfoil of contract note' need not be deleted as discussed in No. 9



S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
					w.r.t Clause No. 18.9 (k)
20.	27.2 D Deleted	Violations in the issue of contract notes (not having pre-printed serial nos., signatory not authorized, contract note not in proper format, (e.g. contract price and brokerage not appearing on the contract notes separately, proper rates not given or any information on the contract note tampered with in comparison to the data available with the Exchange, unauthorized change of Client codes against the Trade nos., printing of Order number on the contract note, and similar matters).			<ul style="list-style-type: none"> To continue with Contract Note as discussed in Point No. 9 w.r.t Clause No. 18.9 (k) Accordingly, the Clause need not be deleted and can be covered under inspection
21.	30.4	Submission of Monthly Report: Each Member shall furnish detail of member service charges on monthly basis separately in respect of transactions in Day Ahead Market, Term Ahead market, Renewable Energy Certificate market and Energy Saving Certificate market in the formats appended at <u>Annexure-VIII</u> , <u>Annexure-IX</u> , <u>Annexure-X</u> and <u>Annexure XI</u> respectively, as applicable, of these Business Rules, so as to reach the Exchange <u>on or before 10th of the end of</u> succeeding month.	<p>Shree Cements Ltd This to be submitted that such reports are already being furnished to CERC and therefore it is not necessary to submit the same to Exchange.</p> <p>APP As a part of Honorable CERC regulatory procedure</p>	<p>Clause 30.4 is a sub clause of clause 30 which is for professional members only. Therefore this requirement as mentioned in clause 30.4, is for professional</p>	<ul style="list-style-type: none"> Approved as proposed. However, IEX to also incorporate the provisions to obtain reports from the Trading Members in appropriate formats for undertaking the inspection of Trading Members as directed by the Commission in the

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
			for statutory provisions, Form-IV is submitted by all the trading licensees on monthly basis. All the relevant details of DAM, TAM REC is submitted by trading licensee through form IV. Accordingly, the trader member should be exempted for submitting the monthly report to IEX. As such the data or reports are available with exchange further to any successful trade between entities. Hence this requirement may be reviewed.	members only. The amendment sought, is to provide those members sufficient time for preparation and submission of required reports.	12/SM/2016 Order. • The same has been discussed in the Point No. 20 w.r.t Clause No. 27.1
22.	Annexure - II A	Member - Client Agreement (Between a Trader Member and the Client) 2. The MEMBER shall not charge brokerage <u>Trading Margin</u> exceeding the brokerage <u>Trading Margin</u> , if any, fixed under the Rules, Bye –laws, Business Rules or Circulars of the IEX.			<ul style="list-style-type: none"> • Approved as proposed. • However, as the Trading Margin is determined by the



S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
		7. The CLIENT shall pay to the MEMBER ' <u>Trading Margin</u> ' brokerage and statutory levies as applicable from time to time for the contracts transacted through the MEMBER and for the services rendered by the MEMBER to the CLIENT.			Commission and not by the Exchange the clause needs to be appropriately edited.
23.	Annexure - II B	<p>Member - Client Agreement (Between a Professional Member and the Client)</p> <p>2. The MEMBER shall not charge <u>Member Service Charge</u> brokerage exceeding the Member Service Charge, if any, fixed under the Rules, Bye –laws, Business Rules or Circulars of the IEX.</p> <p>4c. The CLIENT shall pay to the MEMBER '<u>Member Service Charge</u>' brokerage and statutory levies as applicable from time to time for the Contracts transacted through the MEMBER and for the services rendered by the MEMBER to the CLIENT.</p>			<ul style="list-style-type: none"> • Approved as proposed. • However, as the Member Service Charge is determined by the Commission and not by the Exchange the clause needs to be appropriately edited.
24.	Annexure - III	Client Registration Form (Member to Exchange) - Deleted Registration Form (Client to Member) - Deleted			Not to delete the Annexure-III as discussed earlier in Point No. 8 w.r.t Clause

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
					No. 18.6
25.	Annexure - V	Contract Note: Deleted	APP: Clarification required: is the obligation report (which is not a bill of supply for exempted goods) sufficient documents for GST compliance?	Proposed change was regarding deletion of requirement of Issuance of 'Contract Note' by the members as per request received from various members. The purpose of Contract Note was to provide trade details by member to their respective clients, which is being taken care by Obligation Report, hence it was suggested by the members	Not to delete the 'Contract Note' as earlier discussed in Point No. 9 w.r.t Clause No. 18.9 (k).

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
				that there is no requirement for issuance of Contract Note separately. For GST purpose Exchange raises a separate invoice for transaction fee charged for the trade done.	
26.	Annexure VII 2-7	<p>2. I/We agree that this circuit will not be interconnected to any of the Leased Line/ Data Circuit/ Network/ PSTN/EPABX etc of BSNL <u>SERVICE PROVIDER</u> or any other service providers which is not permitted by the rules of Telegraph Authority/BSNL <u>SERVICE PROVIDER</u>. I/We further agree to extend facility to the Telegraph authority/ BSNL <u>SERVICE PROVIDER</u> in order to enable monitoring of the purpose, performance and operation of the circuit, as and when required.</p> <p>3. I/we hereby agree to abide by the provisions of Indian Telegraph Rules in force and as</p>			<ul style="list-style-type: none"> • Approved as proposed. • However, the Clause needs to be appropriately edited to make it generic in nature.

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggesti ons	IEX Response	Observations/directio ns of the Commission
		<p>modified from time to time and such other terms and conditions prescribed by the telegraph Authority/BSNL <u>SERVICE PROVIDER</u>.</p> <p>4. I/We agree that necessary charges for registration/ installation/ Advance annual rental/ Arrears, if any will be paid to the controlling/ billing authority of BSNL <u>SERVICE PROVIDER</u> & IEX, as and when we receive demand note/advice from BSNL <u>SERVICE PROVIDER</u> / IEX and when such charges become due.</p> <p>5. I/We agree that I/We shall pay the cancellation charges and other expenses incurred to establish the circuit as requested by me/us that may become payable, in the event of cancellation of the application/closure of the circuit at a later date.</p> <p>6. I/We do hereby agree to indemnify the Govt. of India/ DoT/ BSNL <u>SERVICE PROVIDER</u> and keep them indemnified against any loss damage claim, cost, charges, expenditure incurred by or made against them in respect of loss of rent/ call charges, violation of C.U.G. norms due to misuse of the circuit or otherwise whatsoever in the matter.</p> <p>7. In case BSNL <u>SERVICE PROVIDER</u> provides us MLLN modems, it will be our</p>			

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
		responsibility to maintain the same safely. In case of any physical damage or theft we will bear the charges specified by BSNL SERVICE PROVIDER.			
Schedule A: Day Ahead Market (DAM) Segment					
27.	Sch. A 5.1 b	Block bid: Block bid will specify one price and one quantity for a combination of continuous 15 minute ¹ time blocks. Selection criterion shall be average of Area Clearing Price (ACP) for the quoted 15 minute time blocks, of the respective Client's bid area. It will be an 'All or None' type of order. <u>Maximum number of block bids and maximum quantity per block bid shall be prescribed by the Exchange from time to time.</u>	APP The prescribed numbers should be clearly communicated and updated for easy reference by clients.	We agree with this suggestion and the same is also being followed.	To modify the insertion as ' <u>Maximum number of block bids and maximum quantity per block bid shall be prescribed by the Exchange from time to time with the prior approval of the Commission</u> '.
28.	Sch. A 7	Modification and cancellation of orders: A Member shall be permitted to modify or cancel his orders, during the trading hours. <u>In case if a Member, after closure of market hours, requests exchange to cancel order/s due to reasons like error in punching of bid, plant shutdown, cancellation or modification of NOC by SLDC the exchange shall cancel the order on request of the member. No order will be cancelled in case if</u>	APP Market hours may be replaced by trading hours.	The Hon'ble Commission may take a view on the request made by the stakeholder in this regard.	<ul style="list-style-type: none"> To replace the 'market hours' with 'trading hours' for consistency. To clearly specify that request for any kind of modification

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission						
		<u>the provisional matching is already done except in case of any statutory requirement.</u>			<p>shall not be entertained after the trading hours.</p> <ul style="list-style-type: none"> Incorporate the provision to limit the request for cancellation (post trading hours) of a Member to 5 times in a year so as to elicit a disciplined bidding behavior from the Members. 						
29.	Schedule A 10.2	<p>The Exchange timelines are as under. They are subject to change as per 'Procedures for scheduling of Collective Transactions' issued by CTU and Central Electricity Regulatory Commission (Open Access in Inter-State Transmission) Regulations 2008, as amended from time to time.</p> <table border="1"> <thead> <tr> <th>TIME</th> <th>DETAILS</th> </tr> </thead> <tbody> <tr> <td>10.00 AM to 12.00 PM</td> <td>Bid - Call session</td> </tr> <tr> <td>By 11.00</td> <td> <ul style="list-style-type: none"> Funds pay out pertaining to previous day's delivery, margin refund request </td> </tr> </tbody> </table>	TIME	DETAILS	10.00 AM to 12.00 PM	Bid - Call session	By 11.00	<ul style="list-style-type: none"> Funds pay out pertaining to previous day's delivery, margin refund request 	<p>Shree Cements Ltd The proposed timeline should be "BY 12:45 PM"</p>	<p>The intent of the suggestion is not clear, however no change in the time line has been proposed by the exchange.</p>	<p>Approved as proposed.</p>
TIME	DETAILS										
10.00 AM to 12.00 PM	Bid - Call session										
By 11.00	<ul style="list-style-type: none"> Funds pay out pertaining to previous day's delivery, margin refund request 										



S.N o.	Clause No.	Proposed Amendment		Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
		AM	any) • NLDC to inform list of interfaces/control areas/ regional transmission system on which unconstrained flows are required.			
		By 12:20 PM	• Exchange to determine MCP /ACP & determining provisional obligations of the Members			
		By 1.00 PM	• Communication of unconstrained solution to NLDC. • Communication to bank to confirm & block the funds pay in from Buyer Members; settlement account. • Exchange will issue to Members PROVISIONAL OBLIGATION			
		By 2.00 PM	• NLDC to confirm available limit for scheduling. • Exchange will receive confirmation from bank for availability & blocking of clear balance along with a note on shortages.			
		By 2.30 PM	• Interaction with Members to ensure availability of funds. • Exchange to determine MCP/ACP based on final funds status & final ATC			
		By 2.45 PM	• Exchange will issue to Members FINAL OBLIGATION			
		At 3.00	• Exchange submits the requisition to the NLDC			

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
		PM	• File to be sent by Exchange to banks for actual debits		
30.	Schedule A - 12.1	(iii). In case of clients having their own settlement account, operational limit will be provided as per their bank balance after keeping provision towards applicable charges.		Direct clients will be allowed to bid according to their available bank balance after deducting some money towards the various charges. This point has been added for more clarity.	<ul style="list-style-type: none"> Approved as proposed. However, the insertion does not seem to be consistent with the content of Clause 12.1. Need to place it appropriately.
31.	Schedule A Annexure A1	<p>Day Ahead Market 15 minute contract specifications:</p> <p>2. Trading System- IEX (Leased-Line) <u>Trading System</u></p> <p>5. Minimum Volume: 0.1 MW (Minimum allowable quantity for buy/ sell in the standing clearance, it should not be less than this quantity)</p> <p>However, grid connected entity in the state of Uttarakhand on non independent feeders up to the limit specified in state regulations for</p>		The issue was specific to Uttarakhand SLDC and has been removed from contract specification.	Approved as proposed.

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
		<p>allowing open access, for which the NOC has been issued by concerned SLDC, will be allowed to transact on the Exchange. All other entities on the same feeder should have received the NOC for same period. Complying with the conditions laid down in State regulations, including the condition of rostering restriction, and simultaneous scheduling of all entities on the one feeder etc. shall be the responsibility of respective grid connected entities.</p> <p>The Exchange Members shall indemnify the Exchange against any implications on account of the State regulations, in particular for the consequences when other entities on a mixed feeder are not allowed to draw power for reason of inability, for any reason whatsoever, of any one of such entities on the mixed feeder to buy power.</p>			
Schedule B: Term Ahead Market (TAM) Segment					
32.	Schedule B-4 i.	<p>Uniform Price Step Auction Session</p> <p>Following <u>is the orders type</u> are available in this auction session.</p> <p>a) Timing Constraints</p> <p>a. <u>Rest of day End of Session (EOS)</u> Valid for auction session only. The order will be valid till the end of trading hours of that trading day.</p> <p>b. <u>Good until expiry</u></p>		Different types of orders with time constraints have been removed in order to	Approved as proposed with appropriate editing.

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
		<p>The order will be valid till the expiry of the contract.</p> <p>c. Timed Order The order will remain valid till the time specified (while putting the order) by the User.</p> <p>d. Good until date The order will be valid till the date specified (while putting the order) by the user.</p> <p>b) Execution Constraints Call Auction order</p> <p>e) Besides above mentioned orders, a user can also put a stop loss and a local order.</p> <p>i) Local order Local order is a order lying in the order book of a member and which can be activated as and when need.</p> <p>ii) Exchange Can also define any other type of order as per trade requirement.</p>		create flexibility	
33.	Schedule B-4 ii.	<p>Continuous Trade Session</p> <p>Following orders are available in the Continuous Trade Session.</p> <p>(a) Timing Constraints</p> <p>I. Rest of day (Day) The order will be valid till the end of trading hours of that trading day.</p> <p>II. Good until expiry The order will be valid till the expiry of the contract.</p>		<p>Immediate or Cancel type of Order is available in the system same is being mentioned.</p> <p>The type of</p>	Approved as proposed.

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
		<p><u>II. Immediate or Cancel (IOC)</u> <u>The order placed will be not be in pending status and will be cancelled immediately in case if not traded.</u></p> <p><u>III. End of Session (EOS)</u></p> <p>III. Timed Order The order will remain valid till the time specified (while putting the order) by the User.</p> <p>IV. Good until date The order will be valid till the date specified (while putting the order) by the user.</p> <p>(b) Execution constraints</p> <p>I. Fill and Kill (FaK) This order will match as much as possible AND delete the rest of the order.</p> <p>II. Fill or Kill (FoK) This order will match the whole order OR delete the whole order.</p> <p>(c) Besides above mentioned orders, a user can also put a stop loss and a local order.</p> <p>i) Stop loss order Gets activated at a particular price, before which it remains local order. Stop Loss Order provides the facility to the User, of keeping order in inactive state and making it active (placing orders in the market) based on a predefined condition. This is applicable only for instrument in</p>		<p>orders with time and execution constraints are not relevant for power market and this order has not been used by participants till date. Therefore such orders have been removed</p> <p>Since power as a commodity cannot be stored, stop loss order is not relevant for power market and this order has not been used by</p>	

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission												
		<p>trading and is based on the following conditions</p> <ol style="list-style-type: none"> 1. Price of any of the other order entering in the order book (available for Continuous as well as Auction phases) 2. Last traded price (available only for continuous trading phase) <p>Example:</p> <p>(1) Stop Loss based on Order Price: A participant placing a buy order on a Day-ahead Contingency instrument (SEP10-H05-D25-RI) for 50MW at a price of Rs 3000/MWh has put a stop loss on an instrument (SEP10-H015-D25-RI) for buy price ≤ 4000, as shown in table below.</p> <table border="1" data-bbox="427 895 1093 1315"> <tbody> <tr> <td>Instrument (Buy Order)</td> <td>SEP10-H05-D25-RI</td> </tr> <tr> <td>Lots (MW)</td> <td>50</td> </tr> <tr> <td>Price (Rs/MWh)</td> <td>3000</td> </tr> <tr> <td>Stop Instrument</td> <td>SEP10-H015-D25-RI</td> </tr> <tr> <td>Condition</td> <td>Buy\leq</td> </tr> <tr> <td>Price (Rs/MWh)</td> <td>4000</td> </tr> </tbody> </table> <p>Accordingly, the bid placed for 5th hour will</p>	Instrument (Buy Order)	SEP10-H05-D25-RI	Lots (MW)	50	Price (Rs/MWh)	3000	Stop Instrument	SEP10-H015-D25-RI	Condition	Buy \leq	Price (Rs/MWh)	4000		<p>participants till date. Therefore stop loss order has been removed.</p> <p>Local orders are no more valid as there is no facility for a member to store the order in his system in offline mode.</p>	
Instrument (Buy Order)	SEP10-H05-D25-RI																
Lots (MW)	50																
Price (Rs/MWh)	3000																
Stop Instrument	SEP10-H015-D25-RI																
Condition	Buy \leq																
Price (Rs/MWh)	4000																

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission												
		<p>get activated only when an order for 15th hour is received in the system which fulfills the above condition. Till that time, this order for 5th hour will remain local.</p> <p>(2) Stop Loss based on Last Trade Price: A participant placing a sell order on an Intra-day instrument (SEP10-H20-I25-RI) for 20 MW at a price of Rs5000/MWh has put a stop loss on the same instrument (SEP10-H20-I25-RI) with the condition of last trade price \geq Rs 4500/MWh, as shown in table below.</p> <table border="1"> <tbody> <tr> <td>Instrument (Sell Order)</td> <td>SEP10-H20-I25-RI</td> </tr> <tr> <td>Lots (MW)</td> <td>20</td> </tr> <tr> <td>Price (Rs/MWh)</td> <td>5000</td> </tr> <tr> <td>Stop Instrument</td> <td>SEP10-H20-I25-RO</td> </tr> <tr> <td>Condition</td> <td>Last\geq</td> </tr> <tr> <td>Price (Rs/MWh)</td> <td>4500</td> </tr> </tbody> </table> <p>Order placed in the instrument, SEP10-H20-I25-RI will get activated only when a trade gets executed with the price greater than or equal to Rs 4500 / MWh. Till that time, this order (in instrument SEP10-H20-I25-RI) will</p>	Instrument (Sell Order)	SEP10-H20-I25-RI	Lots (MW)	20	Price (Rs/MWh)	5000	Stop Instrument	SEP10-H20-I25-RO	Condition	Last \geq	Price (Rs/MWh)	4500			
Instrument (Sell Order)	SEP10-H20-I25-RI																
Lots (MW)	20																
Price (Rs/MWh)	5000																
Stop Instrument	SEP10-H20-I25-RO																
Condition	Last \geq																
Price (Rs/MWh)	4500																

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
		<p>remain local. If at the time of placing the stop loss order, the trade price condition is already met then the stop loss will directly assume an active order status</p> <p>ii) Local order Local order is a order lying in the order book of a member and which can be activated as and when need.</p>			
34.	Schedule B-7 c.	<p>During the entire tenure of the contract, Exchange will monitor traded price of a contract with that of the price of the contract with same underlying traded earlier and in case of change in the Prices between two trading sessions, Variation Margins will be worked out and recovered from the members. Exchange will have the right to collect from its members an ad hoc margin during the tenure of the contract to cover any additional risk arising out of Price Movement in the Market. <u>In case of clients having their own settlement account, operational limit will be provided as per their bank balance after reducing amount towards applicable charges.</u></p>		<p>Direct clients will be allowed to bid according to their available bank balance after deducting some money towards the various charges. This point has been added for more clarity.</p>	<ul style="list-style-type: none"> Approved as proposed. However, the insertion does not seem to be consistent with the content of Clause 7 c. Need to place it appropriately.
35.	Schedule B - 7.d)(2)	<p>Delivery defaults can be of following types:</p> <p>Failure to receive SLDC clearance: In case, the exchange does not receive the SLDC clearance as per the scheduled time from the</p>	<p>Shree Cements Ltd It is submitted that Provision for revision of schedule exists in grid code</p>	<p>No amendment in the process of revision of</p>	<p>Approved as proposed.</p>

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggesti ons	IEX Response	Observations/directio ns of the Commission
		<p>seller member, then 5% of the total trade value or the total settlement value (trade quantity * settlement price), whichever is higher will be collected from the defaulting member. Penalty so collected shall be passed on to the counter party after deducting administrative charges for the exchange which will be 5% of the penalty amount. <u>subject to maximum of Rs. 10,000 (including taxes)</u>. In case if the member fails to make good the penalty amount in his settlement account, the non cash collateral available with the exchange shall be liquidated.</p> <p>Failure in Seller's ability to deliver: In case of failure in delivery by Seller, the difference between the traded quantity and actual delivery is settled under UI.</p> <p>Revision of Schedule: Once the trade has taken place normally no revision of trade shall be allowed. However, if exchange is satisfied that the revision of schedule is necessary because of reasons beyond control and there is no commercial consideration motivating the party requesting for revision, then the following procedure will be adopted:</p> <p>In case if, a party wants to exit the contract, than he has to deposit amount in cash to the</p>	<p>and therefore allowance/ disallowance of revision does not warrant approval of the Exchange The rule should accordingly be modified.</p> <p>The "Last Settlement Price" needs to be clarity and objectively defined.</p>	<p>schedule is sought. Changes have been made in the business rules wherein, failure to receive SLDC clearance by seller or buyer will attract penalty.</p> <p>The proposed changes are only for levy of penalty in the event buyer/ seller fails to get SLDC clearance and to maintain sanctity of the trade.</p>	

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
		<p>exchange which shall be sum of following elements.</p> <p>i. 125% of the difference between the trade price and the last settlement price of the same underlying.</p> <p>ii. The transmission charges paid by the counter party for the quantum requested for revision.</p> <p>iii. 5% of (i) above, as administrative charges for the exchange subject to <u>maximum</u> of Rs.10,000/- (<u>including applicable taxes</u>) (<u>Rupees Ten Thousand Only</u>).</p>		<p>“Last settlement price” has been defined in the Business Rules clause under Schedule B: Term Ahead Market Segment, point number 6 (C).</p>	
36.	Sch. B Annexure B1 20.	<p>Contract Specification-Regional Day Ahead Contingency Contracts (RDACC)</p> <p>Initial Margins (Operational Limit)*: 400 105% margin from buyers of the total order value should be available in cash with the exchange at the time of bidding for continuous trading sessions.</p>	<p>DMRC</p> <p>The 5% margin on account of various charges other than the purchase value needs to be specified first. Further it is stated that if such margins are collected by the exchanges, the interest earned on such amount should be factored in the charges/margin allowed by the</p>	<p>Additional 5% margin requirement is proposed to be added to initial margin so as to cover various charges like transmission charges etc., other than purchase value. These</p>	<p>Approved as proposed.</p>

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
			Commission to the exchange.	charges are recoverable from the participants, as approved by the Appropriate Regulatory Commission and are paid to various agencies as per the timelines specified in the regulations. Detailed breakup of these charges are informed to participants through obligation report.	
37.	Sch. B Annexure B1 41.	Exchange will credit the funds pay out in seller's members settlement account on D+1 basis at 12:00 noon for each delivery day subject to confirmation of delivery pay in by the seller		There is no separate settlement process for pay out to the	Approved as proposed.

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
		Pay-outs and refund of Margins shall not be allowed to the Clients of the Professional Members before expiry of fifteen (15) working days from the date the Pay-out has become due under these Business Rules.		clients for professional members. It is similar to all other types of members. Necessary correction has been made.	
38.	Sch. B Annexure B2 40	Contract Specification: Regional Intra Day Contracts Funds payouts to members: Amount equivalent to net obligation will be credited at 12.00 noon on T+21 basis (where T stands for Trading day.)		In all contracts, the pay-out is made on the next day of delivery, since the delivery for Intra-day is on the same day, pay-out is released on next day.	Approved as proposed.
39.	Annexure B3 5	Contract Specification: Regional Daily Contracts Firm Daily Contract: The daily contracts for trading will be available on a rolling basis i.e. everyday eight daily contracts starting from the following week <u>T+2 day onwards</u> will be available for trading.		Option to introduce more Daily Contracts from T+2 is required as per Member's requirement	Approved as proposed.
40.	Annexu	Additional Margins (Basis Margins):		Percentage for	

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
	re B3 21	<u>50% of the total trade value will be collected from the member/client. The margins can be in the form of cash or non-cash.</u> Additional Margin will be based on a risk curve defined by the Exchange for each contract. Exchange will have the right to define and modify the risk curves from time to time. Additional Margin could be in the form of collaterals (Bank Guarantee or FDR) or bank limit.		additional margin is specified to bring in more clarity	Approved as proposed.
41.	Annexure B3 27	<p>As per the Trading & Delivery Calendar:</p> <ul style="list-style-type: none"> • SLDC Clearance from Members and fulfillment of additional margin requirement call, if any. • On completion of formality and receipt of adequate additional margin, application on 'First Come First Serve' or 'Day-Ahead Bilateral' basis will be sent to Nodal RLDC. • Acceptance for Scheduling from Nodal RLDC. • Receipt of Transmission/Operating charges and Application Fees from the Members • Payment of Charges to Nodal RLDC. • Pay-in; equivalent to one day's obligation collected on D-1 basis , where D=Delivery day. • Payout; Equivalent to one day's obligation credited on D+1 basis, till the contract delivery ends • Payout; Equivalent to one day's obligation credited on D+1 basis, till the contract delivery ends 		Duplication of entry is being corrected.	Approved as proposed.
42.	Annexure B4	Contract Specifications: Regional Weekly Contracts		Approval for Auction	Approved as proposed.



S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
	7	<p>Trading Session: On each trading day, one session will be made available to the members for bidding</p> <p>a) <u>Open</u> Call Auction session Details of trading session are given in trading cycle.</p>		TAM contracts is taken for both closed and open auction session. Open call auction is mentioned to bring in more clarity.	
43.	Annexure B4 21	<p>Additional Margins (Basis Margin): 50% of the total trade value will be collected from the member/client. The margins can be in the form of cash or non-cash. Another half day margins will be collected towards collection of various transmission related charges.</p> <p>Where the difference between the trading day and the start of delivery day is as follows:</p> <p>○ ≤ 10 days but > 4 days : 30% (on trading day) + 20% (on Trade + 1 day).. 5% of the last trench of will be collected in cash.</p> <p>≤ 4 days: 50% (on trading day). 5% of the last trench of will be collected in cash.</p>		Percentage for additional margin is specified to bring in more clarity	Approved as proposed.
44.	Annexure B4 41	<p>Funds pay out to Members: Exchange will credit the funds pay out in seller's member's settlement account on D+1 basis at 12.00 noon for each delivery day subject to confirmation of delivery pay in by the seller.</p>		There is no separate settlement process for pay out to the clients for	Approved as proposed.

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
		Pay-outs and refund of Margins shall not be allowed to the Clients of the Professional Members before expiry of fifteen (15) working days from the date the Pay-out has become due under these Business Rules		professional members. It is similar to all other types of members. Necessary correction has been made.	
Schedule C: Renewable Energy Certificate (REC) Market					
45.	Sch. C 2.1	All the existing Members and Clients of the Exchange are eligible to trade RECs at the Exchange Platform. However, a separate category of membership termed as 'REC Member' is introduced for the participants who want to trade only Renewable Energy Certificates at the Exchange. The different terms and conditions for Members of the Exchange is defined in the Rules. REC The Member shall be governed by Regulation 26 of CERC (Power Market) Regulation, 2010. Additional eligibility conditions, if any, for REC Members will be notified by the Exchange from time to time through circulars.		Please refer point No. 54 regarding proposal of change in Membership categories	<ul style="list-style-type: none"> The words 'to participate in the REC segment' to be inserted as shown below: Additional eligibility conditions, if any, for REC Members <u>to participate in REC segment</u> will be notified by the Exchange from time to time through circulars.
46.	Sch. C 2.2	Rules and Bye-laws as applicable to other Members shall apply to such Members except those mentioned herein or notified separately through circulars from time to time.		Please refer point No. 54 regarding proposal of change in	Approved as proposed.

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
				Membership categories	
47.	Sch. C 3.1	A separate category of Client is introduced for the participants who wish to trade only RECs at the Exchange. A Professional The Member or an REC Member , trading for his own account or on behalf his Clients, shall pay the Exchange, Annual Client Fees, as decided by the Exchange, for each Central Agency registered entity, which gives the Member or the Client the right to purchase and sell RECs, and shall receive a registration identification code from the Exchange provided that he complies with all the other requirements prescribed by the Exchange from time to time. This fee shall be payable for each financial year.		Please refer point No. 54 regarding proposal of change in Membership categories	<ul style="list-style-type: none"> This Clause needs to be modified in light of the decision to discontinue with separate membership for REC segment. REC trading will take place in REC market segment where either Proprietary or Professional or Trader Member can participate after meeting the conditions specified by the exchange.
48.	Sch. C 4.1	IEX may charge the following fees to the REC Member a) Admission Fee; b) Annual Subscription Fee; c) Transaction fee; and d) as the case may be, a single set up Fee.	Shree Cements Ltd The Sub-clause "as the case may be a single set up fee" need to be defined.	There is no change requested in the provision "as the case may be, a single set up fee" as in (d).	<ul style="list-style-type: none"> There is no need of this Clause if a separate membership for REC were to be discontinued. The Clause needs



S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggesti ons	IEX Response	Observations/directio ns of the Commission
				<p>The reference to the point is on installation of IEX trading software at Member's end. As a normal process we guide the clients over phone on setting up the software and in majority of cases there is no need for out IT team, to visit the participant. However, in few cases, the Member is unable to install the software and IEX needs to send its official to Member's premises.</p>	<p>to be appropriately edited.</p>

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
				Hence, to cater to the costs incurred by the Exchange, an option has been provided in the business rule under single set up fee. The exchange can charge a fee of Rs. 5000 as single set up fee and a circular could be issued accordingly.	
49.	Sch. C 4.2	The admission fee is one-time fee for admission to the IEX REC. The admission fee is non-refundable.		Please refer point No. 54 regarding proposal of change in Membership categories	<ul style="list-style-type: none"> • There is no need of this Clause if a separate membership for REC were to be discontinued. • All the common provisions regarding

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
					Membership viz. Admission Fees etc. may be specified at one place.
50.	Sch. C 8.4	<p>Obligation determination process (Settlement Phase): After end of the order matching and trade finalization phase, an obligation report will be generated by the Exchange at 17.00 Hrs, which will provide the quantity and amount of pay in / pay out and transaction fee payable etc. The Exchange will advise the Clearing Banks for transfer of pay-in at 17.00 hrs and pay-out at 11.00 hrs of next bank working day to / from Member's accounts. In case a professional or REC Member <u>who</u> does not hold a Trading License from the CERC, then such Members will be governed by Regulation 26(ii) of Central Electricity Regulatory Commission (Power Market) Regulations, 2010. Accordingly the pay-in / pay-out shall take place in accordance with this regulation.</p>		Please refer point No. 54 regarding proposal of change in Membership categories	<ul style="list-style-type: none"> The portion 'In case a professional Member who does not holdin accordance with this regulation' seems to be redundant To delete the above portion
51.	Sch. C 8.8	The Exchange timelines are as under. They are subject to change as per procedure specified by the Central Agency towards implementation of REC mechanism as approved by CERC and Central Electricity Regulatory Commission (Terms and Conditions for recognition and		Since the point is related to pay in, the erroneous entry for payout is	Approved as proposed.

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission																
		issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010		deleted.																	
		<table border="1"> <tr> <td>TIME on TRADE DAY</td> <td>DETAILS</td> </tr> <tr> <td colspan="2">Pre-trade Phase:</td> </tr> <tr> <td>By 12.00 Hrs</td> <td>Exchange to check initial margin che for Members</td> </tr> <tr> <td colspan="2">Order Accumulation phase (Bidding)</td> </tr> <tr> <td>13.00 Hrs to 15.00 Hrs</td> <td>Order Accumulation</td> </tr> <tr> <td colspan="2">Order matching and trade finalization</td> </tr> <tr> <td>By 15.30 Hrs</td> <td>• Exchange to send details maximum offer placed by Sellers Central Agency</td> </tr> <tr> <td>By 16.00 Hrs</td> <td>• Central Agency to send rep confirming valid RECs with Eligi Entities</td> </tr> </table>	TIME on TRADE DAY	DETAILS	Pre-trade Phase:		By 12.00 Hrs	Exchange to check initial margin che for Members	Order Accumulation phase (Bidding)		13.00 Hrs to 15.00 Hrs	Order Accumulation	Order matching and trade finalization		By 15.30 Hrs	• Exchange to send details maximum offer placed by Sellers Central Agency	By 16.00 Hrs	• Central Agency to send rep confirming valid RECs with Eligi Entities			
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S.N o.	Clause No.	Proposed Amendment		Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
		By 16.30 Hrs	<ul style="list-style-type: none"> Finalization of trade results after removal of defaulters' orders Exchange to inform participants about trade results 			
		By 17.00 Hrs	<ul style="list-style-type: none"> Exchange to inform Central Agency the details of buyers and sellers 			
		Settlement Phase				
		By 17.00 Hrs	<ul style="list-style-type: none"> Files to be sent by Exchange to banks for actual debits/credits (Pay-in & Pay-out) 			
		By 11.00 Hrs (next bank working day)	<ul style="list-style-type: none"> Files to be sent by Exchange to banks for actual credits (Pay-out) 			
		Delivery Phase				
		By 18.00 Hrs	<ul style="list-style-type: none"> Central Agency to extinguish RECs in Seller's Account 			

S.N o.	Clause No.	Proposed Amendment	Stakeholder's Comments/Suggestions	IEX Response	Observations/directions of the Commission
		<ul style="list-style-type: none"> Exchange to raise invoices to each participant as proof of transfer of RECs. 			
52.	Sch. C 13.3 New Clause	<u>In case of clients having their own settlement account, operational limit will be provided as per their bank balance after reducing amount towards applicable charges.</u>		Direct clients will be allowed to bid according to their available bank balance after deducting some money towards the various charges. The point has been added for more clarity.	Approved as proposed.

B. Proposed Amendments in IEX Rules

S.No	Clause No.	Proposed Amendment	Stakeholders' Comments/Suggestions	IEX Response	Observations/directions of the Commission
53	4.3	<p>The Membership of the Exchange is classified into four <u>three</u> categories as under:</p> <p>4.3.1 Proprietary Member means a Member who is a grid connected entity and shall include distribution licensee, generator, end user, and open access consumer, <u>eligible entity and obligated entity</u>;</p> <p>Proprietary Member shall have right to trade electricity contracts for its own account, and clear the same Contracts through the Clearing House as a Clearing Member. The proprietary</p> <p>4.3.2 Trader Member means a Member holding a valid and</p>	<p><u>Shree Cements Ltd</u></p> <p>The category of professional membership is not envisaged in the Electricity Act 2003 as without a trading license no entity is allowed to trade in the electricity. Therefore, the category of Professional membership should be done away with in the Business rules. There should only be two types of membership in Exchange i.e.</p> <ol style="list-style-type: none"> 1. Proprietary 2. Trader <p><u>DMRC</u></p> <p>The separate membership for REC is created for trading for certificates is a good step as members who</p>	<p>Presently Exchange offers four types of Memberships i.e. Proprietary, Trader, Professional and REC Membership. As per Power Market Regulations, Membership of Exchange has been categorized into three types i.e. Proprietary, Trader and Professional. However, keeping into consideration promotion of REC market a separate category i.e. REC Member has been introduced. The REC Members can deal exclusively in REC segment and are again divided into three types i.e. Proprietary, Trader and Professional in accordance with provisions in Power Market Regulations. It is submitted that now since the Exchange is envisaging new products segment such as ESCERTs, G-DAM etc. and in future more product segment will be launched. Therefore it is proposed that instead of product</p>	<p>Approved as proposed.</p>

S.No	Clause No.	Proposed Amendment	Stakeholders' Comments/Suggestions	IEX Response	Observations/directions of the Commission
		<p>subsisting Interstate Trading License from the Commission;</p> <p>Member who is an Electricity Trader shall trade and clear on their own account or trade and clear on behalf of their clients. <u>This category of members may provide any credit or financing or working capital facility to their clients. Such Member shall be entitled to transact the electricity, right to which has been obtained through an agreement from a grid connected entity. In such cases, the electricity trader will be treated as client and the delivery shall be undertaken by the party on the other side of agreement i.e. grid</u></p>	<p>only want to trade in REC/ESCERTs may take that membership. However, other members who are dealing in bidding of volume and price of electricity must be deemed entitled for bidding for all kind of certificates also. This is also practical as the trend and response of trading of certificates is very poor in past years. This will promote trading of renewable energy certificates, ESCERTs, G-DAM as these market instruments are in very niche phase.</p>	<p>segment specific category of Membership, only basic Membership i.e. Proprietary, Trader and Professional shall be issued by the Exchange and based on the interest and request from the Member Exchange will allow the Member to trade in one or more product segment as per the terms which Exchange specified through circular from time to time.</p> <p>The definition of Trader Member is modified to exactly align with the PMR for better clarity.</p>	

S.No	Clause No.	Proposed Amendment	Stakeholders' Comments/Suggestions	IEX Response	Observations/directions of the Commission
		<p>connected entity. A Trader Member shall also be entitled to undertake transaction in the Renewable Energy Certificates and Energy Saving Certificates.</p> <p>4.3.3 Professional Member means a Member who is neither a grid connected entity nor holding a valid and subsisting Interstate Trading License from the Commission; The Professional Member shall not be entitled to trade for himself. He shall have the right to act for and/ on behalf of his Clients but shall not settle and clear the contracts on the Exchange for such Clients in accordance with the Power Market Regulations. In particular, the</p>			

S.No	Clause No.	Proposed Amendment	Stakeholders' Comments/Suggestions	IEX Response	Observations/directions of the Commission
		<p>Professional Member shall only provide the following services:</p> <p>a) IT infrastructure for bidding on electronic exchange platform or skilled personnel.</p> <p>b) Advisory services related to power prices and the follow on bidding strategy (e.g. weather related information, demand supply position etc)</p> <p>c) Facilitation of procedures on behalf of his client for delivery of power (e.g. SLDC standing clearances, coordination with NLDC etc)</p> <p>The Professional Members shall not provide any credit or financing or working</p>			

S.No	Clause No.	Proposed Amendment	Stakeholders' Comments/Suggestions	IEX Response	Observations/directions of the Commission
		<p>capital facility to their clients.</p> <p>The _____ Professional Members shall also be entitled to undertake transactions on the Renewable Energy Certificates in the same manner as in the case of other transactions</p> <p>3.4 REC Member means a Member who has limited right to transact contracts relating to Renewable Energy Certificate under the Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation)</p>			

S.No	Clause No.	Proposed Amendment	Stakeholders' Comments/Suggestions	IEX Response	Observations/directions of the Commission
		<p>Regulations, 2010</p> <p>The REC Member shall be entitled to undertake transactions only in Renewable Energy Certificate contracts on the Exchange and he shall be entitled to undertake transactions on behalf of its clients also.</p> <p>4.3.4 <u>The Member admitted in the Exchange as per the above clause 4.3.1, 4.3.2 and 4.3.3 may undertake transactions in one or more type of contracts/products approved by the Commission, e.g. Electricity, REC, ESCERTs etc., subject to the conditions specified by the Exchange from time to</u></p>			

S.No	Clause No.	Proposed Amendment	Stakeholders' Comments/Suggestions	IEX Response	Observations/directions of the Commission
		<p><u>time.</u></p> <p>4.3.5 All the existing categories of Members of the Exchange shall be eligible for transaction of ESCerts at the Exchange platform. However, if any Member is interested in only carrying out transaction in ESCerts, the same shall also be as per Regulation 26 of CERC (Power Market) Regulation, 2010 and amendments thereof shall also be allowed. Additional eligibility conditions, if any, shall be specified by the Exchange from time to time through circulars.</p>			
54	4.26	(d) No new partner shall be admitted without the prior written approval of <u>intimation</u> to the		Prior approval for both points is not required. Prior intimation to Exchange is required.	To continue with existing practice of partnership firm requiring approval from

S.No	Clause No.	Proposed Amendment	Stakeholders' Comments/Suggestions	IEX Response	Observations/directions of the Commission
		<p>Exchange. (e) No change in the name of an existing partnership shall be affected without prior written intimation to the Board and its approval <u>Exchange.</u></p>			<p>the exchange for admitting new partner/change in the name</p>

C. Proposed Amendments in IEX Byelaws

S. No	Clause No.	Proposed Amendment	Stakeholder's Comments	IEX Response	Observations/directions of the Commission
55.	4.7	Exchange Members shall issue contract note for <u>communicate, by any suitable mode,</u> each of the transaction done by them for their respective Clients on the trading system of the Exchange. Such contract notes communication shall <u>cover the important details like Trade Price, Trade Quantity, and Statutory Charges etc.</u> be issued in the format prescribed by the Exchange under the Business Rules. Members shall not issue contract note for any transaction, which has not been executed through the trading system of the Exchange.;		All necessary details of contract note are covered in Daily Obligation Report provided to Members based on which Member can communicate trade details to Clients. Therefore requirement of Contract Note (which is not a statutory requirement in case of Electricity) has been ceased.	To continue with the existing arrangement in which the Member is required to communicate with their clients using Contract Note specified in Annexure V of the Business Rules.
56.	10.2.6	The amount deposited by Professional Members and REC Members shall also form part of SGF. There will a common SGF for all market segments operated by the exchange. Entail		Please refer point No. 54 regarding proposal of change in Membership categories	Approved as proposed.

D. Additional Observations

S. No	Clause No.	Relevant Clause	Stakeholder's Comments	IEX Response	Observations/directions of the Commission
57.		<p>Additional Security Deposit: Any Margins over and above the initial margin will be considered as additional deposit. The Members may remit additional security deposit in the form of minimum 50% cash and of the balance in the form of bank guarantee or fixed deposit from any of the Exchange approved banks.</p> <p>The security deposit paid by the Member is interest-free refundable deposit. Security deposit, whether initial deposit and additional deposit, paid by the Members shall constitute a part of the Settlement Guarantee Fund (SGF). In case of surrender or transfer of membership, the initial</p>	<p>Shree Cements Ltd No provision exists for payment of interest on security deposit. Till date no interest has been paid on security deposit by Exchange. Hon'ble Commission should provide for payment of interest on security deposit in business rules.</p> <p>Interest Free phrase should be omitted and further, provision should be incorporated to envisaging payment of interest on security amount</p>	<p>Changes proposed on Business rules were on the mode of payment & Comments were sought by the Hon'ble Commission, from stakeholders, on proposed amendments and hence said comment is not relevant in present petition., However exchange would like to place detailed explanation on this point, as below:</p> <p>Significant part of the margin money depends upon the trade exposure of respective members. In case of IEX, the Members have been provided an option to keep 50% of additional margin as FD or a non-cash option of a Bank Guarantee and the member may opt for any of these options. Most of the members have not even utilized this facility probably because the additional Margin, being kept with the Exchange is only for the period they are purchasing power through the</p>	<ul style="list-style-type: none"> To share at least 70% of the return earned on 'initial security deposits' with the Members. An appropriate clause in this regard needs to be incorporated in the Business Rules.

S. No	Clause No.	Relevant Clause	Stakeholder's Comments	IEX Response	Observations/directions of the Commission
		deposit and/or the additional deposit is refundable subject to settlement of all pending dues, claims and charges, subject to lock-in period of 3 (three) years from the date of membership for initial deposit. There is no such lock- in period in respect of additional deposit.		Exchange, which is quite transitory in nature. As a concept therefore, there is no logic of payment of interest on margin money. Further Power Market Regulations (2010), under clause no 18/(iv)/(b), also provides that the SGF investment returns shall be retained by the power exchange.	
58.	17	Transaction Fees: The Exchange will charge a transaction fee as may be specified from time to time on the transactions carried out through the Exchange. Such transaction fee will be computed on value basis or volume basis, as may be decided from time to time, which will be computed on both purchases and sales separately. This will be billed separately on periodic basis and will be recovered from the	APP Comments Commission should fix the transaction fee being charged by IEX. Current transaction fee of 4p/kwh is same as electricity traders in short term market. IEX has no credit risk or cost of funds like other trading companies, which are taking delivery of electricity and bearing these costs. Cap on transaction fee at 1 p/kwh seems appropriate.	1. The fees matter is well settled and has no connection with the amendments sought by the Exchange. 2. As per Regulation 24(h) of PMR 2010, exchanges are required to function according to their Bye-laws and Rules as approved by the Commission, which provide that transaction fee shall be as decided by the exchange. 3. The Hon'ble Commission vide its order dated 09/06/2008, while approving the Rules and Bye Laws of the Exchange and granting	Incorporate provisions requiring the exchange to take approval of the Commission before making any changes to the transaction fees.

S. No	Clause No.	Relevant Clause	Stakeholder's Comments	IEX Response	Observations/directions of the Commission
		settlement account of the Member or the Clients, as applicable		<p>permission for commencing operations, under Para 23 and Para 24, has clarified its position on fees structure and as per this the Exchanges are allowed to decide their fees structure and that this matter has been considered as a commercial matter between both the parties.</p> <p>4. The above position was reconfirmed by the Hon'ble Commission vide its Order dated 08/04/2015 in Petition No. 006/SM//2015 on extension of market sessions</p> <p>5. The Hon'ble Commission had allowed exchanges to fix their fees structure for trading at exchange platform, which is similar to the approach being followed by other Regulators like SEBI for Stock and Commodity Exchanges, wherein the Regulator has not fixed transaction fee being charged by the respective exchanges and leaves it to be regulated by the competitive forces. Therefore the</p>	

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				<p>approach being followed by the Hon'ble Commission is consistent with the approach being followed by the Stock and Commodity exchange regulators.</p> <p>6. The nature of exposure being taken by the Exchange and the trader, as envisaged in the Power Market Regulations and Trading Margin Regulations are also similar. While exchange takes Margins before trade, the Trader is supposed to take LC from buyer and provide LC to the sellers to secure the settlement. As such Exchange as well as Traders, are not supposed to take exposure.</p> <p>7. For Exchange, transparent price determination as well as its timely and non-discriminatory dissemination is the main function, which not only settles transactions for the participants in a particular session but also becomes useful reference for</p>	

S. No	Clause No.	Relevant Clause	Stakeholder's Comments	IEX Response	Observations/directions of the Commission
				<p>other segments and also for overall Power Procurement planning across all segments in the Power Market. This function is not envisaged for a trader.</p> <p>8. Hon'ble Commission as per trading margin regulation has fixed trading margin up to 4 paise per unit for power cost up to Rs. 3.00 per unit and trading margin up to 7 paise per unit in case power rate is more than Rs. 3.00 per unit. Transaction fee fixed by the exchange is also in line with the above provisions</p>	
59.	24.1	Notwithstanding the provisions of the Bye-Laws on force majeure, in case of the settlement of power contracts, the injection and drawal by the power generators and consumers depend upon the transmission corridors available with regional grids. In case of non-availability of transmission corridors	APP While incorporating the provision for curtailment during real time transmission constraint, the factors like wastage of natural resources (water in case of hydro plants or excess coal consumption during technical minimum operation of thermal	As a normal practice curtailment of transmission corridor comes around 45 minutes before the start of curtailed delivery period, leaving less time for exchange to communicate it to its Members/Clients. Hence during this short period of time it is difficult for exchange to create a merit order considering the factors like coal consumption during technical minimum	<ul style="list-style-type: none"> • During rainy seasons hydro power plant be given the least priority while curtailment. • Incorporate the above along with the observations made in Point No. 17 w.r.t to real time curtailment

S. No	Clause No.	Relevant Clause	Stakeholder's Comments	IEX Response	Observations/directions of the Commission
		because of system constraints notified by System Operator on the day of delivery, the outstanding Contracts will be settled on pro-rata basis as decided by the Exchange from time to time.	units) may also be considered.	operation, etc, as suggested in the comment. However, the proposal for no curtailment of schedule from hydro plant can be considered.	
60.					<ul style="list-style-type: none"> Power Market Regulations, 2010 has mandated the Power Exchanges to carry out the price discovery in day ahead market segment based on Social Welfare Maximization principle. IEX to incorporate appropriate provisions in this regard.