

Ref. No.-MPL/DEL/2018/CERC/0544

Dated 19th Feb, 2019

To,

Sanoj Kumar Jha

Secretary

Central Electricity Regulatory Commission

3 rd & 4 th Floor, Chanderlok Building

36, Janpath, New Delhi- 110001

**Sub: Comments and Suggestions on Market Based Economic Dispatch of Electricity:
Re-designing of Day-ahead Market (DAM) in India**

Respected Sir,

This letter is with reference to the Discussion Paper on Market Based Economic Dispatch of Electricity published by CERC, bearing Ref. No. No.RA-14026(11)/3/2018-CERC dated 31st December, 2018 titled “**Discussion Paper on “Market Based Economic Dispatch of Electricity: Re-designing of Day-Ahead Market (DAM) in India”.**” which is aimed for functioning of the electricity market on a day-ahead time horizon and schedule and dispatch all generation purely on economic principles, subject to technical constraints. The Authority has called for stakeholder’s views and suggestions on the same.

Formed in 2005, Manikaran Power Limited (MPL) is a Trading Member of Indian Energy Exchange (IEX) and Power Exchange India Ltd (PXIL). MPL is also a Category-II Inter State Trading Licensee. MPL has been efficaciously implementing the power trading concept in India and has successfully demonstrated its capability in optimally utilizing the existing infrastructure within the country for the benefit of all. MPL has maintained a remarkable position in the market in electricity trading since its inception in 2008. It seeks to provide comprehensive services in the power trading market to fulfil the Short term, Medium term as well as Long term energy requirements of its customers. As a power trader, MPL supports its clients with data driven power market analysis to help them get best returns.

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MPL is not only providing power in Day Ahead Market (DAM) through Exchanges but is also imparting the services to its clients in Term Ahead Market (TAM) of the Power Exchanges. MPL is adept at providing a wide range of services to its clients vide Sale/Purchase of power through Short/medium term trades, bilateral contracts and banking of power.

The last date of submission of Comments and Suggestion was 15.02.2019 but in the interest of bringing clarity to the proposed rules we hereby request the CERC to kindly consider our submission made through this letter.

Attached Comments and Suggestions as Annexure-I:

Yours Truly,
For **Manikaran Power Limited**



Nishant Singhal
AVP – Business Development

Annexure-I

- In the MBED model, the sellers (central generators, state generators, independent power producers (IPPs)), traders and discoms as sellers) would be required to submit offers for all the time-blocks (which can be a single offer or block offer or multi-part offer) for the following day to the Power exchanges. These offers would reflect the quantum of electricity that the sellers are willing to supply at a particular price. Similarly, the buyers' bids would indicate the quantum of electricity they are willing to buy at a particular price, in this regard **clarification is required that whether offers made by central generators would be based on the tariff approved by CERC under long term contract or any price which Central Generator wants to submit bids based on the prevailing market conditions?**
- In case IPP/Interstate Generators located in the same State and connected to STU network only, having Long Contract with the same State DISCOM with delivery point at Project bus-bar/STU Periphery, whether transmission charges for CTU system is payable for above transaction under MBED & settlement?
- Based on existing practice and PPA terms, Utilities are required to make payment of monthly bills on or before due date which normally is 30 days from receipt of invoice. Clarification is required whether Utilities are required to make payment prior to bidding as per current DAM practice in power exchange and in case DISCOMs makes payment prior to delivery day then this will increase additional burden on Utilities financials. Further to this Clarification is required with respect to rebate and late payment surcharge provisions under MBED mechanism visa-vise existing PPA terms and condition since every DISCOMs & GENCOs have different terms related to rebate and delayed payment surcharge.
- In real time if the issue of right to recall prior to the gate closure exists, the generators tied up in long-term contract – in the event of their having sold the requisitioned surplus in the day ahead or any other time horizon – will have to buy back from the real-time market to meet their contractual obligation, if the discoms exercise the right to recall,

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under this if purchased power is at higher rate as compared to the existing PPA tariff how the Generating Company is at fault and will be compensated on account of such buy back of power in real time scenario.

- As per the existing DAM market design revision in power schedule is not permitted, in this connection in case if Generator trips on account of forced outage or even there is reduction/shortfall in generation due to operational reasons then the procedure is not explained in regards to reduction in schedule towards Long term contract and URS sold in MBED market and sett thereof.
- **Submission with regard to Price-Coupling:** CERC Regulations allow for multiple power exchanges to ensure competition in Day-Ahead and intra-day markets. Structurally, the same can continue, however for better system efficiency, one option is to combine the bids and offers of both the exchanges. This would help not only in discovery of the same area clearing prices (instead of multiple ACPs due to multiple power exchanges) but also in achieving higher social welfare as compared to the sum of maximum social welfare in multiple power exchanges.

In this regard we welcome the steps for price coupling of different exchanges and discovery of single price at National Level applicable for all the entities subject to technical constraints and thus not to generate multiple price signal due to the fact that irrespective of volume cleared on any of the exchanges price cannot be different for same power at the same time and same quality.