



Me PDCL

Meghalaya Power Distribution Corporation Limited
SCADA-DMS Sub division

Lumjingshai, Shillong – 793001

Phone No : 0364 -2591234, 2591242 Email: scadadms.meecl@gmail.com

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Date: 7th August 2019

To,
The Hon'ble Secretary,
Central Electricity Regulatory Commission
3rd & 4th Floor, Chanderlok Building,
36, Janpath, New Delhi- 110001

Sub: CERC's Draft Regulation for Procedure, Terms and Conditions for grant of trading license and other related matters: Regd.- Disallowing trading licensees to engage in banking of electricity

Ref: Draft Regulation for Procedure, Terms and Conditions for grant of trading license and other related matters dated: 24.07.2019

Dear Sir,

With reference to draft regulation by CERC for determining Procedure, Terms and Conditions for grant of trading license, it is proposed in regulation that the Trading License would be disallowed to engage in banking of electricity as banking of electricity don't fall in purview of trading of electricity.

In this regard, we (MePDCL) would like to state that banking of power is of great importance for managing power portfolio of Meghalaya in which the surplus/deficit power is managed very successfully through traders during the past ten years. The traders play a vital role in managing the banking transactions as such transactions involves certain complex activities like identifying the potential state/Pan India specific utilities for the banking transactions, negotiating for return percentage to make it best suited for the utility and some time it is required to arrange alternative source during the contract period and the same shall fall in purview of trader's obligation.

It may be please noted that due to fund constrains MePDCL cannot invest resources and finance in this area where 24X7 activities happens. MePDCL also does not have the logistics for its personnel to have knowledge of the power position of all the states and is constrained to manage its power through traders having well experienced and skilled man power and knowledge of power position of all the states and thus can better facilitates the banking transactions of the State timely & more efficiently.


Below mentioned points are also emphasized where the traders play a vital role the role in performing macro as well as micro activities to handle banking transactions:

- Identifying the sources/Pan India to optimize the surplus/deficit scenario of state through banking transactions.
- Managing of the Power of DISCOM through traders, provides flexibilities i.e. (even 1 MW in any slot) and cashless option to manage DISCOM Power portfolio under day ahead/Contingency condition.
- In the banking transactions DISCOMS are not affected even in fluctuations of rates in the Market.
- Innovate product and technology being adopted by the trader that helped DISCOM in minimizing the DSM Penalty.
- Traders facilities through banking their unplanned deficit/Surplus.
- Traders being involved in banking transactions becomes obligated to fulfill the contractual obligations for the completion of banking transaction till the end of the contract. This further mitigates any kind of risk on the state/utility due to any change in power scenario of other state involved, as the big dynamic nature of Power Market.
- In some cases, direct banking transaction may not possible for state, trader facilitates and successfully match such transactions by involving multi parties (DISCOMs/Utilities).
- MePDCL being highly dependent on hydro power requires a trader under real time condition to manage the unforeseen surplus that naturally happens during the monsoon. In the absence of a trader management of power by MePDCL under such scenario may result in uneconomical transaction as multiple entities have to be approached for such transaction within a short period of time which MePDCL does not have the logistics.

All above mentioned facts clarify that all the activities required to optimize & customize a banking transaction in interest of MePDCL cannot be performed without involvement of traders.

Therefore MePDCL emphasizes on the fact that trader's involvement to facilitate a banking transaction is utmost requirement and role of trader who manage the banking transactions competitive hence CERC is requested to keep the Traders for facilitating the banking transactions in purview of draft regulations referred above.

Yours faithfully,


 SE(Energy Management)
 MePDCL, Shillong