



MANIPUR STATE POWER DISTRIBUTION COMPANY LIMITED
3rd Floor, New Directorate Building, near 2nd M.R Gate Imphal- Dimapur Road,
Imphal, Manipur
CIN: U40101MN2013SGC008343

Ref. No. 2/41/2016/MSPDCL - CERC/1304-1306

Dated: 07/08/2019

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

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, Manipur State Power Distribution Company Ltd (MSPDCL) would like to state that banking of power is of great importance for managing power portfolio of Manipur state as the surplus/deficit scenario of power is managed and the same is without involvement of any monetary transaction. 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.

Thus, a trader's role is very important and cannot be ignored as traders manage the surplus/deficit scenario on day ahead/intraday/contingency basis by deploying the innovative product/Technology as well as experienced resources. 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:



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1. Identifying the sources/Pan India to optimize the surplus/deficit scenario of state through banking transactions.
2. 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.
3. In the banking transactions DISCOMS are not affected even in fluctuations of rates in the Market.
4. Innovate product and technology being adopted by the trader that helped DISCOM in minimizing the DSM Penalty.
5. Traders facilities through banking their unplanned deficit/Surplus.
6. Traders have well experienced and skilled man power that have knowledge of power position of all the states and thus can better facilitates the banking transactions of State/DISCOM timely & more efficiently.
7. 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.
8. In some cases, direct banking transaction may not possible for state, trader facilitates and successfully match such transactions by involving multi parties (DISCOMs/Utilities).
9. If the trader will not be allowed to do banking, utility may throw into a situation where they will find themselves handicap when they actually need to dump their power by selling it at a very uneconomical cost or vice versa to get the power to manage their demand without arranging fund, which is very cumbersome and many times next to impossible process in the state.



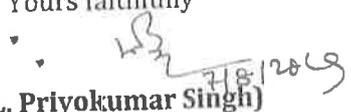
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All above mentioned facts clarify that all the activities required to optimize & customize a banking transaction in interest of state/utility may not get performed without involvement of traders.

Therefore, being a state Discom / state utility, we emphasize 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.

Encl: As referred above

Yours faithfully


(L. Priyokumar Singh)
Managing Director
MSPDCL

Copy to:

1. The Executive Director (Tech) / (Comml)
2. File concerned