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Er. Alekhya Datta  
Fellow & Area Convenor  
Electricity & Fuels Division

05 September, 2019

Shri Sanoj Kumar Jha  
Secretary  
Central Electricity Regulatory Commission  
3rd and 4th Floor, Chanderlok Building,  
36, Janpath Road,  
New Delhi – 110001

**Subject:** Comments on Proposed Framework for Real-Time Market for Electricity

Dear Sir,

Please refer to CERC public notice (No.: RA-14026(11)/2/2018/CERC) on dated 6<sup>th</sup> August, 2019 inviting comments on the *Proposed Framework for Real-Time Market for Electricity*.

We would like to compliment CERC for bringing out the framework for Real-Time Market for electricity, which assumes significant importance in the context of creating a Market platform for trade of energy closer to the delivery of power in real time.

Our observations on the *Explanatory Memorandum* on the topic '*Real-Time Market (RTM) for Electricity*' are annexed.

Best regards,

Yours sincerely,

Alekhya Datta

## ANNEXURE

### Comments/ Observations/ Suggestions of The Energy and Resources Institute (TERI) on CERC Explanatory Memorandum on the topic 'Real-Time Market (RTM) for Electricity'

In-order to achieve the objective of bringing out fair competition for affordable, reliable and sustainable power supply, there is crucial need to look into the electricity market reforms and designs in the scenario of the Indian power sector.

TERI would like to compliment CERC for bringing out the framework for Real-Time Market for electricity, which assumes significant importance in the context of creating a Market platform for trade of energy closer to the delivery of power in real time.

Our comments/ observations/ suggestions are given below:

#### **1. Introduction of Gate Closure and Real Time Market**

##### **1.1. Right to Revision**

Clause 5 of Section 3.1 of Explanatory Memorandum reads as under:

*“3.1.5 The provision of right to revision of schedule would still be available to the discom and the generator, and could be exercised by them until the real time market for specified half an hour commences. Any requirement of power after the end of right to revision of schedule should be met through the Real-Time Market at the real-time price. It is proposed that any revision in schedule made in odd time blocks shall become effective from 7th time block onwards, and any revision in schedule made in even time blocks shall become effective from 8th time block onwards, counting the time block in which the request for revision has been received to be the first one. In other words, once the real time market commences for any specific half-hour delivery period, the revision in schedule for that half hour (two time blocks) shall not be permitted. However, the right to revision of schedule for the remaining time blocks of the day for which the RTM is yet to commence, would still be available with the Discom and the generator.”*

Comments/ Suggestions:

By virtue of PPAs between Discoms and generators whereby Discoms are obligated to pay fixed charge, the Discoms have a right on the contracted capacity of the plant. It would, therefore, be in fitness that No Objection Certificates (NOCs) on annual basis be obtained from the Discoms for sale of their un-requisitioned power in the real-time market. Simultaneously, in view of relinquishment of right to recall and indifferent financial health of Discoms, a provision may also be considered to compensate Discoms in the extent of their requirement of additional power arising within the period of gate closure.

It is suggested that care should be taken that the design of this provision does not impede the transition to a firm gate closure under the market based economic despatch proposed by the CERC. The basic premise should remain that after the gate closure, deviation from schedule should be settled in the energy only market. Coherence between this provision and the MBED proposal should be ensured.

**1.2 Participation of Generators**

Clause 11 under Section 3.1 of Explanatory Memorandum reads as under:

*“3.1.11 All generators connected to the grid will be able to participate in the Real Time Market. In case of forced outages the generator can participate in the Real Time Market and buy power for the beneficiary to honor its commitment.”*

Observations/ Suggestions:

In-order to ensure financial shocks, a phased approach be adopted in regard to generators eligible to participate in the real-time market. DISCOMs and generators of conventional power connected to the grid be made eligible participants from the beginning. However, to start with only the renewable energy generators complying with Forecasting and Scheduling Regulations be made eligible to participate. Depending on their visibility at the concerned LDC, open access and captive generators, should also be allowed to participate in this market. Going forward, storage options and demand response could also participate in real-time market to contribute to stability in the system and the mechanisms being developed should recognize/ consider these.

## **2. Sharing and Settlement in Real Time Market**

### **2.1 Sharing of Gains from Market**

Clause 2 under Section 3.3 of Explanatory Memorandum reads as under:

*“3.3.2 RTM is an energy only market and as such the participation in this market is around the variable or marginal cost. In the event of a generator having long-term PPA with a Discom and earning revenue over and above the regulated variable cost, the gain shall be shared in the ratio of 50: 50 with the beneficiary as per the stipulation in the Tariff Policy, 2016”*

#### Observations/ Suggestions:

Participation in the real-time market should be around marginal cost.

Monitoring will need to occur to consider what the impact of this provision may be to the incentives of a DISCOM to correctly forecast load and schedule generators. If the market prices are consistently below the marginal prices of a DISCOMS contracts, why not under schedule and access the market on a consistent basis to make up the shortfall?