



5th September 2019

Mr Sanoj Kumar Jha
Secretary, Central Electricity Regulatory Commission
3rd & 4th Floor, Chanderlok Building
36, Janpath
New Delhi- 110001

Sub: Comments/ Suggestions on Proposed framework for Real-Time Market for Electricity

Dear Sir,

This is with reference to the public notice issued by CERC on 'Proposed framework for Real-Time Market for Electricity' having reference no: No. RA-14026(11)/2/2018/CERC dated 6th August 2019, inviting comments/ suggestions on the same.

Tata Power's comments to the said publication are elaborated under **Annexure I**, enclosed herewith. We further request the Hon'ble Commission to grant an opportunity to all stakeholders to share their views by conducting a public hearing on the above matter.

Yours sincerely,

Ajay Kapoor
(Chief- Legal, Regulatory and Advocacy)

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Annexure I: Observations and Queries on Discussion Paper on Re-designing Real Time Electricity Markets in India

While, we completely endorse the proposed mechanism of Real time market by Hon'ble CERC, we find it appropriate to bring to your notice a few issues/views which may be considered for making the RTM mechanism a robust mechanism to operate and to remove the early anomalies.

Please find below a few observations which is relevant to the topic at hand.

S No.	Extracts from Discussion Paper	Views/Observations and Recommendation (if any)
1	<p>RTM Explanatory Memorandum 2019 Background</p> <ul style="list-style-type: none"> • At present, real time 'energy' imbalances as well as inadvertent 'system imbalance' are primarily managed through Deviation Settlement Mechanism / Ancillary Services mechanism, and partly through rescheduling and intra-day market in the power exchanges. However, the practice of dependence on DSM for real time 'energy' poses a challenge to grid security. • Accordingly, the discussion paper proposed a clear demarcation between 'energy trade' and 'system imbalance' management, by creating the framework of real time energy market. The intent was to provide the market players an organized platform for energy trade closer to real time. 	<p>The idea to create a RTM is laudable. However, a few observations on the likely depth of the market</p> <ol style="list-style-type: none"> 1. This is not currently envisaged as mandatory for the intra-state generators or, at least, perceived to be so. 2. It is unlikely that RE generators will be participating in this RTM because (1) there is hardly any RE merchant capacity; (2) they are guided by a separate set of DSM regulations; (3) it is felt they would rather trade in G-TAM and G-DAM platforms being envisaged by IEX. 3. Stressed IPP capacity will be at a disadvantage because of lack of adequate fuel and the current regulations which guides coal allocation to PSUs and IPPs thereby jeopardizing their participation. 4. Intra-day and contingency trade will continue 5. MOST IMPORTANT For IPPs who want to increase their PLF by participating in the market, a huge constraint today is the unavailability of coal. Even if they have coal linkage, such IPPs often have to resort to spot auctions and e-forward auctions to meet their availability targets for recovering their fixed costs. There are instances where the eForward auction supplies have not materialized. These issues will significantly constrain the IPPs from participating in RTM
2	<p>RTM Explanatory Memorandum 2019</p> <p>3.2.2 The real time market shall be conducted every half an hour for the delivery of power for the duration of 30 minutes in two time blocks of 15 minutes each. NLDC has already evinced its capability to</p>	<p>Coastal Gujarat Power Limited, Mundra is participating in the SCED procedure. It has been observed that instructions from NLDC for SCED-UP or SCED – Down are coming around 8-10 minutes before the commencement of the time block in which such instructions are to be implemented causing immense problems for the plant operator.</p>

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	clear the scheduling and dispatch within 30 minutes while implementing the pilot on Security Constrained Economic Despatch (SCED).....	It is suggested that instructions under RTM should be issued at least 2 time blocks ahead.
3	<p>RTM Explanatory Memorandum 2019</p> <p>3.2.3 The Real-Time Market commences with the end of the right to revision of schedule or declared capability and ends with gate closure. Gate Closure refers to the time after which bids submitted to the Power exchange cannot be modified. A schematic representation for the same is given below.....</p>	<p>It is understood that SCED (though not categorically mentioned in this document), will operate after RRAS, as has been currently envisaged which, in turn, would operate after RTM.</p> <p>It is felt that the URS, which would be available for RRAS, would be higher priced than that which would be traded in RTM and perhaps rightly so since RRAS addresses the grid instabilities. However, the scheduling for SCED, which is supposed to happen after RRAS, will have, at its disposal, still higher priced power, rendering the mechanism meaningless.</p> <p>Moreover, generators, have the right to transact in their URS at terms (volume + price) suited since generation is a de-licensed activity and this is being granted to them through the RTM.</p> <p>Hence, in the light of development of RTM, it is suggested that implementation of SCED may be re-considered. The regulations of SCED have not been framed yet and a pilot is in progress currently.</p>
4	<p>RTM Explanatory Memorandum 2019</p> <p>3.3.4 As regards the treatment of deviation, the Commission proposes to treat conventional and non-conventional sources of power participating in the RTM as per the existing DSM Regulations.</p>	<p>The following may please be considered and clarified:</p> <ol style="list-style-type: none"> 1. It is understood that all generators, including RE generators, can access RTM. Let's consider a scenario where a RE generator, having fallen short of his declared capability, sources power from the market to make good the shortfall. If the power sourced is conventional power, then would this be considered to fulfil the RPO of the purchaser? 2. Would the RE power being traded in RTM be subjected to DSM regulations specific to RE?
5	<p>Proposed CERC (Indian Electricity Grid Code) (Sixth Amendment) Regulations, 2019</p> <p>2.4 The clause (18) of Regulation 6.5 of Part 6 of the Principal Regulations, shall be substituted as under: "18. Revision of declared capability by the ISGS(s) having two part tariff with capacity charge and energy charge and requisition by beneficiary (ies) for the remaining period of the day shall also be</p>	<p>It is understood from the proposed amendments that while, the gate closure for the self -scheduling is being revised from current timeline of 4 time blocks to 7/8 time blocks (based on the odd/even timeblock, rescheduling is proposed), the gate closure would take place in the 6th time block preceding the half hour slot of delivery for RTM market.</p> <p>It is to be noted that in the Explanatory memorandum, the intent envisaged is to provide the market players an organized platform for</p>

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	<p>permitted with advance notice. Any revision in schedule made in odd time blocks shall become effective from 7th time block and any revision in schedule made in even time blocks shall become effective from 8th time block, counting the time block in which the request for revision has been received by the RLDCs to be the first one.</p> <p>read with</p> <p>CERC (Open Access in inter-State Transmission) (Sixth Amendment) Regulations, 2019</p> <p>3.1 A new clause shall be added after clause 13(A) of Regulation 13 of the Principal Regulations, as under:-</p> <p>“13(B) Procedure for scheduling of transaction in Real-time market All the entities participating in the real-time market for a specified duration may place their bids and offers on the Power Exchanges for purchase and sale of power. The window for trade in real-time market for day (Do) shall open from 22.45 hrs to 23.00 hrs of (D-1) for the delivery of power for the first two time blocks of 1st hour of (Do) i.e., 00.00 hrs to 00.30 hrs, and will be repeated every half an hour thereafter. The bidding mechanism for the real-time market shall be double-side closed bid auction for delivery of power in each time block of that hour.</p>	<p>energy trade closer to real time as this is likely to reduce deviation in real time operations i.e DSM. However, the timelines mentioned above seems to shift the last control of self- scheduling by the users (generators and discoms) from four time blocks to 7/8 time blocks. Hence, we understand that given these timelines, discoms/generating stations would be less certain than they would have been under the previous gate closure of 4 time blocks and thus the volume under DSM is likely to increase. Instead, we propose that the real time market should operate even closer to the delivery period.</p> <p>Having said that, in view of the experience we have had in SCED with reference to instructions to generators, we realize that the system operator would need some time for schedule preparation and communication. It would be worthwhile to also focus on the infrastructure needs of LDCs to enable true market operations rather than shift the operations away from Real Time.</p>
6	<p>Proposed CERC (Indian Electricity Grid Code) (Sixth Amendment) Regulations, 2019</p> <p>2.4 The clause (18) of Regulation 6.5 of Part 6 of the Principal Regulations, shall be substituted as under:</p> <p>“18. Revision of declared capability by the ISGS(s) having two part tariff with capacity charge and energy charge and requisition by beneficiary (ies) for the remaining period of the day shall also be permitted with advance notice. Any revision in schedule made in odd time blocks shall become effective from 7th time block and any revision in schedule made in even time blocks shall become</p>	<p>While, these timelines would be applicable for all Inter State generating stations, it would be pertinent to note that simultaneously such timelines strictly be made applicable at Intra state levels as well, else, there would be a situation where intra state generating companies would continue to self-schedule based on earlier time line of 4 time blocks and Discoms won't be able to access RTM from ISGS and hence this anomaly would reflect in increased quantum of transactions being settled through DSM – which is clearly not the objective.</p>

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	effective from 8 th time block, counting the time block in which the request for revision has been received by the RLDCs to be the first one.	
7	<p>3.1.11 of the explanatory memorandum</p> <p>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.</p>	<p>While, we completely endorse this move to allow the generators to participate and buy power to meet its requirement, we propose that the option of buying power from the market and meet the commitment should not be limited and restricted only to generators facing forced outages, but to all generators so that they may also get an opportunity to scout for cheaper power available in the market and replace their own expensive cost of generation.</p> <p>This will ensure optimal use of resources by the generating companies and would ensure better offtake for generating stations having lower generation cost.</p>
8	<p>Proposed CERC (Indian Electricity Grid Code) (Sixth Amendment) Regulations, 2019</p> <p>2.6.2 Clause (c) shall be substituted as under: “(c) An ISGS may sell power from the share of its original beneficiaries in the day-ahead Market with the consent of such beneficiaries; and in the real-time market without the requirement of consent from the beneficiaries, before the trading for the real time market for a specified duration commences. In both the cases, the realized gains shall be shared between the ISGS and the concerned beneficiary in the ratio of 50:50 or as mutually agreed between the ISGS and concerned beneficiary in the billing of the following month. This gain shall be calculated as the difference between selling price of such power and fuel charge including incidental expenses.</p>	<p>It is to be noted that it would be for the first time when URS power of CPSUs like NTPC would be in competition with URS of IPPs. We are aware that the idea of a robust market can flourish/succeed, if the basic principle of making the resources available to all participants freely is followed without any discrimination. Whereas, in power sector, it is known that as far as coal allocation/distribution is concerned, coal is made available to CPSUs/SPSUs at notified prices and that to IPPs with certain discount in tariff (for IPPs having PPAs) and at certain premium to such notified prices (for IPPs not having any PPAs) under SHAKTI scheme. In such cases, such IPPs would always be at disadvantage to CPSUs/SPSUs. Hence, we humbly submit that the sharing :</p> <ul style="list-style-type: none"> - For Sec 62 projects and for untied capacities, sale proceeds shall be 50:50 of net revenue after factoring in the actual fuel costs (instead of the quoted costs in the bids) and the associated power sale costs incurred by GENCO to facilitate such sale. - Alternately, and specifically for Sec-63 projects, there shall not be any ratio of sharing and the generator shall be allowed to retain the entire revenue earned from such sales as the

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		<p>actual fuel costs cannot be determined for such projects as against the quoted variable charge which is available in the public domain.</p> <p>This would encourage the cost efficient generators to participate in such real time market with their less costly power.</p>
9	<p>Existing IEGC 23. (iii) The schedule by wind and solar generators which are regional entities excluding collective transactions) may be revised by giving advance notice to the concerned RLDC, as the case may be. Such revisions shall be effective from fourth time block, the first being the time block in which notice was given. There may be one revision for each time slot of one and half hours starting from 00:00 hours of a particular day subject to maximum of 16 revisions during the day.</p>	<p>We understand that while, the gate closure would be applicable for generating stations having two part tariff. The same gate closure shall be made applicable for the renewable generators as well, else keeping the gate closure for revision of renewables to 4 time blocks would keep the renewable generators at a disadvantage w.r.t thermal/conventional generating stations.</p> <p>Also, we submit that this would be an appropriate stage to allow the renewable plants to be at par with conventional generating stations in terms of no of revisions allowed and remove the current restriction of 16 revisions per day.</p>