

**BEFORE THE CENTRAL ELECTRICITY REGULATORY COMMISSION, NEW
DELHI**

IN THE MATTER OF:

NTPC Vidyut Vyapar Nigam Ltd.

..... Applicant

Draft power market regulation 2020

Ref No. L-1/257/2020/CERC datd 18th Jul 2020

It is humbly submitted that:

A. Proposed Regulation:

Part – 5, “Market Coupling”

Comments/Suggestions

Market Coupling is a welcome step for optimal utilization of the resources and for discovery of uniform price across exchanges.

With the introduction of market coupler and Clearing & Settlement by a separate Entity, Power Exchange Role will be limited to

1. Collection of Bids (Already being done by traders also)
2. Submission of Bids to the Market coupler
3. Sharing of results with Clearing Entity (for eventual determination of obligations and settlement by the Clearing Entity).
4. Scheduling of Transactions through NLDC.

As above four functions can be performed by Traders also, therefore, it is proposed that traders may be allowed to directly submit its bid to market coupler instead of exchange.

This will reduce cost of power for trader clients, as the clients are presently paying margins to trader and also bearing fees and margins of exchange. This will also bring in competition in the market and will ultimately make power cheaper to end consumers.

Also, it is proposed in the draft Power market regulation- to create **OTC platform and to allow longer term contracts in Term ahead market.** This will adversely affect trader market and Volumes. As above proposed changes will provide opportunity for Seller and Buyer to interact directly for sale and purchase of power.

Therefore, by allowing traders to bid directly to market coupler will provide trader an opportunity to increase its trading volumes.

B. Proposed Regulation

Regulation 14, “Ownership structure of Power Exchange”

Regulation 16, “Disclosure of information regarding ownership of the Power Exchange”

Regulation 17, “Governance structure of Power Exchange”

Comments/ Suggestion

Market Participants (members & clients) have a greater role in development of Market and new contract types/ products as Exchange serves to these market participants only. Hence, restricting ownership as well as Board position may hamper such development.

Also, with the introduction of “market coupler” the fear of manipulation of markets by market participant if they are controlling the exchange is no more valid as now prices will be decided by market coupler.

Hence, it is suggested to allow members and clients to have shareholding upto 25% as well as have representation in the Board of Exchange.

Under proposed regulation 16, It is further suggested that the Power exchanges should also publish on their web-sites the shareholding pattern as on the close of each financial year.

C. Proposed regulation

Regulation 6 (2), “Contract and Settlement conditions”

Regulation 27, “Clearing and Settlement”

Comments/Suggestion

Settlement of Renewable Energy Certificates & Energy Saving Certificates are not covered. Same to be included in these two regulations.

D. Proposed Regulation

Regulation 9 (4), “Eligibility criteria”

Regulation 14, “Net worth”

Comment/ Suggestion

Volumes in power exchange has increased multifold in past and deemed to increase further with the introduction of new products. Thus, the proposed increase in the net worth requirements from Rs. 25 Crores to Rs. 50 Crores is not enough it should be increased minimum to 100 Crores.

E. Proposed Regulation

Regulation 23, “Power Exchange transaction fee”

Comments/Suggestion

Liquidity in Power Exchange segments has increased multi-fold, the existing transaction fees of Rs. 20/- per MWH needs to be brought down so as to reduce the cost of electricity to be paid by end consumers.

In order to further reduce cost to end consumers, it is suggested to provide capping on the various fees charged by the Exchange like membership fees and Client registration fees and same should be reduced from the present levels.

F. Proposed Regulation

Regulation 27 (iii)“Clearing and Settlement”

Comments/ Suggestion

Instead of 70%, 90% of the interest earned on initial security deposits should be distributed by Exchange to the members (assuming 10% is the cost of making & handling investments). Further, interest earned on additional margin money (cash margins) taken by Exchange, shall also be shared with respective members in a similar manner.

G. Proposed Regulation

Regulation 30 (2), “Congestion Amount management”

Comments/Suggestion

Central Electricity Regulatory Commission (Power System Development Fund) Regulations, 2019 provides for monthly deposit of the congestion amount.

As Exchange is a private body, the frequency of deposit of Congestion Amount to PSDF by Exchange, shall be set to at least weekly,

H.Proposed Regulation

Regulation 31, “Information Dissemination by Power Exchange”

Comments/Suggestion

The data of exchange transactions is publicly available on the RLDCs under Power Exchange schedules. Same is also appearing under REAs also. Since, such data is scattered and with a view to have consolidated data at a single place, it is proposed that at the end of each day, Exchange should publish client wise cleared volume in each market segment.



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