



**Comments from Tata Power Company Limited on**  
**Power Market Regulations**  
**DRAFT BY CERC**

| S No. | Extracts from the Draft | Views/Observations  | Proposed changes/ Recommendations  |
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| 1.    | <b>Market Coupling</b>  | Market coupling is already present in large electricity markets of north-western Europe and the Nordic region and have witnessed benefits too. According to us, this mechanism, with the objective of discovery of uniform price across India, will facilitate in enhancing depth and liquidity of power market in India going forward. | Since this is a new concept in the Indian context, it is our suggestion that CERC organizes a workshop to explain and clarify how would market coupling be operationalized in India. For eg., the draft envisages new exchanges in addition to the ones which are operating, including the fact each one of them would engage in price discovery. How would the function/ activity of price discovery be assigned amongst the power exchanges/ market coupling operator? |

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| 2.    | <b>Introduction of OTC Platforms</b>   | As per Clause 3.6.7 of EM for Power Market Regulations 2020, “ <i>The participants can access information viz. quantity, price, fuel, location etc., through the OTC Platform.</i> ”  | Disclosure of prices from bilateral contracts would go against the confidentiality of contracts. Besides, prices, in a standalone manner might provide misleading signal as a contract is an agreement between two parties on various terms and conditions, including price. Therefore, a contracted price has to be seen in the context of all the terms and conditions of the contract. It would not be possible to capture all these T&Cs in a format as that would render the information very verbose. |
| 3.    | <b>5. Contracts transacted on Power Exchanges</b><br><b>1 (a) Price Discovery</b><br>(i) Price Discovery shall be done by Power Exchanges or by Market Coupling Operator, as and when notified by the Commission | It appears that both power exchanges and MCO would engage in price discovery through their respective algorithms. CERC needs to clarify the conditions under which each of these entities would operate their price discovery mechanisms. | It is requested that clarity on the price discovery mechanism may be provided. Further, it is imperative to ensure that the algorithms (of power exchanges and market coupling operator) operate on the same principles, some common features in order to achieve the common objective of price discovery as per same or similar criteria.  |
| 4.    | <b>9. Eligibility criteria</b><br><b>(1) The applicant is a company limited by shares incorporated or deemed to be incorporated under the provisions of the Companies Act, 2013;</b>                             | Deemed to be incorporated company cannot provide the details sought in Regulation 10 of these Regulations.  | It is suggested that the list of documents to be submitted along with the application may be relooked at.   |

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| 5.    | <p><b>12 (5) The Power Exchanges which have been granted registration by the Commission prior to the date of notification of these regulations shall be <u>deemed to be registered under these regulations</u> subject to payment of annual registration charge.</b></p>   | <p>While a new Power Exchange shall be registered for a period of 25 years, the period of registration of Power Exchange which has been granted registration prior to the date of notification of these regulations is not specified</p>   | <p>It is suggested that under the new regulations where the exchanges are said to be deemed registered, their period of registration may also be clarified.</p>  |
| 6.    | <p><b><u>21. Membership in Power Exchange</u></b></p> <p>(1) Membership of the Power Exchange shall be of the following three categories:</p> <p>(a) Trader Member: Any person who has been granted licence for trading in electricity under Trading Licence Regulations, 2020 and admitted as a member of the Power Exchange shall be called a Trader Member. Trader Member shall trade and clear on its own account or trade and clear on behalf of its client:</p> <p><b><u>Provided that a Trader Member or any of its Associates shall not be a Facilitator Member.</u></b></p> | <p>The role of a Facilitator Member is to provide services like IT etc.to Power Exchange. As per the definition of Associates, and the restriction that any of the associates shall not be a Facilitator member, there could be a possibility that Group companies with expertise in the area of IT services may not get opportunities. For eg., because Tata Power Trading is a Trader Member, TCS will not have an opportunity to participate as a Facilitator Member.</p> | <p>a) It is recommended to remove this restriction as it discourages group companies with relevant experience to participate. In addition to this, it is pertinent to mention here that owing to the transparent functioning, audits and disclosures, the issue of conflict of interest doesn't arise with all the appropriate checks and balances in place.</p> <p>b) In addition to this, the role of the facilitator member beyond providing the IT infrastructure may be detailed out for clarity.</p> |

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| 7.    | <p><b><u>27. Clearing and Settlement</u></b></p> <p>Provided further that pending the transfer of Clearing and Settlement function in terms of the proviso above, such Power Exchanges shall comply with the following:</p> <p>(i) The Power Exchange shall constitute a SGF Management Committee headed by an Independent Director of the Board and with <b><u>adequate representation from the Members of the Power Exchange.</u></b> This committee shall be responsible for overseeing the management of Settlement Guarantee Fund.</p> | -   | It is suggested to specify how many representatives from each category of members would be there in the management of Settlement Guarantee Fund Management Committee.                                |
| 8.    | <p><b><u>29 (4) Indemnification by Power Exchange</u></b></p> <p>b) The Power Exchange shall indemnify that in case of curtailment, the Central Transmission Utility, National Load Despatch Centre, Regional Load Despatch Centres and State Load Despatch Centres shall not have any financial liability on</p>   | <p>With huge RE penetration into the system and eventually into the market, it is pertinent to mention here that the issues related to RE curtailment needs to be addressed as it shall impact the RE contracts being transacted in the exchanges. While the exchanges shall indemnify themselves in case of curtailment, the NLDCs should ensure that the LCs have been opened by the purchasers of power.</p> | It is recommended to clarify whether NLDC shall ensure that LCs have been opened by purchasers of power. Some mechanism to ensure that curtailments are not impacting the market should be in place. |

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|       | account of inability, for any reason whatsoever, to achieve the complete matching between the advice of the National Load Despatch Centre and the final schedules |                    |                                   |