

Date: 14 August 2020

The Secretary,
CENTRAL ELECTRICITY REGULATORY COMMISSION,
3rd & 4th Floor, Chanderlok Building, 36, Janpath, New Delhi -110 001
Tele No.: 011-23353503/23753918, Fax: 011-23753923
Email: secy@cercind.gov.in, urprasad@cercind.gov.in

Subject: Comments/suggestions on the Draft Central Electricity Regulatory Commission (Power Market) Regulations, 2020.

Reference: Public Notice No. L-1/257/2020/CERC dated 18 July 2020 "Draft Central Electricity Regulatory Commission (Power Market) Regulations, 2020."

Dear Sir,

With regard to the aforementioned draft Regulations on which the CERC has invited comments/suggestions, we wish to make our submissions as given below:

About Us

Radiance Renewables Private Limited ("Radiance"), incorporated in 2018, is a developer of low cost, renewable energy solutions for commercial, industrial, and residential customers helping them to simultaneously save money and achieve their sustainability goals. Radiance integrates in-house development, operational management, and asset financing expertise to optimise life cycle cost of ownership and competitiveness. It aims to develop 1.5 GW of solar, wind or storage capacity in the next three to five years under a build-own-operate-transfer (BOOT or Opex) model.

Radiance is one of the portfolio companies of Green Growth Equity Fund managed by EverSource Capital. EverSource was founded in 2018 as a joint venture between Lightsource BP and Everstone Capital to make green and sustainable investments in India.

Context

We are obliged to the Commission for providing an opportunity to the stakeholders for submitting comments on the proposed Draft CERC Power Market Regulations, 2020. Our detailed comments/suggestions may please be taken on record and due consideration may be given to each of the suggestions presented herewith while finalizing the Regulations.

1. Facilitation of renewable energy trade on Exchanges

Renewable energy is set to become a mainstay in the energy mix of the country. While it has achieved grid parity for industrial and commercial consumers, most of the offtake happens through contracts with discoms and bilateral contracts. The variable nature of renewable energy like solar and wind has necessitated large scale measures for grid integration. However, the participation of renewable energy in the power exchange is yet to attain scale though there is ample demand among the consumers. Both IEX and PXIL have filed petitions before the Honourable Commission regarding introduction of Green Term Ahead Market on their respective trading platforms.

In the light of these developments, we feel that specific provisions in the proposed Regulations directed at renewable energy would go a long way in promoting their participation in the power exchanges and subsequently in OTC trade. We suggest that Renewable Energy Contracts be recognised as a separate type of delivery based electricity contracts so that products specific to renewable energy can be developed on power exchanges.

2. Qualifying criteria for Market Coupling Operator

The draft Regulation has introduced the concept of market coupling and market coupling operator in Regulation 2 as under:

““Market Coupling” means the process whereby collected bids from all the Power Exchanges are matched, after taking into account all bid types, to discover the uniform market clearing price for the Day Ahead Market or Real-time Market or any other market as notified by the Commission, subject to market splitting;

(ag) “Market Coupling Operator” means an entity as notified by the Commission for operation and management of Market Coupling;”

Our observations/suggestions:

While the proposed Regulations has laid down the functions of the Market Coupling Operator, the details on the qualifying requirements for the same and the powers therein have not been specified. We request that clarity be provided in the Regulations on these aspects and also regarding the coordination of functions between the Market Coupling Operator and the Power Exchanges.

3. Market coupling as an enabler for market-price-linked bilateral contracts

While the concept of market coupling would help in deriving price signals for electricity trade in the country, this aspect may also be used for establishment of platform for bilateral trade which

are based on contracts linked with such market prices. One possible example of such contracts could be the “contracts for differences (CFD)” which is popular in the global context. For the implementation of such a contract, the concurrence from the Power Exchange or as per the proposed Regulations, from the Market Coupling Operator is essential for provision of market price signals.

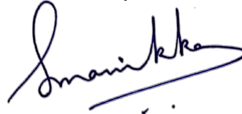
The proposed regulation facilitates bilateral transaction through “Over the Counter (OTC)” market. The establishment of terms of the trade and management of risk in the OTC market is left to the buyer and seller or the electricity trader. However, without strong participation of the Power Exchanges, this may not prove to be a practical way of implementing market-price-linked contracts especially for small ticket sizes.

While the provision for “Other Exchange Market” exists in the current Regulations, the proposed Regulations do not seem to have a similar provision. This could have been made possible by means for enabling market-price-linked contracts, wherein, one of the Power Exchanges could be a possible counterparty. We wish to seek clarity on the possible options in the proposed Regulations, through which bilateral contracts with market-price-linked terms of contract can be implemented.

We request the Hon'ble Commission to favourably consider our comments and suggestions in the larger interests of the Consumers in the country.

Thanking you,

Yours truly,



Manikkan Sangameswaran
Executive Director