

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 195/MP/2021

- Subject : Petition under Section 66 of the Electricity Act, 2003 read with the Regulation 25 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2021 for approval of introduction of Hydro Two Day Ahead Contracts, Hydro Green Term Ahead Contracts, Weekly Uniform Price Contracts and Uniform Price Auction to Contracts in Term Ahead Market, Green Term Ahead Market as well as in Hydro Green Term Ahead Market at Power Exchange India Limited.
- Date of Hearing : 30.11.2021
- Coram : Shri P. K. Pujari, Chairperson
Shri I. S. Jha, Member
Shri Arun Goyal, Member
Shri P. K. Singh, Member
- Petitioner : Power Exchange India Limited (PXIL)
- Respondent : Power System Operation Corporation Limited (POSOCO)
- Parties Present : Shri Sakya Singha Chaudhuri, Advocate, PXIL
Ms. Nithya Balaji, Advocate, PXIL
Shri Prabhajit Kumar Sarkar, PXIL
Shri Shekhar Rao, PXIL
Shri Anil V Kale, PXIL
Shri Sunil Hingwani, PXIL
Shri Chandrashekhar Bhat, PXIL
Shri Ambrish Kumar Khare, PXIL
Shri Mukti Marchino, PXIL
Shri Subhendu Mukherjee, POSOCO
Shri Alok Mishra, POSOCO

Record of Proceedings

Case was called out for virtual hearing.

2. The learned counsel for the Petitioner submitted that the present Petition has been filed seeking approval for introduction of Hydro Two Day Ahead Contracts ('HTDAC'), Hydro Green Term Ahead Contracts ('HGTAC'), Weekly Uniform Price Contracts ('WUPC') and Uniform Price Auction to Contracts in Term Ahead Market ('TAM'), Green Term Ahead Market ('GTAM') as well as in Hydro Green Term Ahead Market ('HGTAM') at the Petitioner's exchange platform. The learned counsel mainly submitted the following:

- (a) Under the proposed HTDAC, the market will open on a two day ahead basis and the participant will be able to transact on T-day for delivery of power on T+2 day.

(b) The proposed HTDAC would require certain changes to the extant regulatory framework/ procedure as detailed in the Petition. However, till the necessary procedures are worked out, HTDAC may be treated at par with day ahead contracts, i.e. scheduling of HTDAC can be clubbed along with day ahead contracts that are presently being scheduled by NLDC without any special dispensation to HTDAC. Once the orders are matched under HTDAC, the request for scheduling can be sent to NLDC, which may be considered along with the scheduling for day ahead market contracts.

(c) Hydro-electric power plants are better suited for meeting peak demand and meeting instantaneous requirement of the grid and this ability of hydro-electric power plant distinguishes from the rest of the renewable energy generation sources. Further, since hydro-electric power plants provide better consistency and reliability of generation, their scheduling is likely to be more accurate and deviation much less frequent than other renewable sources.

(d) The Petitioner has also proposed to introduce a new category 'Hydro' in GTAM for sale and procurement of hydro energy, which will help the market participants in meeting their Hydro Purchase Obligations.

(e) The Commission vide its order dated 31.8.2009 in Petition No. 166/2008 had approved the weekly contract at the Petitioner's exchange platform whereby the Commission, at paragraph 9 of the said order, has approved the computation of settlement price as the average of the best buyer and best seller quotes with multiple clearing till the volume gets exhausted. Since prices vary across multiple clearing, a buyer/ seller whose traded volume is cleared in multiple clearing has to settle contracts at multiple clearing prices and this causes concern to the various market participants including for the distribution companies in justifying the procurement of power at different clearing prices.

(f) Thus, the Petitioner has proposed to introduce weekly contracts with bilateral settlement of trade at a single price i.e. settlement at Uniform Clearing Price ('UCP'), which would ensure that all aggregate demand and supply is matched at the point of inter-section of two curves. UCP will result in clearing and settlement of trades at a single price for orders received during an auction.

(g) The Power Exchanges being highly competitive space, the Commission may expedite the proceedings in the matter to avoid any competitive disadvantage to the Petitioner's platform.

3. After hearing the submissions made by the learned counsel for the Petitioner, the Commission observed that insofar as the Petitioner's proposal for introduction of HTDAC is concerned, admittedly, the said proposal will require changes/ modifications to the existing regulatory frameworks and/or procedures, which may take its own course and cannot be subject matter of the present proceedings. Further, as to the submission of the Petitioner that in the meantime, such proposal may be approved and be treated at par with day ahead contracts, the Commission observed that such dispensation may also not be possible in the existing regulatory framework as it may lead to various issues relating to transmission corridor allocations and curtailment priority, etc. between the day ahead contracts and two

day ahead contracts, which may not be appropriately addressed by way of an order under the present case.

4. Accordingly, the Commission ordered as under:
 - (a) Admit and issue notice to the Respondent for the prayers except for the proposal to introduce HTDAC in TAM and the other prayers to the extent they relate to HTDAC;
 - (b) The Petitioner to serve copy of the Petition on the Respondent immediately, if not served already to file its reply, if any, within two weeks after serving copy of the same to the Petitioner, who may file its rejoinder, if any, within two weeks thereafter; and
 - (c) The Petitioner to give wide publicity to its proposals to the extent as indicated in paragraph 3 above, by uploading the same on its website for inviting comments from the stakeholders and general public and to file an affidavit with detailed study incorporating the comments received from the stakeholders and the response thereon.
5. The Petition shall be listed for hearing in due course for which separate notice will be issued.

By order of the Commission

**Sd/-
(T.D. Pant)
Joint Chief (Law)**