

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 218/MP/2021

**Coram
Shri P. K. Pujari, Chairperson
Shri I.S. Jha, Member
Shri Arun Goyal, Member
Shri P. K. Singh, Member**

Date of order: 6th December, 2021

In matter of:

Application in compliance of Regulation 19 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2021 for approval of amendments in Business Rules of the Indian Energy Exchange (IEX).

And

In matter of:

Indian Energy Exchange Ltd,
Plot No. C-001/A/1, 9th Floor, Max Towers,
Sector 16 B, Noida, Gautam Buddha Nagar,
Uttar Pradesh – 201301

...Petitioner

Parties Present:

Shri Jogendra Behera, IEX
Shri Gaurav Maheshwari, IEX

Order

The Petitioner, Indian Energy Exchange (“IEX”) has filed the present Petition under Regulation 19 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2021 (hereinafter referred to as “the Power Market Regulations”) seeking approval of amendments in Business Rules to introduce gross bidding facility on its platform. The Petitioner has made the following prayers:

“(i) Accord approval of introduction of proposed Gross Bidding on IEX platform and amendment to the Business Rules of the Exchange.



(ii) Consider request contained on Para 20 of the Petition for increasing participation in Gross Bidding for development of market.

(iii) Amend Regulations / Procedures, if any, required for introducing of Gross Bidding on Exchange platform.”

2. According to the Petitioner, as per present arrangement, Distribution Companies ('Discoms') are participating on the platform of Power Exchange on a "Net Pool" basis which means that after fulfilling its demand from the bilateral sources, the Discoms are participating on the Power Exchange to meet their residual requirements which leads to inefficiencies and loss of opportunity of getting low-cost electricity available in the market.

3. It has been submitted by the Petitioner that in the proposed gross bidding arrangement, a Discom will be able to place both buy and sell bids simultaneously in the market for a quantum of power tied under PPA and dispatch it through the market instead of directly scheduling it in a bilateral manner. Discom will place the sell bids at the energy charge agreed upon in the PPA and buy bids as price inelastic bids to avoid any volume risks. In case MCP (market clearing price) discovered in the market is lesser than the PPA rate, then the generator will not get dispatched and the Discom will buy from the market thereby reducing its power procurement cost. However, when MCP will be higher than the PPA rate, the generator will get dispatched through the market and Discom will pay the generator as per the energy rates specified in PPA without incurring any additional gain or loss in the transactions. The Exchange will only settle these transactions with the Discoms in their gross bidding portfolio.

4. It has been submitted by the Petitioner that the concept of 'Gross Bidding' will potentially resolve issues with respect to optimization and replacement of costly power



with low cost power available at the Power Exchange in an efficient manner and without any risk of non-fulfillment of demand. It has been proposed by the Petitioner to incorporate definition of gross bidding and a new client type for gross bidding in its Business Rules.

5. The case was called out for virtual hearing on 30.11.2021.

6. During the hearing, in response to the query of the Commission, as to whether the proposed gross bidding is a financial contract or not, the representative of the Petitioner replied in negative. The representative of the Petitioner added that the gross bidding is based on physical delivery with no offsetting involved. Further, such transactions are already happening on the Power Exchange wherein Discoms are selling surplus power available with them. The only difference is the dispatch through the Power Exchange rather than directly by Discoms which will provide opportunities to the Discoms to reduce their power procurement cost.

7. The Commission is of the view that the proposed gross bidding involves various commercial and regulatory issues requiring wider deliberations and consultations with the stakeholders. These commercial and regulatory issues require to be addressed before considering the proposal for introduction of gross bidding. The Commission further observed that as the Petitioner has not obtained feedback from the stakeholders on the proposed gross bidding, it will be appropriate for the Petitioner first to seek stakeholders' comments on the same in a transparent manner and thereafter approach the Commission.

8. In the light of the above, we direct the Petitioner to give wide publicity to the proposed gross bidding by uploading the same in its website for inviting comments from all stakeholders and general public on the proposed gross bidding. The Petitioner is granted liberty to approach the Commission after comments are received from the stakeholders along with views of IEX thereon. The filing fees deposited by the Petitioner in respect of the present Petition shall be adjusted against the Petition to be filed by the Petitioner in terms of liberty granted above.

9. Petition No. 218/MP/2021 is disposed of in terms of the above.

Sd/-
(P.K. Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(I.S. Jha)
Member

sd/-
(P. K. Pujari)
Chairperson

