

Ref: PXIL/S&R/30082022/1

Date: 30<sup>th</sup> August 2022

To  
**The Secretary**  
**Central Electricity Regulatory Commission**  
3<sup>rd</sup> and 4<sup>th</sup> floor, Chanderlok Building  
36 Janpath  
New Delhi - 110001

**Sub: Public notice issued by CERC on “Draft Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2022 – Observations, comments and suggestions from Power Exchange India Limited.**

**Ref:** Public Notice No. L-1/265/2025/CERC dated 7<sup>th</sup> June, 2022

**Dear Sir,**

The Electricity Act 2003 mandates the Commission to develop a framework that provides for guidelines and standards to be followed by market participants in the system to plan, develop, maintain and operate the power systems, in the most secure, reliable, economic and efficient manner.

In an electricity system, the ‘Grid Code’ is the set of rules a Load Dispatch Centre uses to define conditions for accessing the electricity grid. The ‘Grid Code’ provides a standardised framework for all assets that intend to connect to the grid, and it sets a level playing field for all grid connected entities. The existence of ‘Grid Code’ ensures reliable operation of the grid, when large investments are being made to increase generation capacity and related transmission network.

We take this opportunity to welcome this structural change along with proposed Ancillary Services Market Regulations, Deviation Settlement Mechanism Regulations, General Network Access Regulations and approval to introduce longer tenure Contracts on Power exchange platform, that will ensure market based transactions adhere to ‘Grid Code’ to ensure secure, reliable and efficient operations of the grid.

We request the Hon’ble Commission to kindly take our suggestions on record and grant us an opportunity to present them to the Commission and its staff.

Thanking You,

Yours faithfully,  
For **Power Exchange India Limited**

**Anil V. Kale**

**AVP and Head – Strategy and Regulatory**

Enclosed: Annexure-1: PXIL letter ref No: PXIL/S&R/15022022/1 dated 15.02.2022

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**Power Exchange India Limited**

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**PXIL suggestions and observation on Draft CERC (Indian Electricity Grid Code) Regulations, 2022**

PXIL submits clause wise comments / suggestions on the draft regulations.

**1. Regulation 3 Definition**

*“(1) 10*

*Bilateral transaction: means a transaction for exchange of energy or power (MW or MWh) between a specified buyer and a specified seller, directly or through a trading licensee or discovered in the Term Ahead Market at power exchange through anonymous bidding, and scheduled from a specified point of injection to a specified point of drawal for a fixed or varying quantum of power (MW) for any time period;’*

**Suggestions:**

PXIL submits that the word ‘bilateral transaction’ is defined at Regulation 2 (1) (b) of CERC (Open access in inter-State transmission) Regulations, 2008 (‘STOA 2008’) as under:

*‘Regulation 2 (1) (b)*

*“bilateral transaction” means a transaction for exchange of energy (MWh) between a specified buyer and a specified seller, directly or through a trading licensee or discovered at power exchange through anonymous bidding, from a specified point of injection to a specified point of drawl for a fixed or varying quantum of power (MW) for any time period during a month’*

Further, the word ‘bilateral transaction is defined at Regulation 2.1 (c) of CERC (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022 (‘GNA Regulations 2022’) as:

*‘Regulation 2.1 (c)*

*“Bilateral transaction” means a transaction, other than collective transaction, for exchange of power between a specified buyer and a specified seller directly or through a trading licensee or at a Power Exchange’*

The above definitions enables scheduling and delivery of power for Contracts operating under provisions of Regulation 5(2) and Regulation 5(3) of CERC (Power Market) Regulations, 2021 (‘PMR 2021’).

The Hon'ble Commission is requested to retain the definition of 'bilateral transaction' as provided in GNA Regulations 2022

## **2. Regulation 44 Responsibilities of Load Despatch Centres**

*"Regulation 44 (1)*

*(1) The Regional Load Despatch Centre, in discharge of its functions under the Act, shall be responsible for the following, within its regional control area:*

*....*

*(c) Scheduling of electricity within the region which includes*

*(i) Injection and drawal schedule for regional entities, cross-border entities, in accordance with the contracts;*

*(ii) Incorporation of schedules under collective transactions for regional entities;*

*(iii) optimisation of scheduling inter alia through Security Constrained Economic Despatch (SCED)'*

### **Suggestions:**

PXIL submits that 'bilateral transaction' materialise on Power exchange platform in Contracts operating under provisions of Regulation 5(2) and Regulation 5(3) of CERC (Power Market) Regulations, 2021 ('PMR 2021').

Post matching of Orders received in different bilateral Contracts, when both Buyer and Seller are located in the same State, then, to avoid applicability of inter-state transmission charges and losses to the transaction, the application needs to be submitted to SLDC of the State for scheduling delivery of power.

PXIL submits that the matter of submission of application to SLDC of the State was submitted in Petition no 285/MP/2021, the Hon'ble Commission disposed the matter vide Order dated 26.04.2022, wherein at para 49 PXIL was directed to submit the matter when amendment to IEGC is taken up:

*'Para 49.*

*We note that the Petitioner's request amounts to amendment to the relevant Regulations (IEGC and Open Access Regulations) of the Commission. It is reiterated that the request for amendment to Regulations cannot be entertained through petitions. The Petitioner can raise these issues when the said Regulations are taken up for amendment by the Commission. Accordingly, the prayer of the Petitioner relating to intra-State*

*transactions is rejected as being outside the scope of the present regulatory dispensation.'*

Further, PXIL had vide letter ref No: PXIL/S&R/15022022/1 dated 15<sup>th</sup> February 2022 in response to comments/suggestions invited by Hon'ble Commission in the matter of 'Public notice issued by CERC on Draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2021' submitted its suggestion to Regulation 27.1 (iii) as under:

***Regulation 27 National Open Access Registry (NOAR)***

*"(iii) Provide an interface with the Power Exchange(s) for validation of standing clearance and processing of term-ahead and day-ahead transactions*

PXIL submitted as under:

*S no 5 - Suggestions*

*PXIL has introduced different Contracts to enable market participants transact in electricity to meet their trading requirements. The scheduling and delivery of power for such transactions is 6 in accordance with CERC (Indian Electricity Grid Code) Regulations, 2010 and the CERC (Open Access in inter-State Transmission) Regulations, 2008 and procedures issued in this regard.*

*PXIL humbly submits that post submission of Order by participants in any Contract, matching of Orders is undertaken, it is observed that the matching mechanism may identify and declare Buyer and Seller connected to intra-State network of the same State, in such case scheduling and delivery of power may not necessitate accessing the inter-State network.*

*To facilitate Power exchange to submit application to SLDC of the State, PXIL humbly suggest inclusion of following provision in NOAR*

***"Regulation 27.1 (ii)***

***(ii) (a) Provide an interface with the Power Exchange (s) for submission of application to SLDC of the State for scheduling and delivery of power when both Buyer and Seller are in the same State"***

PXIL letter ref No: PXIL/S&R/15022022/1 dated 15<sup>th</sup> February 2022 is attached as **Annexure-1** for reference.

PXIL submits that submission of application for scheduling an Intra State transaction directly to SLDC of the State enables reduction in cost of transaction as inter-State transmission charges and loss are not levied since inter-State transmission network is not accessed.

PXIL suggests Regulation 44 (1) (c) to be amended by including the below provision:

*'Regulation 44 (1) (c)*

***(iv) Facilitate transfer of application received from Power exchange to SLDC of the State for scheduling and delivery of power of an Intra State transaction executed under provision of Regulation 5(2) and Regulation 5(3) of CERC (Power Market) Regulations, 2021'***

### **3. Regulation 44 Responsibilities of Load Despatch Centres**

*"Regulation 44 (2)*

*(g) Furnishing availability of transmission corridors to the Power Exchange(s) for day ahead and real time collective transactions and in case of congestion, allocating available transmission corridors among Power Exchange(s) in the ratio of initial unconstrained market clearing volume in the respective Power Exchange(s).'*

#### **Suggestions:**

PXIL submits that provision prescribes allocation of available transmission corridor among Power exchange (s) in the ratio of initial unconstrained market clearing volume in respective Power exchange (s).

PXIL submits that in a multi-power exchange model as provided in PMR 2021 the Collective transaction evolve based on demand-supply dynamics of market participants, hence, prescribing allocation based on ratio of initial unconstrained market clearing volume in respective Power exchange would constrain development of optimal solution for allocation of transmission capacity.

PXIL submits that Regulation 44(2) (g) is suggested to be amended as:

*"Regulation 44 (2)*

*(g) Furnishing availability of transmission corridors to the Power Exchange(s) for day ahead and real time collective transactions and in case of congestion, allocating available transmission corridors among Power Exchange(s) in the ratio of initial unconstrained*

*market clearing volume in the respective Power Exchange(s) or as prescribed by the Commission from time to time'*

#### **4. Regulation 44 Responsibilities of Load Despatch Centres**

*"Regulation 44*

*(3) The State Load Despatch Centre in discharge of its functions under the Act and for stable, smooth and secure operation of the integrated grid, shall be responsible for the following in its control area:*

*(c) Scheduling and despatch for the entities in the State control area in accordance with contracts'*

#### **Suggestions:**

PXIL submits that the provision prescribes scheduling and delivery of power of an Intra-State transaction shall be regulated by SLDC of the State.

PXIL submits that post matching of Orders received in different bilateral Contracts, operating under provisions of Regulation 5(2) and Regulation 5(3) of PMR 2021, when both Buyer and Seller are located in the same State, then to avoid applicability of inter-State transmission charges and losses to the transaction, the application needs to be submitted to SLDC of the State.

PXIL submits that to enable reduction in transaction cost and to facilitate submission of application to SLDC of the State, it is suggested to add a Regulation 44(3) (d) as:

***'( d ) Scheduling and despatch of intra-State Contracts operating under provisions of Regulation 5(2) and Regulation 5(3) of CERC (Power Market) Regulations, 2021 based on applications submitted by Power exchange in NOAR portal or directly to SLDC of the State'***

#### **5. Regulation 45 General Provision**

*"Regulation 45*

*(6) Adherence to Schedule*

*Each regional entity shall regulate its generation or demand or both, as the case may be, so as to adhere to schedule of net injection into or net drawal from inter-State transmission system'*

#### **Suggestions:**

PXIL submits that the provision prescribes that concerned each regional entity shall adhere to schedule of injection/drawal from inter-State transmission system.

The proposed Regulation 45.6 mandates submission and adherence to declarations applicable to a transaction. PXIL submits that Power exchange submits application on behalf of participants to schedule delivery of power for transaction executed in different Contracts, however, in case of Term Ahead Contracts the schedule are submitted by respective entities based on provision of Grid code. To assess adherence to contractual obligation by transacting entities, it is suggested to modify Regulation 45 (6) by including a new provision enabling sharing of schedule submitted by participants to Power Exchange as under:

***'Regulation 45***

***6(a) Provided further that when Power Exchange is an applicant, the Schedules as submitted by Buyer and Seller that are counterparts to Contracts operating under Regulation 5(3) of CERC (Power Market) Regulations, 2021 shall be shared by respective Load Despatch Centres with such Power Exchange'***

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