

# **Presentation - PXIL suggestions on draft CERC (Indian Electricity Grid Code) Regulations, 2022**

**October 19, 2022**

# Background

- The Electricity Act 2003 mandates the Commission to develop a framework that provides for non-discriminatory access to inter State transmission network for market participants to schedule power under different transacting arrangements available in the electricity market.
- 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 to under transaction in the market
  - 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
- The regulation proposes to repeal the existing Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010
- Hon'ble Commission issued the draft Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2022 inviting comments / suggestions from stakeholders

# PXIL suggestion

## □ 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;’*

## □ Suggestion

- 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’*

- 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**

# PXIL suggestion

## □ Regulation 44 Responsibilities of Load Despatch Centre

*“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)’*

## □ **Suggestion**

□ The ‘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.

□ 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 4 transactions is rejected as being outside the scope of the*

# PXIL suggestion

## □ Suggestion

- PXIL had vide letter ref No: PXIL/S&R/15022022/1 dated 15th 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'

*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)*

*(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 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. It is submitted that **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'*

# PXIL suggestion

## □ Regulation 44 Responsibilities of Load Despatch Centre

*“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*

## □ **Suggestion**

□ 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.

□ To enable reduction in transaction cost and to facilitate submission of application to SLDC of the State, it is suggested to include 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’*

# PXIL suggestion

## ❑ **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).”*

## ❑ **Suggestion**

❑ The 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**”*

# PXIL suggestion

## □ 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'*

## □ Suggestion

- The provision prescribes that 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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# THANK YOU



**POWER EXCHANGE INDIA LIMITED**

901, 9<sup>th</sup> Floor, Sumer Plaza, Marol-Maroshi Road  
Marol, Andheri (East), Mumbai-400 059, India  
Tel: +91-22-4009 6600 Fax: +91-22-26598512  
website: [www.powerexindia.in](http://www.powerexindia.in)