

**Presentation -
PXIL suggestions on
Draft CERC (Connectivity and General
Network Access to the inter-State
Transmission System) Regulations,
2021**

March 7, 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.
- ❑ The draft 'Connectivity and General Network Access' regulation is aimed to advance to a market friendly approach with provision related to transmission connectivity, deemed GNA for State and rule-based allocation to T-GNA grantees leading to optimal utilisation of transmission capacity under different contracting structures in a fair and transparent manner.
- ❑ The regulation proposes to subsume the existing Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008 and the Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) Regulations, 2009, providing for increase in short term open access period from existing one (1) month to upto eleven (11) months.
- ❑ With the recent Hon'ble Supreme Court Judgement dated 6th October 2021 in CA 5290-5291/2011 in the matter of PXIL vs SEBI and others, the proposed draft Regulations would enable Power exchanges to offer Term Ahead Market Contracts for duration from 'T+2 days' and above upto 11-month ahead in a seamless manner within the T-GNA framework.
- ❑ Hon'ble Commission issued the draft CERC (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2021 inviting comments / suggestions from stakeholders

PXIL suggestion

❑ Regulation 2 Definition

“(ah) “Renewable Hybrid Generating Station” or “RHGS” means a generating station based on hybrid of two or more renewable source(s) of energy with or without Energy Storage System, connected at the same inter-connection point;”

❑ Suggestion

❑ Integrated Hybrid Generating stations are being proposed as solution to maintain grid security and stability of the grid due to large scale integration of grid connected renewables which are infirm by nature, such Hybrid stations provide Balancing power to ensure stability of the grid.

❑ Ministry of Power, vide notification ref no 09/11/2021-RCM dated 15.11.2021 has introduced scheme for flexibility in generation and scheduling of Thermal / hydro power station through bundling with Renewable energy and Storage power.

❑ The above definition be modified by incorporating flexible hybrid power stations as under:

*“(ah) “Renewable Hybrid Generating Station” or “RHGS” means a generating station based on hybrid of two or more renewable source(s) of energy with or without Energy Storage System, connected at the same inter-connection point. **Further, RHGS shall also mean integrated Renewable energy and Thermal / Hydro generating stations that has been installed with and without Battery Energy Storage System within the premises or at new locations within the vicinity of existing Generating***

PXIL suggestion

□ Regulation 4 Eligibility for connectivity to ISTS

“4.1 The following entities shall be eligible as Applicants to apply for grant of Connectivity or for enhancement of the quantum of Connectivity:

(a) Generating station(s), including REGS(s), with or without ESS, with an installed capacity of 50 MW and above individually or with an aggregate installed capacity of 50 MW and above through a Lead Generator or a Lead ESS;

(b) Captive generating plant with capacity for injection to ISTS of 50 MW and above;

(c) Standalone ESS with an installed capacity of 50 MW and above individually or with an aggregate installed capacity of 50 MW and above through a Lead ESS or Lead Generator;

(d) Renewable Power Park Developer;

(e) REGS or standalone ESS with an installed capacity of 5 MW and above applying for grant of Connectivity to ISTS through the electrical system of a generating station already having Connectivity to ISTS:

Provided that such an entity applying for grant of Connectivity to ISTS has an agreement with the said generating station to share its electrical system and dedicated transmission lines, if any.

Provided that for a period of one year from the date of effect of these regulations or such further period as may be notified by the Commission, the normal rate of charges for deviation for a time block shall be equal to the highest of [the weighted average ACP of the Day Ahead Market segments of all the Power Exchanges; or the weighted average ACP of the Real Time Market segments of all the Power Exchanges; or the Weighted Average Ancillary Service Charge of all the regions] for that time block:

□ **Suggestion**

□ PXIL submits that the provision identifies entities that are eligible to apply for grant of Connectivity or for enhancement of the quantum of Connectivity.

□ Further, application for grant of Connectivity should also be accepted from other grid connected entities like Distribution companies, large industries, SEZs or any load more than 50 MW.

PXIL suggestion

❑ Regulation 8 Connectivity Bank Guarantee

“8.2. For cases covered under Regulation 7.1 of these regulations, Conn-BG2 and Conn-BG3, shall be furnished as under

Provided that if the entity that has been intimated in - principle grant of Connectivity, (i) proposes to construct the terminal bay(s) on its own under Regulation 12.4 of these regulations, or (ii) seeks Connectivity at a terminal bay constructed or being constructed by another Connectivity grantee, or (iii) seeks Connectivity through electrical system or switchyard of a generating station, no Conn-BG2 is required to be furnished.:

❑ Suggestion

- The provision provides for connectivity to be provided to an applicant by sharing connectivity infrastructure with another Connectivity grantee.
- The Hon’ble Commission is requested to clarify whether the applicant needs to seek consent from other Connectivity grantee who is developing the requisite infrastructure or the CTU shall undertake such infrastructure development.

PXIL suggestion

□ **Regulation 23 Use of GNA by other GNA grantee (s)**

“23.1. An entity covered under Regulation 17.1 which is a GNA grantee, may authorise other entities covered under Regulation 17.1 which are GNA grantee(s), to use its GNA, in full or in part, with prior approval of the Nodal Agency, for a period not exceeding 1 (one) year at a time on mutually agreed terms and conditions:

□ **Suggestion**

□ The provision provides for transfer of approved GNA to be used by another GNA grantee (s) in full or part with prior approval of Nodal Agency for period not more than one (1) year, thus **the other GNA grantee (s) effectively uses the GNA as ‘Temporary-GNA Grantee’**. Further, transfer from one entity to another may result in **inadvertent hoarding of transmission capacity thereby affecting outcome of future transactions by entities applying under Temporary GNA category**.

□ In order to pre-empt any inadvertent misuse of GNA under the envisaged provision, PXIL suggests that GNA may be permitted for transfer to another entity only if the recipient GNA grantee(s) utilises the same for transacting on Power exchange platform. The provision may be modified as under :

“Provided further, the transfer of GNA from one GNA grantee to another GNA grantee (s) shall be utilised for transacting in Power exchanges by the recipient entity”

PXIL suggestion

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

“27.1 NOAR shall

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

- **Suggestion**

- 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 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 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.

- In such instance, **NOAR shall facilitate submission of application to State Load Dispatch Centre (SLDC)** where both the Buyer and Seller are located.

- To facilitate Power exchange to submit application to SLDC of the State, following provision in NOAR may be included

“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 suggestion

- ❑ **Regulation 28 Application for grant of T-GNA**

“28.1 T-GNA may be applied for any period from 1 (one) time block and up to 11 (eleven) months.”

- ❑ **Suggestion**

- ❑ Regulation 28.1 prescribes the time period that is allowed for applicants desiring to obtain T-GNA. The Hon’ble Commission is requested to clarify the following:

- a. Whether the 11 (eleven) months period would include the month in which the application is submitted

- *Illustration:*

- *If an applicant applies on 20th December 2021, whether the last day of T-GNA would be 31st October 2022 or 30th November 2022*
 - *If an applicant applies on 5th January 2022, whether the last day of T-GNA would be 30th November 2022 or 31st December 2022*

- b. Whether first month of the ‘11 (eleven) months’ duration can be the date from which T-GNA is desired

- *Illustration: The applicant applies on 24th December 2021, seeking T-GNA from 5th May 2022 to 31st March 2023. Whether NOAR will accept such a request and what would be the first day and last for scheduling delivery under the T-GNA*

- ❑ The above would help market participants to submit their applications appropriately

PXIL suggestion

❑ Regulation 28 Application for grant of T-GNA

“28.2 On-line application for grant of T-GNA to the Nodal Agency for a specified quantum and specified time period shall be accompanied by a non-refundable fee of Rupees five thousand (Rs.5000/-)”

❑ Suggestion

❑ The Regulation 28.2 requires Power exchange to submit non-refundable fee of Rupees Five thousand (Rs. 5,000/-). Since every application requires submission of Rs. 5,000/- as application fee, the same would lead to increase in transaction cost for all the participants.

❑ PXIL submits that instead of charging and collecting application fee against every application, rationalisation of application fee is proposed that would result in reduction in transaction cost for all the participants. PXIL humbly suggests modifying Regulation 28.2 as under:

“28.2 On-line application for grant of T-GNA to the Nodal Agency for a specified quantum shall be accompanied by a non-refundable fee.

▪ *Provided separate non-refundable fees of Rupees five thousand (Rs. 5,000/-) shall be submitted to Nodal Agency processing applications for Collective transaction in Contracts approved under Regulation 5(1) of PMR 2021 in a day*

▪ *Provided further separate non-refundable fees of Rupees five thousand (Rs. 5,000/-) shall be submitted to Nodal Agency processing applications for Bilateral transaction in Contracts approved under Regulation 5(2) and 5 (3) of CERC (Power Market) Regulations, 2021 in a day”*

PXIL suggestion

Regulation 28 Application for grant of T-GNA

“28.4 Application for grant of T-GNA may be made under any of the following categories:

A. For bilateral transactions

(a) Advance application for grant of T-GNA: Application made on the (D) day for grant of T-GNA starting on or after the (D+3) day, which may fall either in the same month as the (D) day or in the subsequent month.

(b) Exigency application for grant of T-GNA: Application made on (D) day for grant of T-GNA with scheduling for (S) day, which may be (D) day or (D+1) day or (D+2) day, with a minimum start time of 7 (seven) time blocks unless specified otherwise in the Grid Code:

Provided that the Exigency application for grant of T-GNA shall be made for any time block(s) between 00:00 hrs to 24:00 hrs of the (S) day

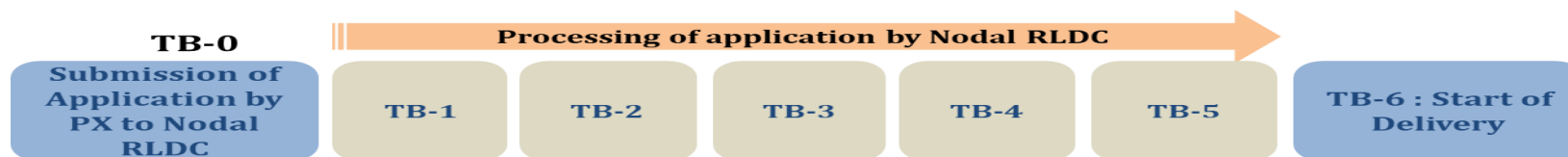
Suggestion

- PXIL submits that Regulation 28.4 (A) (b) provides that an application for bilateral transactions received under ‘Exigency application’ category, the T-GNA shall be granted with minimum start time of 7 (seven) time blocks
- Further, at para 14.10 (B) of ‘Explanatory Memorandum’ the illustration informs processing of application with four (4) time blocks

Regulation 28.4



Para 14.10 Explanatory memorandum



PXIL suggestion

□ Regulation 28 Application for grant of T-GNA

“28.4 Application for grant of T-GNA may be made under any of the following categories:

A. For bilateral transactions

(a) Advance application for grant of T-GNA: Application made on the (D) day for grant of T-GNA starting on or after the (D+3) day, which may fall either in the same month as the (D) day or in the subsequent month.

(b) Exigency application for grant of T-GNA: Application made on (D) day for grant of T-GNA with scheduling for (S) day, which may be (D) day or (D+1) day or (D+2) day, with a minimum start time of 7 (seven) time blocks unless specified otherwise in the Grid Code:

Provided that the Exigency application for grant of T-GNA shall be made for any time block(s) between 00:00 hrs to 24:00 hrs of the (S) day

□ Suggestion

□ When we consider a case for TAM Contract with delivery commencing from ‘T+2’ onwards, in such transaction for scheduling delivery of power, the Power exchange will have to submit two separate applications as under:

a. For delivery on ‘T+2’ or ‘D+2’ day, the application shall be an ‘Exigency application’

b. For delivery from ‘T+3’ or ‘D+3’ onwards the application shall be ‘Advance application’

Particular	Under PMR 2021	Under GNA Regulation
Same Day i.e. application submission ‘D’ and scheduling delivery ‘S’ is on same day here, ‘S’ = ‘D’	Regulation 5 (2): Intraday Contract with delivery on date of transaction i.e. ‘T’	Exigency application for scheduling power
Next Day, here, ‘S’ = ‘D+1’	Regulation 5 (2): Contingency Contract with delivery on next day of transaction i.e. ‘T+1’	Exigency application for scheduling power ‘S’ = ‘D+1’
One day after next day, Here, ‘S’ = ‘D+2’	Regulation 5 (3) Term Ahead Contract with delivery from ‘T+2’	Exigency application for scheduling power ‘S’ = ‘D+2’
Two days after next day i.e. ‘S’ = ‘D + 3’	Regulation 5 (3) Term Ahead Contract with delivery under ‘T+2’ and above	Advance application for scheduling

PXIL suggestion

- PXIL submits Regulation 28.4 (A) may be modified as:
 - Advance application – Delivery is on ‘D+2’ and above
 - Exigency application – Delivery is on same day ‘D’ and next day ‘D+1’

- Regulation 28.6: Application for grant of T-GNA, under bilateral transactions, shall contain the following declarations by the Applicant
- **Suggestions**
- PXIL submits that, PX submits application on behalf of participants to schedule delivery of power for transactions executed in different Contracts, hence, the above regulatory provision should be made applicable on Buyer / Seller that are counterpart in any transaction. It is suggested to modify the above provision as under:

“Regulation 28.6

(e) Provided further that when Power exchange is an applicant, the declarations as required at (a), (b) and (c) above shall be submitted by Buyer and Seller that are counterparts in the application.”

PXIL suggestion

- ❑ **Regulation 28: Application for grant of T-GNA**

“28.8 The application fees in case of rejection of application for T-GNA shall be forfeited”

- ❑ **Suggestions**

- ❑ Forfeiture of application depicts non-compliance by applicant, i.e. Power exchange, instead the Buyer/Seller that has defaulted should be penalised

- ❑ PXIL suggests modifying Regulation 28.8 as under:

“28.8 The application fees in case of rejection of application for T-GNA shall be forfeited

Provided that in case Power exchange is an applicant, the fees shall be returned to the exchange and the entity, i.e. Buyer and/or Seller that are counterparts to the transaction, that has not complied with submission of prescribed declarations as required under Regulations 28.6 shall be suspended from accessing T-GNA for a period of 1-week. Repeated defaults by such participant will result in suspension from accessing T-GNA for longer periods of time with every instance during a financial year”

PXIL suggestion

- ❑ **Regulation 29: Processing of applications for grant of T-GNA by Nodal Agency**

“29.7 The Nodal agency shall verify the following:

(A) In case of intra-State entity:

- ❑ **Suggestions**

- ❑ Regulation 29.7 prescribes verification to be undertaken by Nodal agency in case the applicant is intra-State entity.

- ❑ Post matching of Orders, in case the counterpart Buyer/Seller of a Contract are intra-State entities of the same State, then NOAR shall transfer the application to SLDC of the State

- ❑ PXIL suggests inclusion of provision under Regulation 29.7 (A):

“29.7. The Nodal Agency shall verify the following:

(A) In case of intra-State entity:

(v) In case application is submitted by Power exchange wherein both the Buyer and Seller are intra State entities of the same State, then the application shall be transferred to SLDC of the State for verification and scheduling delivery of power within the intra-State network.

The application charges deposited with NOAR shall be transferred to the SLDC as application fees submitted by Power exchange”

PXIL suggestion

□ **Regulation 32: Revision of T-GNA**

“ 32.1. T-GNA granted under Exigency application category or under Advance application category for a period not exceeding one month cannot be revised.

32.2. T-GNA granted under Advance application category for a period of more than one month may be reduced for the balance period with a prior notice of one (1) month by the T-GNA grantee:

Provided that applicable T-GNA charges for the quantum of T-GNA granted shall be payable for the notice period of one (1) month.”

□ **Suggestions**

□ PXIL submits that Regulation 32.2 provides T-GNA grantees an opportunity to revise their T-GNA for application submitted under ‘Advance application category’. The Hon’ble Commission is requested to provide clarifications as under for benefit of market participants

- a. Timeline for submission of request
- b. Number of days within which the Nodal Agency shall confirm revision in T-GNA
- c. Number of days after which revised T-GNA shall be made applicable

The clarifications would help in incorporating the same in detailed procedure to be issued by NLDC under provision of Regulation 39.2

PXIL suggestion

❑ **Regulation 33: Scheduling request for power under T-GNA**

“33.1. Advance application category:

(a) Scheduling request by T-GNA grantees under Advance application category shall be made on day ahead basis before the opening of bidding window for collective transactions under day ahead market, as per provisions of the Grid Code.

❑ **Suggestions**

- ❑ Regulation 5(3) of PMR 2021 provides for introduction of TAM Contracts where delivery is ‘T+2 and above’ and scheduling under STOA 2008
- ❑ PXIL has sought approval to introduce Month(s) Ahead Contract
- ❑ Market participants have desired the TAM Contracts by PXs should replicate prevailing practices of short-term purchase of power undertaken by Discoms under Tariff based competitive bidding guidelines
 - Downward revision upto 15% in scheduled quantum
 - Penalty at the rate of 20% of contract price when downward scheduling is more than threshold level of 15%

PXIL suggestion

Month Ahead	Quarterly	Weekly	Seasonal / Any Day	Auctions
11-Month	1-Quarter	1-Week	Seasonal	Auction Based Contracts (Forward and Reverse Auction)
10-Month		2-Week	Any Day	
9-Month		3-Week		
8-Month	2-Quarter	4-Week		
7-Month				
6-Month				
5-Month	3-Quarter			
4-Month				
3-Month				
2-Month	4-Quarter			
1-Month				

15-minute time block

- To enable Power exchange to receive information about day ahead schedules submitted by Buyer and Seller, PXIL submits inclusion of following provision under Regulation 33.1 as under:

- *“Regulation 33. Scheduling request for power under T-GNA*

33.1 Advance application category:

(e) Provided when Power exchange is an applicant, then the Schedule submitted by Buyer and Seller counterpart to T-GNA application, the NOAR shall share information of such day ahead schedule to Power exchange”

PXIL suggestion

❑ **Regulation 36: Allocation of Transmission Corridor**

“36.4. After allocation of transmission corridor to GNA grantees and T-GNA grantees under Advance application category, the balance transmission corridor shall be released for collective transactions under day ahead market.

36.6. After the allocation of transmission corridors under Regulations 36.1 to 36.4, the balance transmission corridor may be utilised by GNA grantee by way of revision of schedule, as stipulated in the Grid Code, under any contract within its GNA or under Exigency application category or Real time market based on time stamp for such request. “

❑ **Suggestions**

❑ Regulation 2(1) of PMR 2021, recognises Day Ahead and Real-time Contracts as Collective transaction

❑ Allocation in existing Collective transactions

- Order dated 04.04.2016 in Petition no 158/MP/2013 – priority allocation of 10% in constrained corridor in favour of PXIL
- Order dated 28.05.2021 in Petition no 10/SM/2020 – allocation shall in the ratio of initial market clearing volume in RTM

❑ IDAM Contract – introduction of IDAM under existing ‘Procedure for Scheduling Collective transaction’

❑ Grant of approval for Third Exchange

❑ Equitable allocation to PXs in Collective transaction

- All PXs compete for allotment of transmission capacity, the principle of ‘equitable allocation’ among Power exchange is vital for choice in accessing Exchange platform
- Different methods in different types of Collective markets does not signal ‘uniformity’ in processing the requests

PXIL suggestion

❑ Regulation 36: Allocation of Transmission Corridor

❑ Suggestions

❑ Equitable allocation to PXs in Collective transaction

- a) Allocate transmission capacity equally among the Power exchanges in time blocks where request made are more than available transmission capacity, thus market participants in all Exchange platform are subject to similar outcome, or
- b) Minimum 25% of the corridor is to be allotted to each Power exchange and the balance may be allotted proportionately among the multiple power exchanges. The 25% minimum allocation rule would ensure that atleast half of the allocation is made equitably among the competing Power exchanges

❑ PXIL requests modification to Clause 36.4 as under:

“36.4. After allocation of transmission corridor to GNA grantees and T-GNA grantees under Advance application category, the balance transmission corridor shall be released for collective transactions under day ahead market.

Further, in any time block when the requests received from all the applicants exceeds the available transmission capacity, the Nodal Agency shall allocate transmission capacity equitably among the Power exchange to ensure level playing field till Market Coupling in Collective transactions is implemented”

PXIL suggestions

❑ Regulation 37: Arrangement for Transition

“37.9 Short term Open Access:

(b) On the date of coming into effect of these Regulations, Short Term Open Access applications under the Open Access Regulations pending with RLDC or NLDC shall be closed.

❑ Suggestions

❑ On notification of the Regulations, the application may be processed based on merits as applicable under new Regulations without levying any penal charges

❑ In case of any deficiencies are identified, reasonable time may please be provided by Nodal Agency to applicant

❑ PXIL submits modification of Regulation 37.9 (b) as under:

*“(b) On the date of coming into effect of these Regulations, Short Term Open Access applications under the Open Access Regulations pending with RLDC or NLDC **shall be processed based on the merits of the application under provisions of this Regulation.***

Provided in case any deficiencies are identified by Nodal Agency, such deficiencies shall be informed by Nodal Agency to the applicant providing reasonable time as provided in this Regulation to rectify the deficiencies.

Provided further on receipt of deficiency information from Nodal Agency, in case the applicant desires to withdraw the application submitted under earlier Regulation, then the application fee, transmission charges and other charges as deposited with the application shall be reimbursed by Nodal Agency to the applicant”

PXIL suggestions

❑ **Regulation 39: Procedure**

39.2. For T-GNA, NLDC shall issue the Detailed Procedure for T-GNA including the following formats after stakeholders' consultation within a period of 3 months of notification of these regulations and submit the same for information of the Central Commission:

❑ **Suggestions**

- ❑ PXIL submits that Regulation 32 provides for Revision of T-GNA when the period is more than one month. The Hon'ble Commission is requested to direct NLDC to issued detailed procedure applicable for 'Revision of T-GNA'

❑ **Other Suggestions:**

- ❑ PXIL submits that NOAR should provide a Dashboard with information regarding transmission capacity assessment and utilisation in case of all transactions over all tenures as under:
 - a. The ATC / TTC information in different segments of transmission system
 - b. Transmission allocation request received from all applicants for every Collective and Bilateral transaction
 - c. Transmission capacity allotted to each applicant for every Collective and Bilateral transaction
 - d. Application status information as – date of submission, acceptance/rejection, etc.

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