

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 160/MP/2021  
along with  
IA No. 84/IA/2021**

**Coram:**

**Shri P. K. Pujari, Chairperson**

**Shri I. S. Jha, Member**

**Shri Arun Goyal, Member**

**Shri P. K. Singh, Member**

**Date of Order: 16<sup>th</sup> February 2022**

**IN THE MATTER OF:**

Petition under Regulation 21 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2010, as amended or substituted, for grant of registration to establish and operate a Power Exchange and permit the Petitioner to commence the operation of power exchange

**And in the matter of**

**Pranurja Solutions Limited,**  
25th Floor, P J Towers, Dalal Street,  
Mumbai 400 001

**.....Petitioner**

**Parties Present:**

Shri Ravi Kishore, Advocate, PSL

Shri Akhilesh Awasthi, PSL

**ORDER**

The Petitioner, Pranurja Solutions Limited (hereinafter referred to as the "PSL"), has filed the present Petition under Regulation 21 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2021, as amended or substituted, for grant of



registration to establish and operate a Power Exchange and permit the Petitioner to commence the operation of power exchange.

### **Background**

2. The Petitioner 'Pranurja Solution Limited (PSL)' filed Petition 287/MP/2018, seeking grant of registration to establish and operate a Power Exchange under Regulation 16 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2010 (in short, "PMR 2010"). The Petition was disposed of with an Order dated 12.05.2021 wherein registration to the proposed power exchange was granted subject to the compliance of the directions passed by the Commission through the Order.

3. On 10.08.2021, the Petitioner filed the present petition (Petition No. 160/MP/2021), communicating that it has complied with the Commission's Order dated 12.05.2021, and therefore, it may be permitted to establish and operate a Power Exchange. The Petitioner made the following prayers in the Petition:

- "a) admit the Petition;*
- b) grant registration to the Petitioner Company to establish and operate a power exchange as the Petitioner has complied with all the conditions as stipulated in the Order dated 12.05.2021 of this Hon'ble Commission in Petition No 287/MP/2018;*
- c) approve the Rules, Bye-Laws and Business Rules of the Exchange in terms of PMR 2010;*
- d) permit the Petitioner to commence the operation of the Power Exchange;*
- e) grant authorisation to the Exchange to introduce the contracts as specified in the present Petition; and*
- f) pass such other, and further Order (s) as this Hon'ble Commission may deem fit and proper under the facts and circumstances of the present case and in the interest of justice."*

4. On 15.08.2021, the PMR 2010 was repealed and the Central Electricity Regulatory Commission (Power Market) Regulations, 2021 (in short, "PMR 2021") came into effect. As per Regulation 12(5) of the PMR 2021, a power exchange granted registration by this Commission under PMR 2010 shall deem to be registered under the PMR 2021.

5. Subsequently, the Petitioner filed IA No. 69 of 2021 to permit the Petition 160/MP/2021 to be treated as having been filed under PMR 2021 and, accordingly, to allow it to operate the power exchange. The Petitioner made the following prayers in the IA:

- “(a) allow the present interlocutory application;*
- (b) permit that the Petition No 160/MP/2021 to be treated as having been filed under Central Electricity Regulatory Commission (Power Market) Regulation 2021;*
- (c) allow the prayer as in the Petition No 160/MP/2021; and*
- (d) pass such other, and further Order (s) as this Hon'ble Commission may deem fit and proper under the facts and circumstances of the present case and in the interest of justice.”*

6. The Commission, in its Order dated 20.10.2021 in IA No. 69/IA/2021 in Petition 160/MP/2021, noted that the Applicant, in terms of Regulation 12(5) of the PMR 2021, shall be treated as a registered power exchange under the PMR 2021 and its application shall be considered as having been filed under PMR 2021. The Commission directed the Applicant to align its Rules, Bye-Laws, and Business Rules and other supporting documents in accordance with the PMR 2021 and simultaneously initiate the stakeholders' consultation. The Commission also directed the Applicant to submit details on the proposed transaction platform, including the trading software. The relevant extract from the Order is reproduced as under:

*"6. In the present IA, the Applicant has prayed, inter alia, to permit that the Petition No. 60/MP/2021 be treated as having been filed under the PMR 2021. We note that subsequent to the filing of the Petition No. 160/MP/2021, the Central Electricity Regulatory Commission (Power Market) Regulations, 2010 (in short, "the PMR 2010") has been repealed, and the PMR 2021 has been notified, which has become effective from 15.08.2021. In view of the above, the Petition No. 160/MP/2021 shall be treated as having been filed under PMR 2021.*

*7. We also direct the Applicant to align its Rules, Bye-Laws and Business Rules and other supporting documents in accordance with the PMR 2021 and file them within two weeks of this Order through an affidavit; and simultaneously initiate the stakeholders' consultation on the modified Rules, Bye-Laws and Business Rules. We*

*further direct the Applicant to submit details on the proposed transaction platform, including the trading software to be used along with the same affidavit...."*

7. On 28.10.2021, to comply with the directions of the Commission passed in the Order dated 20.10.2021, the Petitioner filed an affidavit providing revised Bye-laws, Rules, Business Rules including the contracts intended to be introduced as per PMR 2021; and the proposed technology to be adopted for the operation of the Power Exchange. In its affidavit, the Petitioner mentioned that it has added 'Integrated Day Ahead Market (IDAM)' in the list of proposed contracts to be launched at its platform.

8. On 1.12.2021, the Petitioner filed an affidavit and an interlocutory application (IA) No. 84/IA/2021 in this Petition.

- Through the affidavit dated 1.12.2021, the Petitioner submitted that pursuant to the directions of the Commission vide Order dated 20.10.2021, the Petitioner had uploaded its Bye-Laws, Rules and Business Rules, including the details of contracts proposed to be introduced by the Petitioner on its website on 29.10.2021 along with public notice inviting comments thereon by 15.11.2021, which was extended up to 22.11.2021. However, no comment has been received.
- Through IA No. 84/IA/2021, the Petitioner requested change in name of the Petitioner Company from **Pranurja Solution Limited** to **Hindustan Power Exchange Limited** and has placed on record the Special Resolution dated 27.10.2021 passed in Extra-Ordinary General Meeting (EGM) of the Petitioner Company and Certificate of Incorporation pursuant to a change of name dated 25.11.2021 issued by Office of Registrar of Companies, Ministry of Corporate Affairs (MCA), Government of India.

9. On 21.12.2021, the matter was called out for a virtual hearing wherein the Petitioner has reiterated its written submissions. During the hearing, in response to the specific query of the Commission regarding trading software and status of audit of its algorithm, the Petitioner submitted that presently trial operations in respect of the trading software are ongoing, and upon completion of the trial, the Petitioner will furnish the audit of its algorithm. The

Petitioner further submitted that, meanwhile, approval might be accorded to the Bye-Laws, Rules, and Business Rules, including the contracts, proposed to be introduced in order to enable the Petitioner to initiate the discussion with generation companies/ distribution companies with regard to the membership at its Exchange. After hearing the learned counsel for the Petitioner, the Commission reserved the matter for Order.

### **Analysis and Decision**

10. We have considered the submissions of the Petitioner and perused documents on record. Consequent to issue of Certificate of Incorporation pursuant to change of name dated 25.11.2021 issued by Office of Registrar of Companies, Ministry of Corporate Affairs, Government of India, we direct that name of the Power Exchange be changed from 'Pranurja Solutions Limited (PSL)' to 'Hindustan Power Exchange Limited (HPX)' in the Commission's records and also in the Bye-Laws, Rules, and Business Rules of the Petitioner. It is, however, clarified that with the change of name of 'Pranurja Solutions Limited (PSL)' to 'Hindustan Power Exchange Limited (HPX),' all the approvals/ directions given in the matter of Petition No. 287/MP/2018 and Petition No. 160/MP/2021 shall be deemed to have been given to the 'Hindustan Power Exchange Limited (HPX)' along with the grant of registration to its exchange platform with associated terms & conditions. It is directed that 'HPX' shall always remain bound by the PMR 2021 and other applicable regulations of the Commission.

11. The Commission has examined the proposed Bye-Laws, Rules, and Business Rules, including the details of contracts proposed to be introduced by the Petitioner. The Commission has indicated its observations/ directions in the last column of Annexure-I to this Order. The Petitioner is directed to amend its Business Rules, Rules, and Bye-Laws by appropriately incorporating these directions/ observations and publishing the same on the website of the HPX and also to intimate the Commission within fifteen days from the date of issue of this Order. Accordingly, the Commission accords approval to the revised Business Rules, Rules, and Bye-Laws (including the details of contracts proposed to be introduced by the Petitioner) as per the directions/ observations made in the last column of the Annexure. Needless to mention, if any discrepancy is noticed or if it appears that the revised Business

Rules, Rules, and Bye-Laws do not conform to the observations/ directions of the Commission in any respect, necessary directions may be issued for such compliance.

12. It is observed that HPX is required to seek the Commission's approval on the transaction platform and its technical aspects in accordance with the Order dated 12.05.2021 in Petition No. 287/MP/2018. Also, in terms of Regulation 28(4) of the PMR 2021, the Petitioner is required to get the algorithm audited before the commencement of the operations of the power exchange. Therefore, we direct the Petitioner to submit details on the proposed transaction platform, including the software to be used through a separate Petition. The Petitioner is also directed to get the algorithm audited in terms of Regulation 28(4) of the PMR 2021 and furnish the results along with that Petition.

13. Annexure-I attached herewith shall form part of this order.

14. Petition No. 160/MP/2021 along with IA No. 84/IA/2021 are 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**

## HPX Business Rules, Rules and Bye-Laws and Observations/Directions of the Commission

### 1. Business Rules

Sr. No.	Page No.	Clause No.	Relevant Line/Para	Observations/Directions of the Commission
1	2	---	Contents of Business Rules	It has been observed that the Exchange has not included the mechanism for redressal of grievances as per Regulation 19(1) (r) of PMR 2021 in the proposed Business Rules. Therefore, the Exchange is directed to include the same.
2	9	10.1 & 10.2	Margins 10.1. Initial Margin 10.2 Additional Margin	It has been observed that the Exchange has interchangeably used the terms 'initial margin' and 'additional margin' with the 'Security Deposit'. It is directed to use the term in line with the PMR 2021 wherever it appears in the document.
3	10	11.3	The Member other than <b>Advisory member</b> shall however be responsible for his own trades and/ or trades executed on behalf of his clients on the Exchange.	In accordance with Regulation 21 of the PMR 2021, membership of the Power Exchange shall be of the following three categories: i) Trader Member ii) Proprietary Member iii) Facilitator Member  Therefore, the Exchange is directed to modify the category of member as per the PMR 2021.
4	16	19	The Exchange may provide incentives in the transaction fees to various Members based on volumes transacted by them on the Exchange.	In accordance with Regulation 23 of the PMR 2021, a power exchanges shall be required to obtain approval of the Commission for the transaction fee.

				Therefore, the Exchange is directed to file a separate Petition seeking approval on transaction fee with the details on the proposed incentives based on the types of contract or quantum of transaction or duration of transaction or such other factor(s) as per the Regulations.
5	38	30	Obligations and liabilities of the Undersigned arising out of or incidental to any dealings made subject to the Byelaws, Rules and <u>Regulations of PSL</u> .	The term 'Regulations of PSL' be modified as 'Business Rules of PSL.'
6	72	10.1b)	Margin requirements ----- b) Option 2 (Advance Payment): For member choosing this option, member has to bring in advance payment before the commencement of the trading session. The Exchange would define a <u>haircut factor</u> from time to time, and bids would be permitted to the extent of funds available in his settlement account net off a haircut.	The Exchange is directed to clearly define the 'haircut factor' in the Business Rules.
7	85	1a)	1. Term Ahead Contracts a) Contingency Contracts (Day-Ahead and Intra Day)	It has been observed that the Exchange has categorized Day Ahead Contingency and Intra Day contracts under Term Ahead Market which is not in accordance with the PMR 2021. Therefore, the Exchange is directed to align the same with PMR 2021.



8	86	3A	One of the following two auction methodologies will be adopted at any point of time: a. Closed uniform price auction b. Open uniform price auction	As per the Regulation 5(3) of PMR 2021, the bidding mechanism and price discovery mechanism shall be as approved by the Commission based on the proposal of the Power Exchange.
9	85 & 157	b) & c)	Daily and Weekly contracts The Exchange will carry out trading in such contracts either through 'Uniform Price Step Auction' or 'Continuous Trade' sessions or a combination of both depending on market feedback.	However, the proposal of power exchange in the text is not aligned with the contract specifications provided in the Annexure at Page 109/174 and 114/177.  Therefore, Exchange is directed to make necessary corrections at all places and also to clearly state, on which mechanism (for the respective contracts) it is seeking the approval of the Commission.  Also, the phrase 'will be adopted at any point of time' is required to be re-written in accordance with the Regulations.
10	94	c) & d)	Margin Requirements a) Initial Margin .... b) Additional Margin .... c) Variation Margin: The Exchange on a pre-decided day will compute the Variation Margin of members based on their trades (open position). Variation Margin is levied member wise and computed at client level...  d) Extreme loss Margin: The Exchange may collect any ad hoc margins from time to time in case if it	The Exchange is directed to propose the margin requirements in accordance with the PMR 2021.

			feels that the available margins collected by the Exchange are inadequate due to variation in the prices in the Market...	
11	100, 150 & 166	9	Delivery procedure	The Exchange has proposed the delivery procedure (including transmission losses, charges & their illustrations) and contract specifications as per the Sharing Regulations, 2010, which need to be in accordance with the Sharing Regulations, 2020. Accordingly, the Exchange is directed to update the same at all places.
12	146	f.	f. Other Bids: The Exchange may introduce other types of bids as per the requirement of the Market, and the same will be notified by Exchange in advance to the members.	<p>In accordance with Regulation 25(1) of the PMR 2021, a power exchange may introduce new bid types or modify existing bid types conforming to the types and features of the contracts specified under Regulations 4, 5, and 6 of these regulations, after consultation with stakeholders and National Load Despatch Centre, under intimation to the Commission, along with the details of consultation with stakeholders and National Load Despatch Centre and the views of the Power Exchange.</p> <p>In the above context, the power exchange is directed to rephrase the content to align with the aforementioned provision of PMR 2021.</p>