



PUNJAB STATE POWER CORPORATION LIMITED

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Memo No. 1655

Dated: 04/11/22

Sub: Staff Paper on Power Market Pricing

The comments/suggestion of PSPCL are as under: -

Uniform Clearing Price for Pricing Methodology

1. Prices in TAM market are being derived from DAM prices itself i.e Uniform Clearing Price for pricing methodology
2. In case "Pay-as-bid" pricing methodology is adopted as price discovery mechanism, Generators/Sellers will change their bidding strategy and may increase their bid price. Hence, it may not solve the purpose.
3. This also gives a correct price signal of the day ahead demand as the generators offer their variable cost and buyers submit its price as per the demand
4. Therefore, "Uniform Clearing Price" pricing methodology may be kept for power price discovery in Power Exchanges
5. However, inframarginal generators needs to be prevented from earning super normal profits based upon Uniform Market clearing prices. A cap can be considered on the excess revenues made by inframarginal power plants.
6. Supramarginal generators with high price than the normal capped market price shall opt for separate High Price market segment.

Time-of-Day (ToD Tariff) may be introduced in all the states

7. ToD tariff is not applicable across the Distribution Companies in Pan India

basis

8. Peak shaving is one of the important aspect of reducing the peak pricing
9. Regulatory Bodies may implement TOD tariff scheme for HT & EHT consumersPan India.
10. Additional Incentive for operating at higher load factor during off-peak hours (above 80% LF) in addition to the lower TOD tariff during off-peak hours

The above option would encourage load intensive customers to shift their requirement to off peak hours, thus would help in reducing peaking requirement.


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- CC: 1. Sr.PS to Director/G for kind information please.
2. EIC/PP&R, PSPCL, Patiala.**