

To,

**Secretary,**

Central Electricity Regulatory Commission,  
6th, 7th & 8th Floors, Tower B, World Trade Centre,  
Nauroji Nagar, New Delhi- 110029

Email: [secy@cercind.gov.in](mailto:secy@cercind.gov.in) [shilpa@cercind.gov.in](mailto:shilpa@cercind.gov.in)

*Subject: Comments and suggestions on the Draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) (Third Amendment) Regulations, 2024.*

Dear Sir,

Kindly refer to the Public Notice bearing No. No. L-1/261/2021/CERC dated July 31, 2024, & August 30, 2024, inviting comments and suggestions from the stakeholders on the Draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) (Third Amendment) Regulations, 2024.

We wish to provide you with our comments/ suggestions on the above for your kind consideration and are annexed as Annexure to this letter. Kindly take them on record.

In addition to providing this written memorandum, we are also available for making an oral representation to the staff and/or before the Hon'ble Central Electricity Regulatory Commission if so required.

Warm regards,



Kapil Dev

Managing Director



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## Annexure

### Comments/ Suggestions on the Draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) (Third Amendment) Regulations, 2024.

1. Clause 23. 3 has been proposed to inserted below Regulation 23.2 of the Principal Regulations.

The proposed amendment is mentioned below:

#### **29. Amendment to Regulation 23 of the Principal Regulations:**

29.1. A new Regulation 23.3 shall be inserted below Regulation 23.2 of the Principal Regulations as under :

*“23.3 NLDC shall make a web portal where a list of GNA grantees with their GNA quantum shall be displayed. The GNA Grantees shall be able to indicate the GNA quantum, dates, and time blocks for which such quantum can be made available, for use by other GNA grantees. GNA grantees who wish to use the GNA of another GNA grantee shall also be able to indicate their requirement of GNA quantum along with dates and time blocks for which such quantum is required.”*

(Emphasis provided)

2. In the Principal Regulation
  - a. The Regulation 23 covers use of GNA by other grantees.
  - b. The Regulation 24 deals with Relinquishment of Connectivity and GNA. Hence, surrender of GNA is not covered in clause 23.
  - c. From a & b it can be inferred that Regulation 23 deals with **GNA which is not relinquished but can be offered to be utilized by other grantees.** In other words it is GNA available for short term trading between grantees.
3. It is proposed that a web portal be made available to GNA Grantees with features to indicate the GNA quantum, dates, time blocks for which such quantum **can be made available** for use by other GNA grantees. GNA grantees shall also be able to indicate their requirement.
4. From the above, it can be inferred that
  - a. GNA grantee(s) will be able to list their surplus (willingness to sell)
  - b. GNA grantee(s) will be able to list their requirement (willingness to buy)
  - c. the portal will facilitate direct interaction between GNA Grantees (buyer & seller).
  - d. The display of GNA quantum will reduce the information asymmetry amongst the buyers and sellers.
5. The above are the roles given to OTC platform and not NLDC. Extracts from the SoR of Power Market regulations are reproduced below:

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## Analysis and Decision

26.4. OTC Platform was proposed in the Draft PMR with the intention of **facilitating direct interaction between buyers and sellers of electricity in the OTC Market** and to reduce the existing level of **information asymmetry** in the OTC Market. The Commission is of the view that the OTC Platform would provide **useful and relevant market information to potential buyers and sellers of electricity to facilitate taking buy/sell decision** in OTC market.

26.5. The provisions as proposed in the Draft PMR have been retained.

From the above it can be clearly inferred that:

- Providing useful and relevant market information to potential buyers and sellers (GNA Grantees) is envisaged for the OTC Platform.
- The information should facilitate taking buy/sell decision by the potential buyers and sellers (GNA grantees).

6. In case NLDC does these, it will be operating an OTC Platform without a permission under Power Market Regulation and will be breach of Regulation 40 of the Power Market Regulation, which states

40. OTC Platform shall operate after obtaining registration under these regulations.

The Guidelines for Registration and Filing Application for Establishing and Operating Over the Counter (OTC) Platform, further state that,

### 5. Requirement of Registration for operating OTC Platform

*No entity shall operate an OTC Platform unless it has been granted registration to establish and operate such platform by the Commission under PMR 2021 read with these Guidelines.*

7. Regulation 23 of the Principal Regulations also mentions,

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:**

(Emphasis Added)

- a. as **authorization to use its' GNA**, in full or in part, is to be done by GNA Grantee.
- b. A prior approval has to be obtained from Nodal Agency.
- c. The transfer period cannot exceed one year at a time
- d. the terms and conditions have to be mutually agreed.
- e. Payment liability shall continue with the Grantee while deviation shall be calculated on revised GNA.
- f. A detailed procedure for application has been defined.

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8. In the Power Market Regulations, 2021, "**mutual agreement**" has been defined as one of the methodology for determining the price and other terms of the contract in the OTC market.
9. **The agreement between the GNA grantees is an OTC contract and hence becomes a part of OTC Market.**
10. The agreement to deal is a part of the exchange of information flow which might be followed by application for transfer, subject to approval from Nodal Agency. Upon approval, it will lead to physical flow and financial flow leading to a trading of GNA.
11. In terms of Section 26. (National Load Despatch Centre) (2) of the Electricity Act, "NLDC Shall not engage in the business of trading in electricity."
12. In light of the above, any involvement of NLDC, other than granting approval, can be construed as engaging in trading of electricity.
13. Accordingly, the proposed clause may be amended as under:

"23.3 The OTC Platform shall offer GNA grantees a functionality to list their GNA quantum. The GNA Grantees shall be able to indicate the GNA quantum, dates, and time blocks for which such quantum can be made available, for use by other GNA grantees. GNA grantees who wish to use the GNA of another GNA grantee shall also be able to indicate their requirement of GNA quantum along with dates and time blocks for which such quantum is required. In case of mutual agreement between the GNA Grantees, the details shall be sent to NLDC through API."

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S. No.	Particulars	Provisions of Draft Regulations	Suggested change	Provisions of Electricity Act, PMR 2021, SoR for PMR 2021 and Guidelines for OTC Platform	Remarks
1.	<b>29. Amendment to Regulation 23 of the Principal Regulations:</b>	<p>29.1. A new Regulation 23.3 shall be inserted below Regulation 23.2 of the Principal Regulations as under :</p> <p>“23.3 NLDC shall make a web portal where a list of GNA grantees with their GNA quantum shall be displayed. The GNA Grantees shall be able to indicate the GNA quantum, dates, and time blocks for which such quantum can be made available, for use by other GNA grantees.</p> <p>GNA grantees</p>	<p>The OTC Platform shall offer GNA grantees a functionality to list their GNA quantum. The GNA Grantees shall be able to indicate the GNA quantum, dates, and time blocks for which such quantum can be made available, for use by other GNA grantees. GNA grantees who wish to use the GNA of another GNA grantee shall also be able to indicate their</p>	<p><b>1. Analysis and Decision</b></p> <p>26.4. OTC Platform was proposed in the Draft PMR with the intention of <b>facilitating direct interaction between buyers and sellers of electricity in the OTC Market and to reduce the existing level of information asymmetry in the OTC Market. The Commission is of the view that the OTC Platform would provide useful and relevant market information to potential buyers and sellers of electricity to facilitate taking buy/sell decision in OTC market.</b></p> <p>26.5. The provisions as proposed in the Draft PMR have been retained.</p>	As above

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		<p><i>who wish to use the GNA of another GNA grantee shall also be able to indicate their requirement of GNA quantum along with dates and time blocks for which such quantum is required."</i></p>	<p>requirement of GNA quantum along with dates and time blocks for which such quantum is required. In case of mutual agreement between the GNA Grantees, the details shall be sent to NLDC through API."</p>	<p>2. 40. OTC Platform shall operate after obtaining registration under these regulations.</p> <p>3. 5. <b>Requirement of Registration for operating OTC Platform</b>  <i>No entity shall operate an OTC Platform unless it has been granted registration to establish and operate such platform by the Commission under PMR 2021 read with these Guidelines.</i></p> <p>4. In terms of Section 26. (National Load Despatch Centre) (2) of the Electricity Act, "NLDC Shall not</p>	
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				<i>engage in the business of trading in electricity."</i>	
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