

APP Comments on CERC's Draft Order in Petition No. 8/SM/2024, dated 4.10.2024 regarding CERC (Power Market) Regulations, 2021

Proposed Clause in Draft Order	APP Comments
<p>24. In view of the above, the Commission proposes to give the following directions:</p> <p>.</p> <p>.</p> <p>.</p> <p>c) In view of the very low liquidity in Intra Day Contracts since its introduction, the availability of the alternative Real-Time Market, and to avoid market fragmentation, it is proposed to withdraw Intra-Day Contracts in all the Power Exchanges from a pre-specified date, in terms of Regulation 25(3) of PMR 2021.</p>	<ul style="list-style-type: none"> • The Draft Order proposes the withdrawal of Intra-Day contracts from a prespecified date, in terms of Regulation 25(3) of PMR 2021, in light of the availability of the alternative Real-Time Market & very low liquidity in Intra Day Contracts since its introduction. • While it is true that there has been significant growth in the RTM volume compared to the intra-day market, the Intra-Day Contracts provide another avenue/back up option for the participants. As there is no surety of full volume clearance in the Real Time Market, the Intra-Day Contracts can provide a strategic backup option for the participants. • We do not feel there is any compelling reason to withdraw the Intra-Day contracts as these contracts help to increase options and choices for the market participants and should be encouraged. • Hence, we request the Hon'ble Commission to continue with the existing Intra Day contracts.
<p>24. In view of the above, the Commission proposes to give the following directions:</p> <p>.</p> <p>.</p> <p>d) It is proposed to modify the price discovery mechanism in the case of Contingency Contracts to Uniform Price Step Auction from the existing Continuous matching. The Commission</p>	<ul style="list-style-type: none"> • Transitioning the Day-Ahead Contingency (DAC) to an auction-based model could fundamentally alter the nature of the contingency market. The contingency market is typically associated with urgent buying, where participants seek immediate results to close their positions. An auction format may slow down this process, potentially undermining the market's ability to address urgent supply needs efficiently. Thus, maintaining a continuous matching approach is crucial for preserving the core functions of the contingency market.

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proposes to issue amendment(s) in PMR 2021 to this effect.	<ul style="list-style-type: none"> • Therefore, we request the Hon'ble commission, to continue with the Continuous matching for the price discovery mechanism in the Day Ahead Contingency Market.