

DBPL comments on draft order in the Suo-Motu Petition No. 8 SM 2024 thereof.

This is in reference to “*Directions by the Commission to the Power Exchanges registered under the Central Electricity Regulatory Commission (Power Market) Regulations, 2021 – Draft order in the Suo-Motu Petition No. 8/SM/2024 thereof*” dated 4th October 2024. We have the following submission before the Hon’ble commission pertaining to the proposed changes in Contingency contracts and Term-Ahead Market: -

1. The need for fair access and accurate price discovery in Any-Day Single Sided Contracts (ADSS) called upon by Discoms through PXs

Under the current practice, Distribution Licensees procure short-term bilateral power (up to one year) following the Ministry of Power (MoP) guidelines. This involves a two-stage tariff-based bidding process followed by a Reverse Auction (RA), subject to approval from respective state commissions. In this process, prospective sellers participate either directly or through trading licensees.

With the availability of ADSS contracts across all PXs, discoms have started issuing power procurement requests for the same requisition in all PXs, aligned with the ADSS time frame during the tender's validity period. Additionally, power procured through PXs is exempt from the MoP guidelines mentioned above. If the price discovered through the ADSS process is lower than that of the tender process, the discom(s) finalize the ADSS contract through PX and cancel the tendering process. However, smaller generators with limited surplus capacity often miss the opportunity to participate in ADSS since they have already committed to the tendering process. As a result, accurate price discovery is not occurring in either the bilateral or ADSS processes, with the benefits skewed toward generators with large merchant capacities.

In light of this, we suggest that if a discom intends to procure power through ADSS in PXs, it should first complete or cancel the ongoing tender process to ensure all participants have an equal chance to engage in the power procurement process. Additionally, if the discom opts for ADSS procurement, it should issue the tender in only one PX, allowing for accurate price discovery through a competitive bidding process.

2. Auction notice/notification for Intra-day, Day ahead contingency, TAM- Daily, TAM- Weekly, TAM- Monthly

We propose that auction/bid notices be made available to all PX members well in advance for all products (excluding DAM and RTM), including Intra-day, Day-Ahead Contingency, TAM-Daily, TAM-Weekly, and TAM-Monthly contracts, which are currently limited to ADSS contracts only.

Expanding these notices will enable competitive price discovery and promote greater transparency for all market participants.