

No: DVC/CERC/1463

Date: 11.11.2024

To

The Secretary

Central Electricity Regulatory Commission

6<sup>th</sup>, 7<sup>th</sup> & 8<sup>th</sup> Floors, Tower B, World Trade Centre

Nauroji Nagar

New Delhi- 110029

**Sub: Public notice issued by CERC in the matter of '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 – submission of observations**

**Ref:** Public Notice No. L-1/257/2020/CERC dated 4<sup>th</sup> October 2024

Dear Sir,

This is in reference to Draft order in the Suo-Moto Petition Nn.8/SM/2024 issued on 4<sup>th</sup> Oct 2024.

Observations/Comments :

**1) Day ahead Contingency price is at Higher side.**

At Para 15 of CERC Draft Order, a comparison of transactions concluded by market participants in DAM and DAC is made, similarly, at Para 16 of the Order, it is informed that for the period October 2023 to June 2024 the price in DAC remained consistently higher than DAM.

For this we have following observations:

- a. DAC provides another opportunity to meet their power requirements after the DAM where clearing of total purchase quantum is uncertain for buyers especially when rate hits ceiling of Rs 10(max rate ).
- b. DAC was designed to provide an opportunity for Discom to take care of load forecasting error or outages at Generators end after conclusion of DAM.

**2) Intraday Product**

CERC Draft Order Para 24(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"*



At Para 24(b) of CERC Draft Order commission have proposed following changes in Reverse Auction stages.

The Intra-Day transaction enables buyer/seller to transaction power early as 10/14-time blocks, i.e. 2/3 hours 30 minutes, prior to start of delivery for duration up to 24:00 hours.

Comments:

- a. Intra Day market has provided one more option to balance demand-supply ahead of RTM.
- b. Intra-Day is 'open bidding' that operates with 'Continuous matching mechanism', the result of such matching/clearing is available 10 time-blocks ahead of delivery. In case the bids remain un-matched, the buyer/seller has final option to place bid in 'RTM' that operates as 'double sided closed bid'. Thus, sequential operation of 'Intra-Day' followed by 'RTM' facilitates market participants to meet their power trading requirement in optimal manner.
- c. In the past we have experienced that in peak hours even after bidding at highest rates (i.e Rs 10) the buy bids remains uncleared at the maximum discovered rate of Rs 10. In such scenario Intraday product provides an opportunity for the buyer to ensure procurement of power requirement well before RTM.

Availability of different types of options is sign of healthy market.

**3) Any day Reverse Auction**

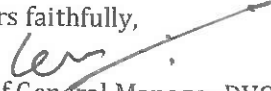
At Para 24(b) of CERC Draft Order commission have proposed following changes in Reverse Auction stages.

<b>Bid Receiving Window</b>	<b>Max. 2 days (48 hours)</b>
<b>IPO Auction</b>	<b>Max. 2 hours (120 mins)</b>
<b>Reverse Auction</b>	<b>Min. 2 hours (120 mins) with an extension up to 24:00 Hrs of auction day</b>
<b>Acceptance Window</b>	<b>Max. 2 days (48 hours)</b>

Our suggestion is as below:

- Placing bid for required period require planning and taking in consideration outage, grid maintenance, future load addition and RPO obligations. Therefore, many sellers may not be able to place their sale bids within two days of bid receiving window. So, this window may be extended to at least 4 days.
- Approval within a 2-day timeframe is challenging and it is worth noting that the DEEP portal allows a maximum of 15 days for the acceptance of auction results. Therefore, it is recommended to extend the 'Acceptance Window' from a maximum of 2 days (48 hours) to up to 4 days.

Thanking You,  
Yours faithfully,

  
Chief General Manager, DVC, Commercial