

04th Nov 2024
GMRETL/CERC/QS/RK/04112024

To,
Secretary,
Central Electricity Regulatory Commission,
7th Floor, Tower B, World Trade Centre, Nauroji Nagar,
New Delhi 110029

Sub: Queries and Comments on Draft Directions by the Commission to the Power Exchanges registered under the Central Electricity Regulatory Commission (Power Market) Regulations, 2021

Dear Sir,

This is with reference to the Directions by the Commission to the Power Exchanges registered under the Central Electricity Regulatory Commission (Power Market) Regulations, 2021 issued on 04th Oct 2024. We would like to inform you that we have some queries and comments regarding the same and hereby submitting the same for your kind notice.

In view of this, we request you to kindly consider our suggestions favorably and seek your clarification/amendment for the queries. We would be happy to provide any additional information you may require in this regard.

Thanking You,

Yours faithfully,
For GMR Energy Trading Ltd,

 

(Arshad Moin)
General Manager

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S.No.	Reference Clause	Clause Details	Comments
1	24(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 proposes to issue amendment(s) in PMR 2021 to this effect.	We understand that this change has been brought for improving price transparency, but it would also introduce inefficiencies and limit flexibility in real-time market conditions. Continuous matching also allows participants to immediately react to fluctuations in demand and supply, especially those driven by unforeseen contingencies in India's renewable energy sector. Furthermore, continuous matching ensures that prices reflect real-time market conditions, which are essential for grid operators and large consumers who rely on instant decision-making
2	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 prespecified date, in terms of Regulation 25(3) of PMR 2021	Although volume under the Real-Time Market (RTM) has increased substantially over time it should not replace the Intra-Day market entirely. Removing intra-day contracts could disproportionately affect smaller participants like C&I consumers, renewable generators who want assure power purchase/sale and be cost-efficient relying on short-term adjustments. While RTM provides liquidity, it does not fully replace the flexibility required for intra-day adjustments, particularly when generators and consumers need to respond to unforeseen changes within the day.
3	24 (a)	All Power Exchanges shall allow only the established pre-specified slots on the exchange platform for TAM contracts (including HP-TAM). These pre-specified slots shall include Base/RTC, Peak, Off-Peak (other than peak), and Night, wherein the peak period would be as defined by the NLDC. In the case of G-TAM, Power Exchanges shall have the liberty to pre-specify slots based on the generation profile of different technologies, as provided by the sellers. Exchanges should submit the pre-specified contracts for approval of the commission.	This would restrict the flexibility that market participants currently enjoy and therefore could result in reducing overall liquidity and market attractiveness. Term Ahead Market (TAM) allows a variety of slots, such as "Any-Day Single-Sided Contracts" (ADSS), helps market participants optimize their portfolios. Removing this flexibility could lead to a decline in participation, especially from renewable energy producers and smaller entities who depend on these customized slots to manage intermittent generation and demand

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4	24 (b)	All Power Exchanges shall follow the timelines for different stages of ADSS contracts, including the bid receiving window/submission of interest quantity by sellers, IPO auction, Reverse Auction, and Bid acceptance...	Any-Day Single-Sided Contracts (ADSS) can simplify market operations, but they also risk compromising the very flexibility they were intended to offer. Implementing strict timelines for ADSS contracts could hinder market adaptability, particularly for renewable energy generators and buyers with fluctuating requirements. This flexibility is a key advantage of ADSS contracts, enabling buyers to obtain energy for unconventional time periods.