



Ref No. IEX/RA/072/24-25

4<sup>th</sup> November 2024

To,  
The Secretary  
Central Electricity Regulatory Commission  
Tower B, World Trade Centre,  
Nauroji Nagar, New Delhi

**Sub: IEX suggestions on the Draft TAM Order dated 04.10.2024 in Petition No. 08/SM/2024**

Dear Sir,

This has reference to the Hon'ble CERC Draft Order dated 4th October 2024 in Petition No. 08/SM/2024 wherein the Hon'ble CERC has made observations w.r.t the Intra-day, Day-Ahead Contingency and Term Ahead Market (TAM) and has proposed to give the following directions to the Power Exchanges-

*"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.*

*(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 window as follows...*

*(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.*

*(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.*

*(e) Till the time the amendments to PMR 2021 come into effect, the Power Exchanges shall follow the directions in case of Contingency contracts as under:*

[www.iexindia.com](http://www.iexindia.com)

**Indian Energy Exchange Limited**

**Corporate Office:** Plot No.-C001/A/1, 9th Floor, Max Towers Sector 16B, Noida, UP - 201301, India | Tel +91-120-4648100 | CIN: L74999DL2007PLC277039

**Registered Office:** C/O Avanta Business Centre, First Floor, Unit no. 1.14(a), D2, Southern Park, District Center, Saket 110017

- (i) Power Exchanges to make changes in the software/ market watch so that all the parties are able to see all the buy and sell offers for 10 minutes before the order gets transferred to the order book; after the expiry of this period, best buy and sell bids get cleared, and*
- (ii) Power Exchanges to display information regarding the number and volume of bids received (both buy and sell) on their website, in addition to the data on traded volume.”*

Summarily, the proposal of the Hon’ble Commission is to allow only the pre-specified slots on the exchange platform for TAM contracts, follow the uniform timelines for different stages of ADSS contracts, withdraw the ITD contracts from a pre-specified date, and modify the price discovery mechanism in case of Contingency Contracts to Uniform Price Step Auction. Additionally, till the price discovery mechanism is changed for Contingency contracts through amendment to Power Market Regulations 2021, the Hon’ble Commission proposes change in the software/ market watch to introduce a 10 minute window for all the parties to see the buy and sell offers before they get transferred to the order book.

We firmly believe that the proposals will streamline the market transactions, reduce fragmentation and increase liquidity in the market. However, some of the aspects in the proposal need further clarification and we would also like to submit some suggestions for consideration of the Hon’ble Commission. Accordingly our comments and suggestions on the proposal are as follows:

1. **Peak Hour to be specified by NLDC:** As per para 24(a) of the Draft order, only the established pre-specified slots will be allowed under TAM contracts, which will include Base/RTC, Peak, Off-Peak (other than peak), and Night, wherein NLDC will define the peak period. The proposal is silent on the Night period. Therefore, in order to avoid any ambiguity in the period of the Night slots which can be offered in the TAM contracts, it is suggested that the period of Night slots may be specified as 2300-2400 Hrs and 0000-0600 Hrs. This will provide for uniformity in the slots.
2. **Interim proposal in DAC contracts:** It is proposed in the draft order that the Power Exchanges will have to modify the price discovery mechanism for Contingency Contracts to Uniform Price Step Auction from the existing Continuous matching. Till the time such changes are made through amendments in Power Market Regulations 2021, the Power Exchanges will have to make changes in the software/ market watch so that all the parties are able to see all the buy and sell offers for 10 minutes before the order gets transferred to the order book; after the expiry of this period, best buy and sell bids get cleared. Our suggestions in this respect are provided below-

**Implementation of interim arrangement-** At the outset, we submit that once the order is placed by the market participant, it goes to the order book and the same is visible in the market watch. Therefore, as proposed in the draft order, transferring of orders from market watch to order book may not be feasible. Hence, to implement the proposal, we propose the following options as the interim arrangement:

**Option 1:**

	Parameter	Details
1	Bidding Time	Start Time 1:00 pm; End Time- 10 minutes before the Trade Window Closure Time*
2	Bids eligible for Trade	Bids which are available in the system for atleast 10 minutes
3	Time for the First Matching Attempt	Later of the First eligible Buy Bid Time & First eligible Sell Bid Time
4	Subsequent Matching attempts	Will occur if there is a new eligible bid (including modified or canceled) in the system
5	Bids that will be considered to find Best Buy and Best Sell Bid	<p>1) All Pending Bids irrespective of their eligibility will be considered to find the Best Buy and the Best Sell Bid</p> <p>2) If the “Bids Eligible for Trade” do not have the Best Buy or Best Sell Bid, then NO TRADE MATCH will take place while doing the Matching Attempt</p> <p>3) This condition will ensure that no Trade will take place that violates the Continuous Matching principle that Trade should get done only between the Best Buy and the Best Sell Bid</p>

**\*Uniform Trade Window closure time suggested in SN 3 below**

The above mechanism will ensure fulfilment of the following conditions:

- Trade will always take place between the Best Buy and the Best Sell Bids
- Trade does not take place for the Bids for which the Bid Creation/Update Time is less than 10 minutes from the Matching Attempt Time
- For Bid Creation and Update, the Market Participants will get at least 10 minutes to place counter Bids. However, considering that the matching must take place before the trade window closure time, the above extension of bid time will not be allowed for the bids placed/modified within 10 minutes of the window closure time.

**Option 2:**

In an alternate option, the Matching Attempt Time of all bids in a time block/hour, as the case may be, will keep on getting extended by 10 minutes whenever a New Bid gets placed or an Existing Bid gets Modified or an Existing Bid gets Cancelled. This will ensure that bids are available in the Order book and are visible to all the participants for atleast 10 minutes. Considering that matching must take place before the Trade Window closure time, the above extension of bid time will not be allowed for the bids placed/modified within 10 minutes of the trade window closure time.

3. **Uniform trade window closure for contingency contracts-** The trade window closure for contingency contracts across the Exchanges may be made uniform from the present disparity seen amidst them. Since the delivery can be provided closer to the trade, we request the trade window closure to be provided 2.5 hours before the commencement of delivery on the next day, i.e., 21.30 hours.
4. **Only Hourly or Time-Block wise contracts required in DAC Market:** It is submitted that the contingency contracts operate once the DAM transactions are cleared since the objective of this market is to fulfil the requirements which do not get cleared in DAM. This market is open from 01.00 PM to 9.30 PM on day ahead basis which is more closer to delivery. Longer period blocks such as Peak, Off-peak, Night and RTC may not be required as these blocks may induce rigidity and may not fulfil specific requirements (uncleared quantity in DAM) of the participants. Accordingly, to provide flexibility to fulfil the specific requirement of participants, the Hon'ble Commission is requested to consider either Hourly or 15 min Time-Block wise Contracts in DAC.

We request the Hon'ble Commission to consider the above suggestions while finalising the draft Order.

Thanking You  
Yours Sincerely,  
  
Gaurav Maheshwari  
AVP-Regulatory Affairs