

RPTCL/2024-25/CERC/330

Date: 04.11.2024

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

Sub: Comments/Suggestions on Draft Order in Suo-Motu Petition No. 8/SM/2024

Sir,

This has reference to the **Public Notice No. L-1/257/2020/CERC, dated 04.10.2024**, for seeking comments and suggestions on **"Draft Order in Suo-Motu Petition No. 8/SM/2024"**, notified by Hon'ble Central Electricity Regulatory Commission through above referred Public Notice.

Accordingly in this regard, kindly find our observations/comments/suggestions enclosed as annexure to this letter for your kind consideration.

Thanking you,

Yours Faithfully,



(Tilak Sengupta),

Deputy Manager,

RPG Power Trading Company Limited

Enclosed: As stated above.

RPG Power Trading Company Limited
Comments on CERC regarding proposed changes in Contingency and Term Ahead Market

At the outset, RPG Power Trading Company Limited ("RPTCL") would like to thank the Hon'ble Central Electricity Regulatory Commission ("Hon'ble Commission") for bringing out **Draft Order in the Suo-Motu Petition No. 8/SM/2024 dated 04.10.2024** and providing the stakeholders an opportunity to provide comments/suggestions on the same.

Accordingly, the comments and suggestions on behalf of RPTCL on the afore-said Draft Order are provided in the following matrix for the kind perusal of the Hon'ble Commission.

PARA	DETAILS	COMMENTS AND SUGGESTIONS
24 (a)	All Power Exchanges shall allow only pre-specified slots on the exchange platform for TAM contracts (including HP-TAM).....	<p>In our humble opinion the Hon'ble Commission should allow the continuance of present TAM trade slots, we feel that pre-specified slots for TAM trade is not the need of the hour.</p> <p><u>Justification:</u></p> <p>In view of the fact that India being a country having an extremely varied geographic and climatic spread, it is difficult to pre specify slots that will be able to meet the needs of all the DISCOMs throughout the country.</p> <p>We are of the humble opinion that the time slots to be traded under TAM should be best kept within the ambit of the individual exchanges depending on their market understanding. Also they should be given the ability to design the time slots depending on Market needs/feedback they receive from their stakeholders, as long as they do not violate basic market fundamentals/guidelines laid down by this Hon'ble Commission.</p> <p>Also if the exchanges design the time slots as per their understanding and if there are differences in the timeslots being traded on the three Exchanges then it will also enable the market participants to have different options to choose from, giving them opportunity to optimise their power portfolios.</p>
24 (b)	All Power Exchanges shall follow the timelines for different stages of ADSS contracts.....	<p>We humbly express our agreement towards the timelines proposed in the Draft Order, especially the window proposed for acceptance of bucket list post E-RA.</p> <p><u>Justification:</u></p>



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		<p>From a Sellers point of view, blocking its short term surplus volume for a longer period may limit its chances of participating in other ADSS contracts resulting in potential loss of revenue, hence a standard time period for acceptance of bucket list, applicable to all ADSS contracts shall greatly benefit the participating Sellers.</p> <p>We would also humbly submit that in the past, there are several ADSS initiators who repeatedly float enquiries and conduct E-RAs. Post E-RA they refuse to accept the bucket list on the due date of acceptance and float another ADSS enquiry for the exact same period and volume. This can well be an indicative of the fact that the initiator is conducting these E-RAs just to get a feel of the prices on offer in the market without any actual intention to offtake power at that point, and will later use the bucket list to negotiate further.</p> <p>We would humbly request the Hon'ble Commission to keep a tab over such practices which leads to loss of time and efforts by intending Sellers. We also propose that Hon'ble Commission may like to examine and include a suitable provision for penalising such ADSS initiators without serious intent of purchase and calling same ADSS enquiries cancelling the previous ones. In this connection, the Exchange business rules and bye laws is proposed to be modified suitably.</p>
24 (c)	<i>In view of very low liquidity in Intraday Contracts since its introduction.....</i>	<p>In our humble opinion discontinuation of Intraday contracts may not be required at this juncture.</p> <p><u>Justification:</u></p> <p>The different TAM products being traded on the Exchange Platform have different characteristics and participants use one or more of these products, as and when needed, to cater to their requirements strategically. Hon'ble Commission has proposed to withdraw Intra Day contracts in all power exchanges from a pre specified date, highlighting the lack of liquidity in Intraday Segment. It has also been highlighted by the</p>



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		<p>Hon'ble Commission that with the introduction of RTM segment in June 2020, a significant growth in the RTM market has been noticed compared to intra-day market.</p> <p>We humbly submit before the Hon'ble Commission to kindly consider the difference between the two contracts. We submit that RTM (a double sided closed auction and closer to delivery time) is not an assured source of power procurement/evacuation in times of emergency. On the other side, the Intraday contracts end 3.5hours prior to the delivery period and are continuously matched. Hence this contract acts as a measure to optimize power portfolio of the participant with sufficient time in hand prior to the start of RTM session for that delivery period. Also this contract allows the participant to match prices as per their closer-to-delivery economics rather than bidding at their marginal cost/threshold price, as is the practise followed in the two Uniform Price Auctions viz. DAM and RTM.</p> <p>The Hon'ble Commission kindly highlighted lack of liquidity as the reason behind its proposal to discontinue intra-day contracts. We would like to humbly submit that participants in the market use different TAM products under different strategies that may suit their requirements, hence liquidity in individual contracts should not be the only parameter to be considered. Similarly, Weekly TAM product has also exhibited very low liquidity in the recent past, even less than Intraday contracts (Last 1 year's data considered) which was an indicator of differing needs of the participant in different times based on their priority and strategy in overall portfolio optimisation.</p>
24 (d)	<p><i>It is proposed to modify the price discovery mechanism in case of Contingency Contracts to Uniform Price Step Auction from existing Continuous matching.....</i></p>	<p>We humbly submit that this proposition of Hon'ble Commission needs to be studied more elaborately before being considered for implementation.</p> <p>Justification:</p> <p>With this proposition The Hon'ble Commission basically plans to introduce the option of participating in 3 Uniform Price Auctions for any one delivery period on 'D' day viz.</p>



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		<p>DAM and Proposed DAC Market, on (D-1) day & RTM as per timelines established on 'D' day. We humbly submit that this may have an impact on the liquidity of existing DAM and RTM segment as the participant will have the additional option of bifurcating the tradeable volume among three products. We would humbly like to submit that DAM segment of Exchange platform constitutes the most significant contract in which all sorts of market participant can participate bringing substantial liquidity. Over the years, price discovered in the DAM segment is treated as the benchmark price for Short Term Market. Hence any move which effects the liquidity of DAM segment should be avoided by the Hon'ble Commission. Further, price referencing may be a challenge for the participants in view three price formations in each block of the day in these three segments.</p> <p>The Hon'ble Commission has highlighted the issue of DAC prices remaining consistently higher than DAM from October 2023 onwards.</p> <p>We believe it is the overall demand supply scenario which guides this price and hence the prices can move both ways (with reference to DAM prices) in the DAC segment.</p> <p>Based on above, we humbly submit that Hon'ble Commission may like to devise a suitable mechanism where in continuous price discovery in DAC market can be done in a more transparent manner. Modification in existing price discovery mechanism in DAC may also be looked into bring in more transparency.</p>
24 (e)	Till the time amendments to PMR 2021 come into effect, the Power Exchanges shall follow the directions in case of Contingency contracts as under.....	<p>We humbly submit that Hon'ble CERC may like to consider the following modifications in the bid design if the propositions are to be implemented.</p> <p>Justification:</p> <p>We humbly submit that the DAC window of exchanges do not have the option wherein the participants can indicate/specify the Minimum Clearance quantum for execution of the trade. Hence when the bid is displayed to the market participants for 10 minutes prior to it getting transferred to the Order Book it will give market participants ample</p>



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		<p>time to match the against the bid, making full clearance of bid a difficult possibility. Such partial clearance will make the process of scheduling power a cumbersome process.</p> <p>Considering the above we would like to suggest the following modification in DAC bid structure,</p> <ul style="list-style-type: none">• A minimum trade quantum should be introduced in the bid format for DAC. This will limit the inconvenience caused due to partial clearance in the proposed design for DAC in the interim period.• The Hon'ble Commission should instruct the Exchanges to make necessary change in the Bid format to incorporate the above.
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