

Tata Power Comments on Draft order in the Suo-Motu Petition No. 8/SM/2024 -Directions by CERC to the Power Exchanges registered under the Central Electricity Regulatory Commission (Power Market) Regulations, 2021.

A. Tata Power Delhi Distribution Limited (TPDDL)

Provision no. as per draft.	Provision as proposed in the Draft	Provision as proposed	Rationale for changes proposed
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.	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.	Currently, TPDDL utilizes intraday mechanisms to mitigate power shortages, providing an additional safeguard to ensure reliable power availability. As a contingency market by nature, it activates during emergencies. It is respectfully suggested that the Hon'ble Commission should continue the intraday market.
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.	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. Volume-Based Switching: 1.Small Orders: Use	We support Hon'ble Commission's proposal to modify the price discovery mechanism for Contingency Contracts to Uniform Price Step Auction. However, we suggest to explore the potential benefits of a hybrid approach, combining elements of both continuous matching and uniform price step auctions. This could provide a balance between price stability and market liquidity. Further, with regard to the proposed withdrawal of

Provision no. as per draft.	Provision as proposed in the Draft	Provision as proposed	Rationale for changes proposed
24.(e)(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	<i>continuous matching for small orders to ensure liquidity.</i>	<p>Intra-day contracts, we respectfully request that the Hon'ble Commission evaluate the implementation of the following mechanism to enhance power availability and ensure system reliability:</p> <p>Volume-Based Switching:</p> <p>Small Orders: Use continuous matching for small orders to ensure liquidity.</p> <p>Large Orders: Switch to a uniform price step auction for large orders to minimize market impact and price volatility</p>
24.(e)(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.	<p><i>2. Large Orders: Switch to a uniform price step auction for large orders to minimize market impact and price volatility.</i></p> <p>The Commission proposes to issue amendment(s) in PMR 2021 to this effect.</p>	

B. Tata Power Trading Company Limited (TPTCL)

1. *Withdrawal of Intra-Day Contracts in all the PXs*

Intra-Day Contracts plays a very crucial role especially during high demand conditions where buyer fails to fulfill its requirement from Day Ahead Market (DAM). Therefore, buyers try to secure the availability of power from Intra Day segment of PXs based on availability of sale bids.

Based on our analysis of few days during 27th Sept 2024 to 8th Oct 2024, buyers have used the Intra Day segment to secure power during peak hours which was not met in DAM segment as the DAM prices were discovered at the ceiling price of Rs. 10/kWh. In order to secure the capacity for fulfilling the demand, buyers have resorted to Intra Day as against RTM segment which has similar uncertainty as that of DAM. The requirement of Intra Day segment will go away only when there is sufficient liquidity in the DAM / RTM segment to meet the demand.

In view of the above, we request Hon'ble commission that the Intra-day segment may be continued till sufficient surplus capacity is available in the market.

2. *Any-Day Single Sided Contracts (ADSS) called upon by Discoms through PXs*

We are in favour of Hon'ble Commission decision of making ADSS as a standardized product of Power Exchanges with pre-specified time slots and timelines.

However, we would like to bring to kind attention of Hon'ble Commission to a practice being followed by Buyers in ADSS contracts. It has been a general trend that most of the buyer floats ADSS contracts for same requisition quantum in all the PXs with exact timelines. E.g. 25 ADSS contracts were floated in all three PXs for the delivery period October 2024 to December 2024. Out of these 25 ADSS Contracts, 16 contracts was floated in all three PXs for the same requisitioned quantum and remaining 9 contracts for the same requisitioned quantum was floated in two PXs.

The generators participate in one of the PXs depending upon their choices / confidence of clearance. As a result, the liquidity in the market is getting bifurcated among the PXs resulting in non-discovery of actual market price.

In addition to above, few Discom are floating short term tenders in DEEP portal wherein generators participate, with validity of 15 to 30 days, as per tender condition. Within the same validity period, Discom also comes out with ADSS requirement for the same period / duration wherein the generators, already participated in DEEP portal, cannot participate due to bid remaining valid in DEEP portal. All this results in duplication of process and bifurcation of sale bid liquidity for the same power requirement.

In order to provide equal opportunity for all the generators / sellers, it is proposed that Discom may be allowed to float ADSS contract for the same requisition only after scrapping the DEEP portal tender. In addition, it is also proposed that Discom may either come out with ADSS contract in one PX or in case of multiple exchanges, a common Reverse Auction may be conducted for all exchanges so that generators can get fair chance of participation for an efficient price discovery.