

Ref: VL/CERC/Nov/2024/02

Date: 11.11.2024

To,  
The Secretary,  
Central Electricity Regulatory Commission  
7<sup>th</sup> Floors, Tower B, World Trade Centre,  
Nauroji Nagar, New Delhi- 110029

Ref: (1) Public notice No. L-1/257/2020/CERC dated 04.10.2024

(2) Public notice No. L-1/257/2020/CERC dated 04.11.2024

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

Dear Sir,

This is with reference to the above subject wherein Hon'ble Central Electricity Regulatory Commission by way of the notice cited under ref above dated 04.10.2024 and 04.11.2024 sought comments on the draft order in the suo motu petition no. 8/SM/2024.

Thus, Vedanta Limited, Jharsuguda hereby submits comments on the draft order.

Thanking you.

Yours faithfully,

For Vedanta Limited, Jharsuguda

  
(Authorized Signatory)  


**BEFORE THE HON'BLE CENTRAL ELECTRICITY REGULATORY COMMISSION, NEW DELHI**

**COMMENTS/ OBJECTIONS/ SUBMISSIONS ON BEHALF OF VEDANTA LIMITED, DRAFT ORDER IN THE  
SOU-MOTU PETITION NO 8/SM/2024.**

**MOST RESPECTFULLY SHOWETH:**

The present set of comments/ objections are being filed by Vedanta Limited ("Vedanta/ VL"), to the Central Electricity Regulatory Commission ("Draft SOU MOTU Order for amendment in Power Market Regulation, 2021") issued by this Hon'ble Commission.

Before dealing the above draft order, it is necessary to submit that Vedanta is a company incorporated under the provisions of the Companies Act, 1956 and is engaged in manufacturing of Aluminium. Vedanta is a high-power intensive industry and therefore to meet its power requirements, Vedanta has also set up Captive Power Plants of 3015 MW capacity (9x135 MW + 3 x 600 MW) (hereinafter "CPP") within the meaning of Section 2 (8) of the Electricity Act, 2003 (hereinafter the "Act").

Further, Vedanta, being in the business of manufacturing of Aluminum and smelter operations, is largest Open Access Bulk consumer for availing the intermediate and necessary power required from the Power Exchanges for aforesaid manufacturing operations & also meeting the RPO.

As being “largest Open access consumer”, Vedanta is affected by the present draft Sou Motu Order 8/2024.

***BRIEF BACKGROUND:***

Before dealing with the objections/ comments on the Draft SOU Motu Order,2024, it is necessary to highlight the following gist of factual background for the convenience of this Hon’ble Commission, which is also necessitated for the stand of Vedanta in the present submissions:

1. In the year 2010, under section 66 of the Electricity Act, 2003, Power Market Regulation was passed by the CERC, with the objective to bring competitiveness in short-term market and to take measures to promote & ensure fair, neutral, efficient & robust price discovery by power exchanges. One of the key objectives of the said regulation is to promote Short-term open access by different category of consumers.
2. In the above regulation, under clause no 4(iii) has introduced standardised delivery-based contract such as Intraday Contract/Contingency contract, Day ahead contract & Term ahead contract for buying & selling of power by members of power exchange.

The above contracts are designed to promote short-term open access.

3. In the year 2021, Power market regulation has kept provision of the above contracts along with addition of few new contracts such as Real time contracts.



4. On 17.01.2022, this Hon'ble Commission notified the draft SM order 8/2024, wherein Hon'ble Commission proposed the following direction to power exchanges;
- a) All Power Exchanges shall allow only the established pre-specified slots on the exchange platform for TAM contracts (including HP-TAM).
  - 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.
  - c) To withdraw Intra-Day Contracts in all the Power Exchanges from a prespecified date, in terms of Regulation 25(3) of PMR 2021.
  - d) To modify the price discovery mechanism in the case of Contingency Contracts to Uniform Price Step Auction from the existing Continuous matching.

**Vedanta Limited's submission of suggestion/comments on draft order – "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"**

Sl.No	Draft Order	Stakeholder's Comments
1.	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	The prespecified slot as proposed by this Hon'ble Commission in the draft SM Order, 2024 are impossible to be achieved by an industrial unit especially engaged in the production of Aluminium, especially captive consumer on account of the following reasons:

	<p>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.</p>	<ol style="list-style-type: none"> <li>1. Our Load Profile is most likely constant for 24 Hrs &amp; Power requirements from power exchange is only required during outage/maintenance of CPP Units.</li> <li>2. Power requirements depend upon the maintenance schedule &amp; revival status of our units.</li> </ol> <p>Hence it is humble request to Hon'ble commission to provide flexibility in selection of time period as per consumer requirement.</p>
2.	<p>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.</p>	<p>The proposal of removal of Intra Day product from power market by Hon'ble Commission in the draft SM Order, 2024 will impact captive consumers especially engaged in the production of Aluminium, Cement and other power intensive industries on account of the following reasons:</p> <ol style="list-style-type: none"> <li>1. Availability of consistent and stable power is critical for Power intensive industries especially Aluminium smelters. Any disruption in power leads to not only halt the production process but also leads to potential hazards to working personal. Intraday power market enables large open access consumer such as power intensive industries to secure firm power close to the RTM market.</li> <li>2. Further, power availability in RTM is less during peak hrs &amp; there is multiple instances in the past where RTM session was aborted due to technical glitch.</li> </ol> <p>Hence withdrawal of Intraday contracts from power exchange will create instability &amp; huge loss to large open access consumer.</p> <p>Vedanta Ltd request to Hon'ble commission to continue with the existing intraday contract.</p>

3.	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.	<p>1.As per the PMR 2021, the objective of the contingency contract is to secure/sell uncleared power from IDAM aftermarket closure.</p> <p>2.Contingency contracts also enable consumers like us to meet any contingency power requirement in case of any sudden outage of our CPP units.</p> <p>3. Migrating from Continuous matching to the auction-based matching will not only slow down the process of buying power but also enable the few sellers &amp; desperate buyer to drive the market.</p> <p>Hence, Vedanta Ltd urge the hon'ble commission to maintain the existing continuous matching mechanism to meet the requirement of Large open access consumer like us.</p>
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Therefore, Vedanta most humbly prays before this Hon'ble Commission to kindly consider the points suggested by Vedanta Ltd & provide an opportunity to present before the Commission.

Place: Bhubaneswar

Date:11.11.2024

Authorized Signatory

