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**Ref: KISPL/CERC/MBED/01**  
**Dated 30<sup>th</sup> January 2019**

**The Secretary**  
Central Electricity Regulatory Commission  
3<sup>rd</sup> & 4<sup>th</sup> Floor, Chanderlok Building  
36 Janpath, Connaught Place  
N Delhi 110001

**Sub: Comments of Discussion Paper on Market Based Economic Dispatch of Electricity: Re designing of Day Ahead Market in India**

**Dear Sir**

First of all we welcome the subject mentioned discussion paper and intent behind the entire exercise.

The issues, which in our opinion are important and Hon'ble CERC should seriously consider before implementing MBED are as under

1. **Consumer Interest:** The entire MBED document is about savings for generator and distribution companies and finds no mention of consumers. How the entire exercise is going to benefit consumers is not covered. CERC should clearly put in writing - Whether the entire Discom savings will be utilized towards tariff reduction or there will be other uses of this saving?

Further MBED document envisages scenario where there are only savings by way of economic dispatch of electricity. Can the impact be adverse on some utilities? Has such adverse scenario been envisaged and how the adverse impact will be handled, if it happens?

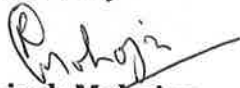
2. A critical question to be answered is - Who is going to operate matching engine? In all cases cited in MBED Document, matching engine is belongs to Government owned transmission entities. CERC has not proposed who will operate matching engine in India - POSOCO or Private Power Exchanges? We feel the matching engine operator should be Government entity.
3. Working capital mismatch will be a big issue for Discoms. Presently they collect and make payment against monthly bills. In changed scenario how they will be able to manage negative working capital requirement.

4. What will be fate of LTOA granted by PGCIL? How the return on investment for PGCIL will be ensured.
5. Who will bear additional cost because of introduction of clearing agency i.e. power exchange and matching engine operator, which is not envisaged in PPA? Will all PPA be amended?
6. In all cases cited in MBED document less than 50% of market was of long-term contracts whereas in India almost 90% power is long term tied up. Will so much skewing towards long-term contract result in actual savings? What is incentive for generators to run plant if it's assured of earning its ROE without operating the plant?

We request Hon'ble Commission to please review the MBED document by bringing in safeguards so that cost of power for consumer is reduced.

Thanking you.

Yours truly



**Rajesh Mahajan**