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To

The Secretary,
Central Electricity Regulatory Commission (CERC),
3rd and 4th Floor, Chandrlok Building,
36, Janpath, New Delhi-110001
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Sub: Views of GRIDCO Ltd. on Discussion Paper on Market Based Economic Dispatch of Electricity: Re-designing of Day-ahead Market (DAM) in India.

Sir,

Please find enclosed herewith, the views of GRIDCO on the above said subject for further action at your end.

Thanking you.

Yours faithfully,

senayah
15/02/19
Chief General Manager (PP) I/C
Chief General Manager(PP)
Gridco Ltd., Bhubaneswar

Market Based Economic Dispatch

CERC has issued Discussion Paper on 'Market Based Economic Dispatch of Electricity: Re-designing of Day-ahead Market (DAM) in India' for scheduling entire country's generation and power demand through power exchange.

Views of GRIDCO are as given below-

1. Liquidity Issues

Since in DAM power cost is to be deposited prior to the transaction, huge liquid cash shall be required on day to day basis which will be a real problem for the DISCOMs who are already financially much stressed. This will further stress the cash flow.

2. Banking of Power

It may be noted that transactions in Power Banking arrangements has been very effective and suitable in addressing the cash flow problems for the financially stressed DISCOMs. It is not possible through MBED.

3. Option of Self Scheduling

Till such time as the electricity market gets matured , the impact of massive RE integration is better assessed, the financial health of the DISCOMs improves and the DISCOMs are equipped with robust sophisticated forecasting tools, the option of self-scheduling should be available to DISCOMs and power plants having LT PPA with DISCOMs. The DISCOMs and power plants having LT PPA should be given choice for participation in MBED on basis of mutual decision.

4. Revenue Sharing at 50:50

In the concept paper it is mentioned that during the transition period if part of the contracted capacities in any generating station remains un-requisitioned after 9.45 a.m., such un-requisitioned surplus (URS) capacities will have the right to participate in the day ahead market of the power exchange. For such URS, the DISCOMs shall not have the right to recall where as they shall pay the full fixed cost towards such URS. In such a case it is not understood why the revenue generated from such sale shall be shared 50:50. Any sharing mechanism should be on the profit only and profit shall be only after the fixed cost is fully compensated.

5. Cost Benefits of MBED:

It may be noted that each DISCOM has its own strategies for load generation balancing depending on various factors which are unique and specific to the DISCOM. The results of the simulation studies done for the five states may not hold good for other states. Also, situation has changed significantly in last 2 years due to reallocation of mines for linkage coal (cost of costlier plants have significantly reduced) and states are themselves backing down & replacing their costlier generation. Accordingly, savings in cost of generation would be considerably lower than the amount projected in the paper. Hence prior to the implementation of the proposed MBED system simulation study for each willing DISCOM may be done for at least previous two years on the basis of actual data with active participation of the concerned DISCOM in the simulation study.