FICCI's Representation on

"Proposed framework for Real-Time Market for Electricity"

Submitted to:

Central Electricity Regulatory Commission

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Recommendations on 'Proposed framework for Real-Time Market for Electricity'

A) A Draft Consultation Paper on 'Proposed framework for Real-Time Market for Electricity' was published by Central Electricity Regulatory Commission on 6th August 2019. CERC had invited comments/suggestions from the stakeholders on the Consultation Paper due for submission by 5th September 2019.

B) We believe that the proposed regulations will lead to market deepening and create a platform of multiple buyers and sellers to transact energy in real time by optimizing the buy-sell options; Gencos and Discoms will be able to rebalance their portfolios that will have the benefit of capacity release and demand adjustments after day-ahead requirements are met, enable shaping of load curve and avoid system imbalances barring exigencies.

Sl. No	Clause under Policy	Views/Comments/Suggestions
RTM Explanatory Memorandum 2019		
1	**3.1 Introduction of Gate Closure and Real time market** 3.1.4 The proposed Real Time Market would not only provide discoms an alternate mechanism to access larger market at competitive price but would also allow the generators to participate in the RTM with their un-requisitioned capacity. 'Right to recall' is nothing but a product in the electricity market continuum. When the application window for one product expires, window for another product opens. The proposed timeline would also provide sufficient time to the system operator to carry out the entire process of scheduling and dispatch.	• There may be a case wherein, a Discom is having a shortfall and its purchase bid is not cleared in Real Time Market. At the same time, the generator-G1 with whom the Discoms has PPA places sale bid in RTM and its sale bid is not cleared in RTM. In this case, the Discoms remains in shortage and at the same time the URS capacity of the Generator remains un-dispatched. From the above, it is understood that, there is a gap of 4 Time blocks between RTM Auction and delivery period. • It is submitted that in such cases, **Right to Recall** of the Discom may be restored & the Discom may be allowed to schedule its share of power from the generator G1 which remains unsold in RTM, as and when required. The same will enable the Utilities to utilize its legitimate share of power in case of any contingency and the generator will get the maximum schedule, which otherwise would remain unutilized.
2	**3.1 Introduction of Gate Closure and Real time market** 3.1.11 All generators connected to the grid will be able to participate in the Real Time Market. In case of forced	• While, we completely endorse this move to allow the generators to participate and buy power to meet its requirement, we propose that the option of buying power from the market and meet the commitment should not be limited and restricted only to generators facing forced outages, but to all generators so that

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	outages the generator can participate in the Real Time Market and buy power for the beneficiary to honor its commitment.	they may also get an opportunity to scout for cheaper power available in the market and replace their own expensive cost of generation. This will ensure optimal use of resources by the generating companies and would ensure better offtake for generating stations having lower generation cost.
Proposed CERC (Indian Electricity Grid Code) (Sixth Amendment) Regulations, 2019		
3	**Amendment to Clause 6.5.18** 2.4 The clause (18) of Regulation 6.5 of Part 6 of the Principal Regulations, shall be substituted as under: "18. Revision of declared capability by the ISGS(s) having two-part tariff with capacity charge and energy charge and requisition by beneficiary (ies) for the remaining period of the day shall also be permitted with advance notice. Any revision in schedule made in odd time blocks shall become effective from 7th time block and any revision in schedule made in even time blocks shall become effective from 8th time block, counting the time block in which the request for revision has been received by the RLDCs to be the first one.	**Elongated DSM exposure and concerns over grid security:** • Under the existing framework both the Generator as well as the Discoms can revise the schedule or declared capability till 4 time-blocks before the actual delivery of power. The said 4 time-blocks (equivalent to 1 hour) before the actual power delivery is a reasonable timeline for estimating the real time power demand-supply requirements. The said timeline of 4 blocks is also reasonable from the Grid Stability perspective, in case of huge deviations from the Seller(s)/Buyer (s) in real time, due to unforeseen events. • However, as per the revised framework, this period is proposed to be increased from existing 4 time- blocks to 7 or 8 time blocks. This will have major implication on Generators and Discoms in terms of DSM charges and would also have detrimental impact on the Grid security due to sustained deviations for 7-8 time blocks (as against 4 time blocks at present). This is explained in the following points: • **Implication on Generators:** Extending the time to revise the schedule to 7th Block increases the uncertainty for the generators. In case of unit tripping/forced outage, generators were earlier able to revise their declared capability latest by 4th time blocks before actual power delivery and have to pay DSM penalty for these 4-time blocks. Now, under the proposed framework, DSM exposure for generators will increase from 4-time blocks to 7 or 8 time blocks. Since, Unit tripping / forced outage is an unforeseen event (may be 10 to 12 times a year), it has huge financial implication (almost 2 times) on generators.

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- **Implication on Discoms:**
  Discoms under the current framework can recall the backed-down power before 4-time blocks before actual power delivery. Under the proposed framework, as revision of schedule will be allowed only after 7 or 8 time blocks, Discoms will lose their right to recall for additional 3 or 4 time-blocks. Discoms will have to depend on Real Time Market to meet its dynamic power requirement. Such dependence of RTM instead of firm tied-up power would increase the risk profile for the Discoms both in terms of its pricing as well as its availability.

- **Implication on Grid:**
  Under the proposed framework, both generators as well as Discoms' schedule would not get revised for 7 to 8 time-blocks and would increase DSM exposure upon occurrence of an unforeseen event. Elongated DSM exposure implies sustained deviations thereby increasing risk on grid stability.

- The concept of Real Time Market is a step in right direction which will help supply of quality power in cost economical manner. At the same time, RTM will bring discipline in forecasting, scheduling and dispatch of power. However, the proposed time-frame of 7 to 8 time blocks would create imbalances in the system by pushing away the scheduling time away by 3 to 4 time-blocks as compared to the existing framework.

In view of the above it is therefore requested to retain the existing provision of revision in schedule from 4th time block.

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4	**Amendment to Clause 6.5.19** 2.6 Clause 19 of Regulations 6.5 of Part 6 of the Principal Regulations shall be substituted as under: "In case of forced outage of a unit of a generating station (having generating capacity of 100 MW or more) and selling power under Short Term bilateral transaction (excluding collective transactions through power exchange), the generator or electricity trader or any other agency selling power from the unit of the generating station shall immediately intimate the outage of the unit along with the requisition for revision of schedule and estimated time of restoration of the unit, to SLDC/RLDC, as the case may be. The schedule of beneficiaries, sellers and buyers of power from this generating unit shall be revised accordingly. The revised schedules shall become effective from the time block and in the manner as specified in Regulation 6.5.18. The SLDC/RLDC as the case may be, shall inform the revised schedule to the seller and the buyer. The original schedule shall become effective from the estimated time of restoration of the unit. However, the transmission charges as per original schedule shall continue to be paid for two days.	• It is requested that Commission may relax the obligation of transmission charges. • The same may be kept as per original schedule to be paid for 24 hours instead of two days.
Other Comments		
5	**Availability of sufficient transmission corridor:**	• Availability of sufficient transmission corridor needs to be ensured for success of RTM. There may be a case where, a Discom/Utility purchases power under RTM and the same is not actually scheduled to the buyer on account of transmission constraints/Issues.

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		• In such cases, clarification is required on who will be responsible to arrange this power for the Discoms and further, who will be responsible for the payment of DSM charges to be incurred by the Discoms in such cases. • We hereby suggest that, as both Discoms and generators are obligated to schedule the power committed under RTM, the transmission companies should also be made responsible/accountable for not being able to provide the transmission corridor as per the requirement.
6	**Ramp-up/Ramp-down issue for coal based thermal power generators:**	• Under the proposed framework for Real Time Market, the generators (especially coal-based generators) would not be able to fully participate. This is due to the fact that thermal generators have limitation to operate their plants at a specified ramp-up / ramp-down rate. There may be many instances whereby power is sold under RTM for a particular time-block, and it does not get cleared in the subsequent time block, resulting in frequent cyclic loading for machine. • Further, even with cyclic loading, to address the Ramp Up/down limitations, generators will be forced to restrict their sale quantum under RTM to Ramp up/down limit only, even if they have abundant power for sale. • The proposed framework for Real Time Market does not address this issue which would important to create depth in the proposed intra-day market.