

RPTCL/2020-21/CERC/343

14th August, 2020

The Secretary,
Central Electricity Regulatory Commission,
3rd & 4th Floor,
Chanderlok Building,
36 Janpath,
New Delhi -110 001.

**Sub: - Comments/Suggestions on "Draft Central Electricity Regulatory Commission
(Power Market) Regulations, 2020".**

Dear Sir,

This has reference to the Public notice No.L-1/257/2020/CERC dated 06th August, 2020 for seeking comments or suggestions on **"Draft Central Electricity Regulatory Commission (Power Market) Regulations, 2020"** issued by Hon'ble Central Electricity Regulatory Commission.

Accordingly, in this regard, kindly find our observations/comments/suggestions enclosed as Annexure to this letter for your kind consideration.

Thanking You.

Yours faithfully,



Venkatesh Baggam
Dy. Manager

Enclosed: As stated above

RPG Power Trading Co.Ltd Comments/Suggestions

On Draft Central Electricity Regulatory Commission (Power Market) Regulations, 2020.

Sr.no	Clause no	Clause refers to	Comments/Suggestions
1	Regulation 14	A Power Exchange shall have a minimum Net worth of Rs. 50 crores at all times	<p>The financial robustness of power exchange is of prime importance. We agree to the Hon'ble Commission's view to make a minimum net worth requirement of Rs. 50 Crores for power exchanges. A comparison of net worth requirement for a category 1 trading licensee is Rs. 50 Crores and if the volume traded exceed 10000 MU's, the net worth requirement is 75 Crores.</p> <p>It is proposed that Hon'ble Commission may kindly consider incorporating similar requirement of Net worth for a power exchange.</p>
2	Regulation 47	Obligations of the OTC Platform	<p>We feel that neutrality of OTC platform maintaining repository of information will be very important. It is proposed that Hon'ble Commission may kindly consider incorporating suitable mechanism for monitoring of data being maintained/displayed for market participants so that there is no undue favour to selected participants.</p>
3	Regulation 2	<i>(af) "Market Coupling" means the process whereby collected bids from all the Power Exchanges are matched, after taking into account all bid types, to discover the uniform market clearing price for the Day Ahead Market or Real-time Market or any other market as notified by the Commission, subject to market splitting;</i>	<p>Price difference in the two power exchanges in DAM and RTM becomes a deciding factor for participants to choose their participation in one exchange over other due to perceived notional gain/loss with respect to the price difference.</p> <p>In this way, the proposal of uniform price for all participants through Market coupling irrespective of their choice of power exchange in case of Day ahead market and Real time market, is expected to remove the above issue of participation based on notional loss/gain in one exchange only.</p> <p>Further, this is also expected to bring in benefit to the stakeholders among competing exchanges in terms of better services, innovation in terms of new products and reduction of cost of services which will</p>



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			<p>ultimately benefits the market participants.</p> <p>It is requested that Hon'ble Commission may kindly clarify the exact role of power exchanges post implementation of market coupling operators.</p> <p>Also, it would be useful for the stakeholders to understand the difference in roles of traders vs a vs the power exchanges in DAM and RTM.</p>
4	Definition 2 (k)	"Circular Trading" means and relates to trading and transactions by a member or group of members, wherein on one side, one or more entities of the member or group of members enter buy bids and on the other side, one or more entities of the same member or same group of members enter sell bids or vice versa,....	It is requested that suitable mechanism to monitor such circular trading in the market needs to be put into place so that there is no gaming and manipulation in the market.
5	General	Trading member vs facilitation member	<p>A facilitation member is only allowed to provide bid facilitation services and not allowed to provide any credit services/working capital management unlike a trading licensee.</p> <p>The net worth requirement and compliance needs of a trading licensee are already in place as per the provisions of Trading Margin Regulations, 2020 and as such the bid facilitation activities should continue to be allowed to Trading licensees in addition to credit services for power exchange participation.</p>
6	General	Insurance	<p>Suitable insurance products for covering the bidding operations are required for any member. However, no clear insurance products are available in the market for this purpose.</p> <p>We request Hon'ble Commission to kindly incorporate suitable provisions in the regulation so that power exchanges arrange for such</p>



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			insurance products for their members subject to payment of requisite fees.
7	General	Role of Trader vs a vs power exchanges vs a vs market coupling operator vs a vs facilitator vs a vs clearing and settlement house operator vs a vs aggregator vs a vs OTC operator	It is requested that for the sake of better understanding of all stakeholders, Hon'ble Commission may kindly like to clarify the structure of the market and roles of these individual players in the market.
8	Regulation 27	Security Deposit	To promote the transparency of generation of returns based on the security deposit invested, we would humbly request the Hon'ble Commission to fix a minimum rate at which the returns should be generated for onward distribution to the Members, and in no case shall the returns provided to the Members shall be generated at lower rate than the fixed minimum rate of return. Further, the Hon'ble Commission may also devise a mechanism for attraction of penalty in case of such non-compliance.
9	Regulation 38	Designation of Market Coupling Operator Subject to provisions of these regulations, the Commission shall designate a Market Coupling Operator who shall be responsible for operation and management of Market Coupling.	Hon'ble Commission may kindly like to lay down a proper qualification/technical criterion for selection of the Market Coupling Operator, as the function of the Operator to ensure security, market coupling algorithm, quality service and product innovation, will be crucial towards aiding market growth. Hon'ble Commission may also kindly like to clarify whether the market coupling operator is going to be a state-owned body or private entities shall also be eligible.



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