

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 219/MP/2021

Subject : Petition under Section 66 of the Electricity Act, 2003 read with Regulation 25 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2021 for approval of introduction of additional Term Ahead Contracts and Green Term Ahead Contracts beyond T+11 days at Indian Energy Exchange Ltd.

Petitioner : Indian Energy Exchange Limited (IEX)

Respondent : Power System Operation Corporation Limited (POSOCO)

Petition No. 229/MP/2021

Subject : Petition under Section 66 of the Electricity Act, 2003 read with Regulation 25 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2021 for approval of introduction of Month(s) Ahead Contracts at Power Exchange India Limited.

Petitioner : Power Exchange India Limited (PXIL)

Respondent : Power System Operation Corporation Limited (POSOCO)

Date of Hearing : 12.4.2022

Coram : Shri P. K. Pujari, Chairperson
Shri I. S. Jha, Member
Shri Arun Goyal, Member
Shri P. K. Singh, Member

Parties Present : Shri Sakiya Singh Chaudhuri, Advocate, PXIL
Ms. Nithya Balaji, Advocate, PXIL
Shri Prabhajit Kumar Sarkar, PXIL
Shri Shekhar Rao, PXIL
Shri Anil V. Kale, PXIL
Shri Chandrashekhar Bhat, PXIL
Shri Ambrish Kumar Khare, PXIL
Shri Ketan Chawda, PXIL
Shri Mukti Marchino, PXIL
Shri Sunil Hingwani, PXIL
Shri Jogendra Behera, IEX
Shri Gaurav Maheshwari, IEX
Shri Subhendu Mukherjee, NLDC
Shri Alok Kumar Mishra, NLDC

Record of Proceedings

Cases were called out for virtual hearing.

2. The representative of the Petitioner, IEX submitted that pursuant to the direction of the Commission vide Record of Proceedings for the hearing dated 30.11.2021, IEX has impleaded POSOCO as party to the Petition and has filed a revised memo of parties. Moreover, in accordance with the directions of the Commission, a public notice along with copy of Petition was uploaded on its website seeking comments/suggestions from the stakeholders on the proposal sought to be introduced through the present Petition. In response to the aforesaid public notice, IEX received the comments/suggestions from 8 stakeholders on the aspects such as contract overlapping and loss of liquidity, treatment of forced outage, high margins, price shopping and default, bidding for RE power in Any Day Single Sided Contract and approval of contract after finalization of major proposal, etc. IEX has also submitted its detailed point-wise reply on the comments of the stakeholders and based on the stakeholders' consultation and upon review of the initial proposal few changes have carried out in its proposal on the aspects of Risk Management in the Contracts, Partial acceptance in Reverse/Forward Auction and Reserve/Forward Auction in GTAM based on MWh.

3. In response to the specific query of the Commission regarding having multiple price discovery mechanism, the representative of IEX submitted that the proposed price discovery methodologies have already been approved by the Commission and is currently in use in the existing TAM contracts. Since it is expected that the liquidity will initially be low in the longer duration contracts, continuous matching method may be required at the beginning however later when there will be an increase in the liquidity auction methodology may be used. In response to further query of the Commission that it may lead to confusion, the representative of IEX clarified that only one methodology at a time will be implemented and in case of any change, the same will be informed to the market participants in advance.

4. The learned counsel and the representative of the PXIL also made detailed submissions in support of the price discovery and matching mechanism proposed by PXIL. The learned counsel for PXIL further submitted that PXIL has filed IA bearing Diary No. 142 of 2022, seeking amendments to the pleading and prayers, whereby PXIL has sought, *inter alia*, to allow PXIL to introduce different matching mechanisms in existing contracts and new contracts in Term Ahead Market to meet the market participants requirement by the issuance of a circular from time to time, to allow PXIL to increase the tenure of Month(s) Ahead Contract from existing one month till such duration to be prescribed by the Commission after the General Network Access Regulations are duly notified, etc.

5. After hearing the submissions of the learned counsel and the representative of the parties, the Commission directed the Petitioners to file on affidavit by 28.4.2022 complete and detailed specifications of the proposed contracts as under:

- (a) Contract-wise proposed price discovery and matching methodology;



(b) Timelines, including commencement of bidding and duration of bidding session till delivery commences;

(c) Delivery mechanism (including provision for revisions) and delivery duration;

(d) Risk management mechanism including margining and final price settlement mechanism; and

(e) Price discovery and matching methodology for existing weekly, daily/any day contracts across TAM/GTAM/Hydro GTAM.

6. The Commission directed the Respondent to file its comments by 30.4.2022 with copy to the Petitioners who may file their responses, if any, on or before 3.5.2022.

7. Subject to the above, the Commission reserved the matters for order.

By order of the Commission

**Sd/-
(T.D. Pant)
Joint Chief (Law)**