

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 259/MP/2023

Coram:

Shri Jishnu Barua, Chairperson

Shri I.S. Jha, Member

Shri Arun Goyal, Member

Shri P.K. Singh, Member

Date of Order: 16th October, 2023

In the matter of

Petition under Section 66 of The Electricity Act, 2003 read with the Regulation 25 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2021 for approval of introduction of the High Price Segment in Intra-Day, Day Ahead Contingency and Term Ahead Market (HP-ITD, HP-DAC & HP-TAM) at Indian Energy Exchange Ltd.

And in the matter of

Indian Energy Exchange Limited
Plot No. C-001/A/1, 9th Floor, Max Towers,
Sector 16 B, Noida, Gautam Buddha Nagar,
Uttar Pradesh – 201301

... **Petitioner**

Versus

National Load Despatch Centre (NLDC)
Power System Operation Corporation Limited
B-9 (1st Floor), Qutab Institutional Area,
Katwaria Sarai, New Delhi 110016

...**Respondent**

Parties present:

1. Shri Debjyoti Majumdar, GRID-India.
2. Shri Gajendra singh Vasva, GRID-India
3. Shri Jogendra Behera, IEX
4. Shri Gaurav Maheshwari, IEX
5. Shri Saurabh Shrivastava, IEX

ORDER

The Petitioner, Indian Energy Exchange Ltd. (hereinafter referred to as "IEX") has sought approval of the Commission to introduce the High Price Segment in Intra-Day, Day Ahead Contingency and Term Ahead Market (HP-ITD, HP-DAC & HP-

TAM) on its platform for facilitating high variable cost generators to participate in the market which are otherwise not able to do so due to prevailing price cap.

2. The Petitioner has made the following prayers:

- a. *Accord approval of introduction of proposed High Price segment in Intra-Day, Day Ahead Contingency and Term Ahead Market on IEX platform.*
- b. *Accord approval for proposed amendments in Business Rules of IEX for introduction of HP-ITD, HP-DAC and HP-TAM Contract.*
- c. *Accord approval for the eligibility of Sellers participation in the proposed High Price Contracts and the price range as may be specified by the Hon'ble Commission for the HP-DAM contracts.*
- d. *Pass such further Order or orders as may be considered necessary in the facts and circumstances of the case.*

Background

3. The Petitioner, Indian Energy Exchange Ltd. (IEX) was granted permission to set up and operate a Power Exchange vide Order dated 9.6.2008. IEX has been in operation since 27.06.2008. Presently, it is offering contracts in the Integrated Day Ahead Market (I-DAM), Term Ahead Market (TAM), Real-Time Market (RTM), Green Term Ahead Market (GTAM), Day-Ahead Ancillary Services Market (AS-DAM), Real-Time Ancillary Services Market (AS-RTM), Renewable Energy Certificate (REC) and Energy Saving Certificates (ESCerts) Market in accordance with the Byelaws, Rules and Business Rules of the Petitioner approved by the Commission.

4. The Commission, vide Order dated 16.02.2023 in Petition No. 359/MP/2022, had granted approval to the Petitioner for the introduction of the High Price Day Ahead Market (HP-DAM) on its platform.

5. The Petitioner has filed the present petition seeking approval of the Commission for the introduction of a high-price segment in Intra-Day, Day Ahead Contingency and Term Ahead Market (HP-ITD, HP-DAC & HP-TAM) on its platform under Regulation 25 of the PMR, 2021.

Submissions of the Petitioner:

6. The Petitioner has submitted that the Commission, vide Order dated 16.02.2023 in Petition No. 359/MP/2022, accorded approval for the introduction of the High Price Day Ahead Market ("HP-DAM") on its platform. HP-DAM contract was launched on the IEX platform w.e.f. 10th March 2023. In the last four months, it has been observed that the segment has witnessed very low liquidity, which has resulted in low volumes. Therefore, it is felt that there is a need for an alternate segment to facilitate the dispatch of the high-cost generators in view of the prevailing demand-supply scenario. Accordingly, to further facilitate the eligible high-priced sellers, the Petitioner has proposed to introduce High Price Contracts in the Intra-Day, Day Ahead Contingency and Term Ahead Market at IEX.

7. The Petitioner submitted that all the specifications for the proposed contracts will remain the same as the existing Intra Day & Day Ahead Contingency and TAM contracts, except for the ceiling price for the eligible sellers. The price range for this segment shall be from Rs. 0 Rs/kWh to 20/kWh, or as approved by the Hon'ble Commission from time to time. Each contract is briefly discussed below:

- a. High Price Day-ahead Contingency Contracts: These contracts will be the hourly contracts traded on D-1 day for delivery of power on D Day.
- b. High Price Intra-Day Contracts: These contracts are to be traded 3-4 hours before the delivery or as may be allowed by the System Operator.
- c. High Price Daily Contracts: These contracts are to be traded on T-day for Delivery from T+2 onwards.
- d. High Price Weekly Contracts: These contracts are to be traded every week on Trading Day as per the Trading Calendar for delivery from Monday to Sunday of the upcoming week.
- e. High Price Monthly Contracts: These contracts to be traded every month on Trading Day as per Trading Calendar for delivery from the first Month (M1) to the third Month (M3) from the trade Month (M0).

f. High Price Any Day Single Side contracts: These contracts are to be traded based on the buyer's requisition.

8. All the features of the HP-TAM Contract will remain the same as approved by the Commission in the Order dated 08.06.2022 while approving the IEX Petition No. 219/MP/2021 filed for additional Term Ahead contracts and Green Term Ahead contracts beyond T+11 days. The summary of the specifications approved by the Commission is as below:

Name of the Contract	Commencement of Bidding	Last day of bidding	Bidding Time	Delivery Duration	Remarks
High Price Daily Contracts	On Daily Basis	Two days before the delivery day	12: – 17:00 hours	T+2 to T+90 Days	For pre-specified time blocks notified to the market participants well in advance through circulars
High Price Weekly Contract	Monday of the week prior to delivery	Friday of the one week prior to delivery	12:00 – 17:00 hours	TW+1 to TW+12 Weeks	
High Price Monthly Contract	First Day of the zero month	<ul style="list-style-type: none"> • For the first month (M1) contract – ten days prior to the close of zero month (M0); • For the second month (M2) contract – five days prior to the close of zero month (M0); • For the third month (M3) contract – last day of zero month (M0). 	12:00 – 17:00 hours	TM+1 to TM+3 Months	

Name of the Contract	Commencement of Bidding	Last day of bidding	Bidding Time	Delivery Duration	Remarks
High Price Any Day Single-Sided Contract	On Daily Basis	Two days before the delivery day	00:00 – 24:00 hours	T+2 to T+90 Days	For user-defined days and time blocks

9. Petitioner proposed the following eligibility for Participation in HP-TAM:
- a. Sellers: The Seller having a Standing Clearance issued by Load Despatch Center through NOAR specifying the eligibility of Seller for participating in the HP-DAM shall be eligible to participate in HP-ITD, HP-DAC & HP-TAM also. Such Seller will also be eligible to participate in the other contracts at Exchange based on the same standing clearance subject to applicable eligibility conditions of respective contracts, if any.
 - b. Buyers: All the entities which are eligible to procure power through Open Access shall be eligible to participate in HP-ITD, HP-DAC & HP-TAM as buyers.
10. Other Contract details of HP-ITD, HP-DAC & HP-TAM: All other contract specifications are similar to the ones existing for the general TAM segment as briefly provided below:
- a. Risk Management: As per existing practice of Electricity ITD, DAC & TAM contracts.
 - b. Price discovery methodology:

Name of the High Price Contract	Price Discovery Methodology
Day Ahead Contingency	Continuous Matching
Intra Day Contingency	Continuous Matching
Daily Contract	Uniform Price Step Auction
Weekly Contract	Uniform Price Step Auction
Monthly Contract	Uniform Price Step Auction
Any-day Single Sided Contract	Reverse Auction

- c. Scheduling: As per procedure of scheduling of bilateral transactions or its amendment or reenactment from time to time.

d. Deviation Settlement Mechanism: As per applicable Regulations notified by the Appropriate Commission.

11. The Petitioner further submitted that the delivery period for the proposed contracts may also be extended to 11 months as and when the same is approved by the Commission for the regular TAM contracts in accordance with the T-GNA provisions.

Hearing dated 15.09.2023:

12. The representative of the Petitioner submitted that the present petition has been filed for approval of the Commission to introduce the High Price Segment in Intra-Day, Day Ahead Contingency & Term Ahead Market, namely, HP-ITD, HP-DAC & HP-TAM on its platform for facilitating high variable cost generators to participate in these market segments which are otherwise not able to do so due to the prevailing price cap. He further submitted that the Petitioner has already undertaken a stakeholders' consultation process on its above proposal, and the comments received from the various stakeholders, including the Respondent, NLDC and the response of the Petitioner thereon, have also been filed by the Petitioner.

13. The Commission, after hearing the representative of the Petitioner, admitted the petition and directed the Petitioner to extend the opportunity to the stakeholders to file their respective comments/suggestions, if any, for a further period of two weeks and to file a copy of such additional comments, if any, along with its response thereon within two weeks thereafter. Subject to the above, the Commission reserved the matter for Order.

Reply by the Petitioner

14. The Petitioner had issued a notice dated 21.08.2023 seeking comments on its proposal. In compliance with the directions of the Commission during the hearing, the Petitioner extended the due date for submission of comments by the stakeholders vide its Public Notice dated 15.09.2023.

15. The Petitioner submitted that it did not receive any additional comments post extension of the due date. The Petitioner had initially received comments, with regard to its Notice dated 21.08.2023, from the following stakeholders:

- a. National Load Despatch Center (Respondent)
- b. Reliance Industries Limited
- c. Prayas Energy Group
- d. JPL-Simhapuri Energy Ltd

16. The comments received from the stakeholders, and the Petitioner's response thereto are as under:

National Load Despatch Center (NLDC) Comments & Petitioner's Response

- i) **Eligibility of Sellers:** The Commission, in Petition No. 359/MP/2022 and Petition No. 14/MP/2023, directed that the category of generating stations eligible to participate in HP- DAM shall be subject to periodic review by the Commission and directed NLDC to submit a quarterly report with recommendations. In view of that, GRID-INDIA has submitted a report on 02.05.2023. In the said report, based on market data and representations received from different generating stations, GRID-INDIA has submitted that there is a need to allow the participation of more entities in the HP-DAM segment in a non-discriminatory and transparent manner through a well-defined framework.

Response of Petitioner – The Petitioner submitted that the eligibility criteria proposed by the Petitioner are the same as those approved by the Commission in the Order dated 16.02.2023 in Petition No. 359/MP/2022 while approving the HPDAM segment. Further, any change in the eligibility criteria by the Commission will also be applicable in the proposed segment.

- ii) **Revision of Schedule for HP-TAM Contract.** NLDC has suggested including the provision related to the revision of the Short-Term Open Access/T-GNA schedule in case of unit tripping, as provided in the IEGC and the Pay-in/pay-out cycle of the proposed term ahead market, respectively.

Response of Petitioner - As per the IEGC, in case of unit tripping, the provisions relating to revision of schedule as specified in the IEGC as amended from time to time shall apply to the proposed contracts. The said provisions are already applicable to all the present transactions at the IEX. As regards the pay-in/pay-out cycle of the proposed contracts, it will be the same as that of the current ITD, DAC and TAM contracts.

- iii) **GNA/IEGC provisions** - NLDC has suggested including the provisions related to IEGC 2023 and GNA/T-GNA in the proposed contracts.

Response of Petitioner - IEX is in the process of filing a comprehensive Petition before the Commission seeking revision of Business Rules and the appropriate provisions of the contracts w.r.t the implementation of IEGC 2023, GNA/T-GNA regulations and the Sharing of Transmission Charges Regulations 2023. Since the petition will include seeking approval in view of the new regulations, the amendments with respect to the new regulations will be applicable to the proposed contracts. Such provisions are not a prerequisite for the introduction of the proposed contract as they will be taken care of in the separate petition.

Other Stakeholder Comments & Petitioner's Response

17. The Petitioner submitted that the stakeholders have given positive feedback and have supported the proposal of introduction of High Price Contracts in Intra Day, Day Ahead Contingency and Term-Ahead Market segments at the exchange platform. The stakeholders have affirmed that the introduction of such a platform would assist the market participants in the current market scenario and would help the High-Price sellers to get certainty for making available their capacity for a longer duration under the contracts. Some of the issues raised by the stakeholders and the Petitioner's view on the same are as under:

- i) **Application for Standing Clearance and Submission of Declaration:** It has been suggested by a stakeholder that the format in which they have to submit the declaration confirming their eligibility for the High-Price market is

presently required to be signed by the authorised signatory of the eligible generator not below the rank of MD and CMD each time the application for standing clearance is being made. The stakeholder has requested to relax the requirement of signature by the MD/CMD.

Response of Petitioner: As suggested by the stakeholder, the Petitioner requested the Commission to allow the representatives of the MD/CMD authorized through Power of Attorney backed by board resolutions to sign the declaration since it may not be practicable for the MD/CMD of large corporate to remain available every time such a signature is required. This will facilitate the participation of similarly placed generators in the high-priced market.

- ii) **Need to evaluate the requirement of High Priced market:** It has been suggested that while the proposed High-Price segment in ITD, DAC and TAM will help address the uncertainty of such sellers by providing them an opportunity to enter into longer duration contracts as against the day-ahead contracts in the HP-DAM segment, there is a need to assess the requirement of any High-Price segment in general since they fragment the market.

Response of Petitioner: The Commission approved the High price Day Ahead Market vide Order dated 16.02.2023 with the objective of allowing an avenue for the specific category of sellers to participate in DAM owing to the limitations in the form of a price cap of Rs. 10 in the IDAM market. Though the Commission has introduced a price cap after an assessment of demand supply scenario, however, the prolonged existence of a separate High Price segment and the price cap in DAM may permanently fragment the existing market. However, such an assessment is not a prerequisite for the introduction of the proposed contract.

- iii) **Allow Domestic gas-based power plants to participate in High Price Market:** RIL has requested that domestic gas-based power plants should also be allowed to participate in High Price Market on Power Exchanges. A large volume of domestic Gas production has been added in last 2-3 years and the

Government has already allowed marketing and pricing freedom for all new domestic gas productions in the country since 2016. Further, most of this gas is sold at market-determined prices which are linked to benchmark prices of imported LNG (JKM / WIM) and/or Brent price, etc., and are determined through open and transparent e-auction mechanism as per GOI's notification dated 3rd December 2020.

Response of Petitioner: The current eligibility criteria of HP-DAM is based on the CERC Order dated 16.02.2023. The Commission may consider the request of the RIL

- iv) **Participation of storage on all power exchange contracts and process for claiming ESOs:** Prayas has suggested that the energy purchased from storage projects should be accounted for separately based on SLDC/RLDC/Grid India reports. The certification should be provided by Grid India based on reports from the power exchange on quantum procured via IEX and based on actual energy delivered from the storage project for claiming ESO compliance.

Response of Petitioner: The Commission may consider the proposal of the Prayas

Analysis and Decision

18. The Petitioner has proposed to introduce the High Price Segment in Intra-Day, Day Ahead Contingency and Term Ahead Market (HP-ITD, HP-DAC & HP-TAM) on its platform.

19. The Petitioner has carried out stakeholder consultation and submitted its point-wise reply to the comments/suggestions made by the stakeholders and the Respondent, NLDC. The comments/suggestions received from the Respondent mainly relate to the eligibility of sellers and the revision of the schedule as per IEGC. Other Stakeholders, viz., Reliance Industries Limited (RIL), Prayas Energy Group and JPL-Simhapuri Energy Ltd., inter-alia, suggested allowing domestic gas-based

plants in the High Price segment, easing the requirement of MD/CMD authorization for the sale of power in the High Price Segment, raised concerns on the fragmentation of market, participation of storage on all power exchange contracts and process for claiming ESOs.

20. The Commission has earlier accorded approval for the introduction of the High Price Day Ahead Market (HP-DAM) on the IEX platform vide Order dated 16.02.2023 in Petition No. 359/MP/2022. The Petitioner, in the instant petition, has sought approval for the introduction of the High Price market segment in the Intra-Day, Day Ahead Contingency and Term Ahead Market (HP-ITD, HP-DAC & HP-TAM).

21. The Commission, in its Order dated 24.7.2023 in Petition No. 122/MP/2023 and in Order dated 21.09.2023 in Petition No. 170/MP/2023, accorded approval to other power exchanges, namely the Hindustan Power Exchange (HPX) and Power Exchange of India Ltd (PXIL), respectively, for the introduction of HP-TAM and HP-Contingency contracts at their respective platform.

22. We have considered the submissions of the Petitioner and the comments/suggestions of the stakeholders and NLDC, along with the reply thereupon by the Petitioner. We find that the stakeholders have largely welcomed the proposal for the introduction of proposed contracts as an additional platform and for improving competition. We further note that NLDC has not raised any concerns about the implications and operational difficulties in the implementation of the proposed HP-ITD, HP-DAC & HP-TAM.

23. In light of the above, we think that approval needs to be accorded to the Petitioner's proposal for the introduction of the High Price Bilateral Market segment. Accordingly, we examine, in the subsequent paragraphs, the Petitioner's proposal for the high-price bilateral market segment, in terms of the earlier orders by the Commission in this regard and the relevant provisions of the applicable Regulations, Grid Code, etc. Since the instant proposal involves the introduction of longer-duration contracts in the high-price segment, we also take cognizance of the decision of the Hon'ble Supreme Court of India on the issue of longer-duration

contracts (beyond T+11 days) and financial derivatives, which was sub-judice till October 2021. The issue was favourably disposed of by the Hon'ble Supreme Court in its Order dated 06.10.2021 as Civil Appeals 5290-5291 of 2011, in terms of the agreement reached between SEBI and CERC. The relevant extract of the Order is as under:

".....

The present applications have been placed on record in all the appeals which have been listed before this Court seeking the disposal of the appeals based on the settled terms agreed upon by the parties. These terms, delineating the respective jurisdictions of SEBI and CERC have been formulated by the Committee on Efficient Regulation of Electricity Derivatives constituted by the MoP during the pendency of the present appeals before this Court.

.....

We have perused the applications and the settled terms placed on record. Without commenting on the proposed terms, we permit the authorities to take the necessary steps in pursuance of the same, in accordance with law.

.....

The parties are directed to abide by the terms and conditions as recommended by the Committee on Efficient Regulation of Electricity Derivatives and the Office Memorandum dated 10.07.2020 issued by the MoP in its letter and spirit....."

High Price Intra-Day & Contingency Contracts and Term Ahead Market

24. **Type of Contracts:** The Petitioner has proposed high-price TAM contracts under the category of (i) Daily, Weekly and Monthly contracts; (ii) Any-Day single-sided contracts by Buyers. In the case of Intra Day and Contingency contracts, the Petitioner has proposed introducing High-price Intra-Day contracts and High Price Day Ahead Contingency contracts.

25. We have examined the proposed contracts as submitted by the Petitioner. We note that the contracts proposed by the Petitioner, i.e., Daily contracts, Weekly contracts, Monthly contracts, and Any-Day Single-Sided contracts, are physical delivery-based forward contracts and/or NTSD contracts. Therefore, in line with the judgment of the Hon'ble Supreme Court in the matter of longer-duration contracts (beyond T+11 days) and financial derivatives, vide its Order dated 06.10.2021, and in terms of the agreement reached between CERC and SEBI, CERC has the jurisdiction to regulate these contracts.

26. We, therefore, accord approval for the introduction of high-price Daily, Weekly, and Monthly contracts (for pre-specified time blocks to be notified to the market participants well in advance) and Anyday Single-sided contracts initiated by the buyers (based on Reverse Auction), subject to the directions in subsequent paragraphs. We also approve high-price Day Ahead Contingency contracts and high-price Intra-day contracts, subject to the directions in subsequent paragraphs.

27. **Eligible Entities:** The Petitioner has submitted that only those sellers, as approved by the Commission and identified by the Nodal Agency as being High-Price sellers, will be eligible to participate in High-Price TAM and Contingency contracts. In the case of HP- DAM, vide Order dated 16.02.2023 in Petition No. 359/MP/2022, we have approved the following categories of generators with high costs to be eligible for participation:

- a. Gas based Power Plants using imported RLNG and Naphtha
- b. Imported Coal based Power Plant using imported coal
- c. Battery Energy Storage Systems (BESS)

28. At this stage, we approve the same category of high-cost generators for participation in the high-price market segment, including TAM, Intra-Day and contingency contracts, to maintain consistency across different market segments. The above category, however, shall be subject to periodic review by the Commission based on the feedback of the stakeholders and in consultation with GRID-INDIA. Moreover, all the entities that are eligible to procure power through Open Access shall be eligible to participate as buyers in the high-price bilateral segment.

29. **Price Discovery and Matching Mechanism:** The Petitioner has proposed to follow Uniform Price Step Open Auction as the matching methodology for high-price Daily, Weekly, and Monthly contracts. For Any Day Single Sided contracts initiated by Buyers, the Petitioner has proposed to use Reverse Auction as the price discovery methodology. Further, the Petitioner has proposed continuous matching as the price discovery methodology for High-price Intra-Day and Day Ahead Contingency contracts, in line with the existing practice, followed in the case of Intra-Day & Contingency contracts and TAM contracts.

30. We approve the use of Uniform Price Step Auction as a matching methodology for price discovery in the case of high-price Daily, Weekly, and Monthly contracts, in line with the existing methodology in conventional TAM contracts. We further direct the Petitioner to use an open auction for Uniform Price Step Auction so that the participants, while bidding for these contracts, can make informed decisions after seeing buy and sale bids offered by other anonymous participants.

31. We also approve the proposed Reverse Auction methodology as the price discovery matching methodology for Any-day single-sided contracts initiated by buyers. The Petitioner is directed to clearly define the stages and timeline of Reverse Auction in the relevant sections of the Business Rules and the Contract Specifications.

32. As the 'Continuous matching' methodology proposed for high-price Day Ahead Contingency contracts and Intra Day contracts is the same as that of the methodology followed in the existing Contingency/ Intraday contracts and Green Contingency/ Intraday contracts, we agree with the Petitioner's proposal and approve the same.

33. **Floor and Forbearance Price:** In line with the floor and forbearance price for HP-DAM, we direct that the floor price shall be Rs. '0'/kWh and the upper price limit shall be Rs. 20/kWh for the High Price Bilateral market segment, including TAM and Intra-Day & Contingency contracts, until further orders.

34. **Timelines for Bidding and Delivery duration:** The Petitioner has proposed High Price TAM contracts for a maximum duration of three months, with trading in the prior month. High-Price Daily, Weekly, Monthly, and Any Day Single-Sided contracts for the third month can be traded on a rolling basis in zero month (M-0), first month (M-1), second month (M-2), and third month (M-3). For Contingency contracts, the bidding timelines and delivery duration are proposed to be similar to the existing Contingency contracts. The Petitioner has further submitted that on implementation of T-GNA provisions, the tenure of High Price Bilateral Segment contracts operating in the term ahead market segment may be increased to

11 months as and when the same is approved by the Commission for the regular TAM contracts.

35. The timelines and delivery proposed by the Petitioner for high-price TAM contracts, i.e., for the maximum period of three months, are broadly in line with the approval granted by the Commission in the Order dated 07.06.2022 in Petition No. 219/MP/2021 for longer-duration contracts in the Term Ahead Market and Green-Term Ahead Market. We, therefore, approve the proposed High-Price TAM contracts for a maximum duration of three months, considering the month in which the transaction is made as the zero month. Accordingly, the approved delivery duration for these contracts (for the pre-specified time blocks notified to the market participants well in advance) is: i) T+2 to T+90 days for Daily contracts, ii) TW+1 to TW+12 for Weekly contracts, iii) TM+1 to TM+3 months for Monthly contracts; and iv) T+2 to T+90 days for Any-day single sided contracts for user-defined days and time blocks, wherein T denotes the zero-day of trading, TW denotes the zero week of Trading and TM denotes the zero month of the trading and physical delivery of electricity starts on a day more than one day ahead.

36. Regarding Petitioner's submission that with the implementation of T-GNA provisions, the tenure of High Price Bilateral Segment contracts operating in the term ahead market segment be increased up to 11 months as and when the same is approved by the Commission for the regular TAM contracts, we note that the longer duration contracts of up to three months, have yet to garner sufficient liquidity. Therefore, the extension of these contracts shall be taken up separately at an appropriate time based on the performance of the existing contracts, market requirements and feedback from GRID-INDIA.

37. The Petitioner is directed to make Daily, Weekly, and Monthly contracts available only for the pre-specified time blocks notified to the market participants well in advance with the help of circulars. In the case of Any Day Single-Sided contracts, the buyer is allowed to define the days and time blocks of the delivery period only within T+2 days to T+90 days, and the same shall be notified in advance.

38. We also direct that timelines and delivery mechanisms for High-Price Day Ahead Contingency and Intraday contracts shall be on similar lines to the conventional/green power in the Contingency segment.

39. The delivery mechanism for the high-price TAM and Intra-Day & Contingency contracts shall be in accordance with the CERC (Indian Electricity Grid Code) Regulations, 2023 as amended from time to time including reenactment thereof; Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022, CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 as amended from time to time including reenactment thereof; CERC (Power Market Regulations), 2021 as amended from time to time including reenactment thereof; Procedure for Scheduling of Bilateral Transaction and Procedure for Short Term Open Access in inter-State Transmission System through National Open Access Registry (NOAR) as amended from time to time including reenactment thereof.

40. **Risk Management Mechanism:** The Petitioner has submitted that the risk management system applicable for participation in high-price bilateral market contracts shall be similar to the existing provisions in conventional TAM and Intra-Day and Contingency Segments.

41. We note that Regulation 26 of the PMR 2021 permits a power exchange to develop and implement a prudent risk management framework that shall be dynamic based on the changing risk profiles of the market. As a prudent risk management practice, the Petitioner should keep the initial and additional margins as per the risk mitigation requirements of its respective contracts and should clearly specify the same in its Business Rules.

42. As in the case of conventional contracts, the final price settlement shall be equivalent to the 'Traded price x Quantity scheduled' at the delivery point, subject to the condition that the netting off of the positions shall not be allowed.

43. **Revision:** GRID-INDIA, in its reply on the revision of the schedule, has submitted that, as per IEGC, in the case of unit tripping of unit size of 100 MW or more, revision of the Short-Term Open Access schedule is possible. Accordingly,

suitable provisions may be put in place in the Contract. In this regard, the Petitioner has submitted that as per the IEGC, in case of unit tripping, the provisions relating to the revision of the schedule shall apply to the proposed contracts. The said provisions are already applicable to all the present transactions at the IEX. As regards the pay-in/pay-out cycle of the proposed contracts, it will be same as that of the current ITD, DAC and TAM contracts.

44. In line with the laid down conditions of NTSD contracts, we direct that the High-Price Bilateral contracts can be annulled or curtailed without any transfer of positions due to constraints in the transmission system or due to force majeure. However, this will be subject to the validation by the system operator and the default mechanism of the Petitioner's Exchange. Any downward revision in the contracted quantity (MWh) shall be subject to the aforesaid conditions.

45. In case of unit tripping, the provisions relating to revision of the schedule as specified in the IEGC, as amended from time to time, shall apply to the contracts under the high-price TAM segment.

46. **Energy Storage Obligation:** As regards the suggestion by Prayas for directing GRID-INDIA to provide information regarding Battery Energy Storage System (BESS) that qualify as entities that purchase energy from such sources in different contracts of High Price bilateral market will enable the buyers to fulfil 'Energy Storage obligation', we are of the view that the issue involves wider consultation and cannot be dealt with in the present petition.

47. We direct that all other features of the high-price bilateral market segment, including TAM and Intra-Day & Day-Ahead Contingency contracts, shall be on similar lines to the conventional/green power segment.

48. We also direct the Petitioner to schedule these high-price contracts, viz., Daily, Weekly, Monthly, and Any day Single-Sided contracts initiated by the buyer on the first available day following the transaction day and to strictly abide by the following conditions of NTSD contracts:

- i) the contracts are settled only by physical delivery without netting;
- ii) the rights and liabilities of parties to the contracts are not transferable;

- iii) no such contract is performed either wholly or in part by any means whatsoever, as a result of which the actual delivery of electricity covered by the contract or payment of the full price therefor is dispensed with;
- iv) no circular trading shall be allowed, and the rights and liabilities of parties to the specific delivery contracts shall not be transferred or rolled over by any other means whatsoever;
- v) the trading shall be done only by authorized grid-connected entities or trading licensees on behalf of grid-connected entities as participants;
- vi) the contracts can be annulled or curtailed, without any transfer of positions, due to constraints in the transmission system or any other technical reasons, as per the principles laid down by CERC in this regard. However, once annulled, the same contract cannot be reopened or renewed in any manner to carry forward the same transaction.

49. The capacity offered as a sell bid in a power exchange under the high-price Daily, Weekly, Monthly, and Any day single-sided contracts initiated by the buyer from a resource in the same time-block, shall be separate and non-overlapping. Non-compliance of the same by any of the parties to the transaction shall lead to its debarment as a member or client and/or revocation or suspension of registration, as the case may be, along with the other actions for market abuse under the PMR 2021 and other applicable Regulations of the Commission.

50. ***Requirement of submission of Declaration for Standing Clearance:*** On a suggestion of the stakeholder, the Petitioner has requested the Commission to allow the representatives of the MD/CMD authorized through Power of Attorney backed by board resolutions to sign the declaration for seeking Standing Clearance for participating in the High Price Segment instead of the existing requirement of signature of MD/CMD himself. It is submitted by the Petitioner that sometimes it may not be practicable for the MD/CMD of large corporates to remain available every time for such a signature requirement. This will facilitate the participation of generators in the high-priced market.

51. We agree with the Petitioner that such requirements may be relaxed without compromising on the legal standing and responsibility of the parties. Accordingly, we direct GRID-INDIA to amend the format in which the Generating Company is required to submit the declaration signed by MD/CMD confirming their eligibility for the High-Price market and provide for the declaration duly signed by the authorized signatory of the Generating Company. Such authorization shall be through Power of Attorney backed by board resolutions.

52. In light of the above analysis and decision on the various issues arising out of the proposal for the introduction of the high-price bilateral market segment at the Petitioner's power exchange, we hereby approve the Petitioner's proposal to introduce high-price TAM and Intra-Day & Day-Ahead Contingency contracts, subject to compliance with the directions stated in this Order.

53. The Petitioner is directed to incorporate appropriate provisions in its Bye-laws, Rules, and Business Rules with respect to the introduction of these contracts in line with the above directions and submit them to the Commission for records within 15 days from the date of this Order. Needless to mention, if any discrepancy is noticed or if it appears that the revised Business Rules, Rules, and Bye-Laws do not conform to the Regulations and/or to this Order in any respect, necessary directions may be issued for such compliance.

54. We also direct GRID-INDIA to submit a report on the experience and performance of HP-TAM and HP-Contingency contracts within three months from the date of introduction of these contracts after seeking feedback from the Petitioner.

55. Petition No. 259/MP/2023 is disposed of in terms of the above.

**Sd/-
(P.K. Singh)
Member**

**Sd/-
(Arun Goyal)
Member**

**Sd/-
(I.S. Jha)
Member**

**Sd/-
(Jishnu Barua)
Chairperson**