

Email

SushantSharma

Fwd: PMR - Comments

From : Gagan Diwan <gagandiwan@cercind.gov.in>

Wed, Aug 20, 2025 03:15 PM

Subject : Fwd: PMR - Comments

 1 attachment

To : SushantSharma <sushantsharma.ro@govcontractor.in>

Regards

Gagan Diwan
Deputy Chief
Economics Division

==== Forwarded message =====

From: Harpreet Singh Pruthi <secy@cercind.gov.in>

To: "Yogieta S Mehra" <chiefeco.cerc@nic.in>, "Gagan Diwan" <gagandiwan.cerc@nic.in>

Date: Wed, 20 Aug 2025 15:12:40 +0530

Subject: Fwd: PMR - Comments

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From: gvs cetizionverifica <gvs@cetizionverifica.com>

To: <secy@cercind.gov.in>, <ashutosh.sharma@nic.in>

Date: Wed, 20 Aug 2025 15:08:29 +0530

Subject: PMR - Comments

==== Forwarded message =====

Respected Secretary,

I am writing to submit my comments on the Draft Power Market (1st Amendment) Regulations, 2025.

Please find below the key points for consideration attached as a

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GVSRAO

Practice Lead - Sustainability, Information Technology, AI & ML

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Proposed points for PMR comments.pdf

128 KB

To,

The Secretary,

Central Electricity Regulatory Commission

Sub: Comments on the Draft Central Electricity Regulatory Commission (Power Market) (First Amendment) Regulations, 2025

Dear Sir,

The new draft CERC regulations are a welcome and smart move to help India reach its goal of adding 500 GW of renewable energy (RE) by 2030. To get there, we need to install about 50 GW of RE every year.

Right now, the biggest challenges are making sure the power grid can handle all the new energy, finding ways to store it, and managing the costs.

The new rules tackle these problems head-on by creating new types of contracts for things like batteries (BESS), virtual power agreements (VPPA), and more. This will create a more stable and predictable market, helping everyone involved—from the companies that build solar and wind farms to the companies that distribute the power and the people who use it. The changes will make it easier to add more renewable energy and will make the over-the-counter (OTC) market a reliable place for everyone to do business.

In this connection, please find our comments below:

1. Analysis of Proposed Net Worth Criteria

We support the Hon'ble Commission's proposal to increase the minimum net worth for registering an **OTC platform** to ₹35 crore in the draft regulations. However, given the expanding role of OTC platforms, we believe this amount may be insufficient.

The Power Market Regulations (PMR) 2021 mandate that OTC platforms enhance market transparency and efficiency through several key functions:

- **Information Exchange:** Facilitating communication between buyers and sellers.
- **Data and Analytics:** Providing a repository of data and advanced analytical tools.
- **Digital Ecosystem:** Creating a cohesive digital environment.
- **Market Accessibility:** Enabling smaller participants to enter the market.

These responsibilities require OTC platforms to build a robust digital infrastructure for the entire Indian power market, including generators, DISCOMs, and consumers.

Justification for a Higher Net Worth

The proposed changes will significantly enlarge the scope of OTC platforms. They will no longer just execute contracts but also provide crucial decision-making tools and data support. This expanded role necessitates a substantial investment in a futuristic, robust IT system with top-tier cybersecurity protocols. Such an investment is only feasible for serious, financially strong players.

A higher net worth requirement would also create a **level playing field**. Currently, Power Exchanges and Category 1 Trading Licensees are required to maintain a minimum net worth of **₹50 crore**. Aligning the OTC platform net worth with this standard would ensure consistency in financial strength and regulatory standards across the market. This move would attract financially stable entities capable of building the reliable digital backbone necessary for a secure and efficient power market.

2. Analysis of Proposed Validity Period for OTC Platforms

The draft amendment by the Hon'ble Commission proposes extending the registration validity for Over-the-Counter (OTC) platforms from 5 to 10 years. While this is a positive step, we believe that a longer validity period of **25 years** would be more beneficial and aligned with the nature of the required investments.

The core argument for a 25-year validity is based on the significant **infrastructure and technology investments** needed to establish and operate an effective OTC platform. A longer, more stable regulatory period provides the certainty required for serious players to commit to these substantial, long-term capital expenditures.

Furthermore, a 25-year validity period would create **parity** with other key market participants. This aligns with the long-term nature of the contracts expected on these platforms, especially **VPPA (Virtual Power Purchase Agreements)**, which can have tenures of **20-25 years**. In contrast, Power Exchanges typically handle contracts with a maximum validity of only three months.

We again commend the Hon'ble commission on publishing the draft regulations and reiterate that it is forward looking and extremely well timed. Proper implementation would support our national target of Renewable Energy capacity addition of 500 GW by 2030 and would also place the OTC platform as a credible, structured & scalable option for the market participants.

Thanking You,