Ref: PXIL/S&R/09112026/1 Date: 9th November 2026

To
The Secretary
Central Electricity Regulatory Commission
World Trade Centre, 7th floor, Tower-B
Nauroji Nagar
New Delhi - 110029

Sub: Suo-Motu Order issued by Hon'ble Commission titled – '*Inclusion of the Pumped Storage Plants (PSPs) in the eligibility list for participation in the High Price Day Ahead Market (HPDAM)*' – Observations, comments and suggestions from Power Exchange India Limited.

Ref: Petition No. 13/SM/2026 dated 28.10.2026

Dear Sir,

The Hon'ble Commission approved introduction of High Price Day Ahead Market ('HPDAM') segment in 'PRATYAY' platform vide Order in Petition No. 14/MP/2023 dated 11.04.2023 and later vide Order in Petition No. 170/MP/2023 dated 21.09.2023 approval was granted to introduce High Price bilateral market segment with Contracts operating under provisions of Regulation 5(2) and Regulation 5(3) of CERC (Power Market) Regulations, 2021 ('PMR 2021').

PXIL submits that the Hon'ble Commission prescribed following categories of generators to participate in High Price segments, i.e. both in HPDAM and different High Price Bilateral Contracts:

i. Gas based power plants using imported RLNG and Naptha
ii. Imported Coal based power plant using imported Coal
iii. Battery Energy Storage System ('BESS')

<u>Benefits of introducing High Price segment</u>

The introduction of High Price segment offers significant benefits to buyers, sellers, and the power system, vis.

- **Unlocks costly generation:** Allows power generators with high variable energy costs, i.e., exceeding existing price cap of Rs. 10/kWh, to participate in power exchanges, to supply power instead of being shut-down
- **Mitigates Peak power deficits:** Provides vital supply-side support during high demand periods, i.e., evening peak hours, unexpected weather phenomenon, i.e. due to heat waves / monsoon deficit,

- **Encourages investments in Storage and peaking solution:** Provides signals for investments in flexible assets like BESS and other types of storage plants, supporting grid reliability and renewable integration

The Energy Transition – The Next Strategic Imperative

India's target of achieving 500 Gigawatts of non-fossil fuel capacity by 2030 represents a fundamental shift in the country's electricity landscape. As renewable energy assumes a larger role, the ability to store energy and deploy it in line with demand will become increasingly important for maintaining a reliable and balanced power system. Pumped Storage Hydropower is well positioned to address this requirement through its ability to provide large-scale, long-duration energy storage while supporting a range of wider power system needs. Its role extends from managing peak demand and integrating variable renewable energy to strengthening grid flexibility and resilience. As the clean energy ecosystem continues to evolve, the effective deployment of energy storage alongside generation and transmission infrastructure will be central to building a power system that is cleaner, more flexible and prepared for the future.

Policy framework to promote Energy Storage Systems

The Ministry of Power, Government of India ('MoP'), notified the Electricity (Amendment) Rules 2022 on 29.12.2022. Section 18 of the Rules prescribes an ecosystem for market-based development of Energy Storage Systems.

18. Energy Storage System

(1) The Energy Storage Systems shall be considered as a part of the power system, as defined under clause (50) of section 2 of the Act.

(2) The Energy Storage System shall be utilised either as independent energy storage system or network asset or in complementary with generation, transmission and distribution.

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(5) The developer or owner of the Energy Storage System shall have an option to sell or lease or rent out the storage space in whole or in part to any utility engaged in generation or transmission or distribution; or to a Load Despatch Centre:

Provided that the owner of the Energy Storage System may use part or whole of the storage space himself to buy and store electricity and sell the stored electricity ata later time or date.

(6) The independent energy storage system shall be a delicensed activity at par with a generating company in accordance with the provisions of section 7 of the Act:

Provided that if the owner or developer or lessee or tenant or user seeks to operate the Energy Storage System as an independent energy storage system, it shall be registered with the Authority and the capacity of such Energy Storage System shall be verified by the Authority.

Later, MoP notified National Framework for Promoting Energy Storage Systems in August 2023. Clause 6.7 of the framework prescribes measures for ensuring an enabling ecosystem for Energy Storage Systems.

6.7.1. To achieve financial and commercial viability, ESS developers and intermediary agencies would be permitted to offer a range of market-based energy and power products. These products may include a) Spot Energy Market b) Capacity Market/Energy Arbitrage (boosting capacity value by shifting off-peak generation to peak times) c) Provision of ancillary services to the grid d) Providing storage to other generating stations e) Bundling to make RE firm and dispatchable RE power f) Replacing diesel generators in various sites such as construction sites, commercial and residential areas, and islands. g) Any other product that meets market demand or requirements.

6.7.2. Power purchase guidelines may be framed in such a way as to encourage planning and purchase of ESS for meeting demand and reliability requirements. *Further, the Appropriate Commission may consider ESS as an alternative when approving the CAPEX requirements for any new Transmission and/ or Distribution System.*

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Systemic benefits of Pumped Storage Plants

Pumped Storage Plants ('PSPs') support the integration of renewable energy by storing surplus energy during off-peak periods and supplying power during peak demand. They provide long-duration energy storage, balancing power and ancillary grid services such as frequency regulation, voltage support and black start capability, thereby supporting grid stability, reliability and higher renewable energy penetration.

PXIL submission:

The Hon'ble Commission has approved introduction of different Contracts in High Price segment in 'PRATYAY' platform for benefit of market participants:

S No.	Order	Market
1.	14/MP/2023 dated 11.04.2023	High Price Day Ahead Market under Regulation 5(1) of PMR 2021

S No.	Order	Market
2	170/MP/2023 dated 21.09.2023	- High Price Contingency Contract under Regulation 5(2) of PMR 2021, vis. Intraday Contingency and Day Ahead Contingency - High Price Term Ahead Market under Regulation 5(3) of PMR 2021, vis. Daily, Weekly, Monthly and Any Day Single Side with Reverse Auction

Earlier, in Petition no 170/MP/2023 dated 21.09.2023, PXIL had sought direction to permit purchase of BESS based power in High Price Bilateral segment be recognised to fulfill 'Energy Storage Obligation' under provisions of MOP notification F No. 9/12/2021-RCM dated 27.07.2022. The Hon'ble Commission had at Para 45 of the Order directed the issue requires wider consultation and cannot be dealt with in the present Petition.

> ***Para 45. Renewable Purchase Obligation and Energy Storage Obligation:*** *As regards the Petitioner's suggestion for directing GRID-INDIA to provide information regarding Battery Energy Storage System (BESS) that qualify as entities such that purchase of 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.***

PXIL humbly submits that the inclusion of PSPs as eligible entities across various High Price Segment contracts would facilitate efficient energy arbitrage over longer durations, thereby expanding market opportunities beyond the currently available day-ahead participation under HPDAM. Further, PXIL has submitted Petitions seeking approval for an increase in delivery duration and the introduction of new Contracts, wherein PSPs may also participate as eligible sell-side participants:

S No.	Order	Particulars
1	12/MP/2024	Increase delivery duration of different HPTAM Contracts to up to 11-month ahead to align with Temporary General Network Access period of 11-Month ahead **Current status:** The matter is reserved for Order during hearing dated 05.02.2026
2	446/MP/2025	Introduction of Green-RTM and High-Price RTM

S No.	Order	Particulars
		Current status: The matter is reserved for Order during hearing dated 03.03.2026
3	864/MP/2025	Introduction of Peak DAM and Peak RTM **Current status:** The matter is reserved for Order during hearing dated 03.03.2026

This regulatory measure assumes greater significance given the increasing share of variable renewable energy in the Indian power system and would contribute towards more efficient balancing and grid operations.

PXIL welcomes inclusion of PSPs as eligible entities in HPDAM and humbly requests Hon'ble Commission to approve their participation in different High Price Bilateral Contracts. Approval for PSPs participation in different High Price Bilateral Contracts would create opportunities for long-duration transactions, thereby improving supply certainty for buyers and providing greater revenue visibility and investment confidence for PSPs.

We humbly request Hon'ble Commission to take our suggestions on record and accord us an oppurtunity to present the same during Public hearing.

Thanking You.

Yours faithfully,

For **Power Exchange India Limited**

ANIL VITTHAL KALE Digitally signed by ANIL VITTHAL KALE
Date: 2026.11.09 10:13:21 +05'30'

Anil V. Kale
Vice President and Head – Strategy and Regulatory