COMMENTS OF THDC INDIA LIMITED ON THE PROPOSAL FOR INCLUSION OF PUMPED STORAGE PLANTS (PSPs) IN THE ELIGIBILITY LIST FOR PARTICIPATION IN HIGH PRICE DAY AHEAD MARKET (HP-DAM)

Reference: CERC Order dated 28.10.2026 in Petition No. 13/SM/2026 (Suo-Motu).

With reference to the above-mentioned order, wherein the Hon'ble Commission has proposed to allow Pumped Storage Plants (PSPs) to participate in the High Price Day Ahead Market (HP-DAM) segment of the Power Exchanges and invited comments/suggestions from stakeholders, we are pleased to submit our comments and suggestions for consideration of the Hon'ble Commission.

THDC India Limited (THDCIL) welcome the proposed initiative of the Hon'ble Commission, as participation of PSPs in HP-DAM would provide an additional avenue for market-based revenue realisation, facilitate efficient utilisation of storage capacity, improve the commercial viability of PSPs and encourage further investments in energy storage infrastructure.

It is submitted that a substantial portion of the hydro and pumped storage capacity developed by Central Public Sector Undertakings is tied up with beneficiaries under long-term contractual arrangements, with tariff determined by the Appropriate Commission under Section 62 of the Electricity Act, 2003. Such projects are primarily developed to meet the power and peak-demand requirements of beneficiaries and to ensure long-term availability of reliable and flexible power. In this regard, it is pertinent to note that the Hon'ble Commission, in its Order dated 28.10.2026 in Petition No. 13/SM/2026, has itself observed that the operational PSPs in the country are almost fully tied up and that the availability of merchant capacity from such projects is limited.

It is further submitted that, considering the distinct operational and commercial characteristics of PSPs, participation of such projects in HP-DAM would require a comprehensive mechanism for dealing with the procurement and accounting of pumping energy, conversion losses arising on account of round-trip efficiency, and sharing of net financial gains, wherever applicable.

It is, therefore, requested that the Hon’ble Commission may consider extending the proposed HP-DAM participation framework to all eligible PSPs, irrespective of the mechanism under which they are developed, i.e. Section 62, Section 63 or any other permissible framework. In particular, Section 62 regulated PSPs, including those whose entire installed capacity is tied up under long-term PPAs/allocation arrangements, may also be permitted to participate in HP-DAM for sale of their regulated surplus capacity, subject to applicable contractual and regulatory provisions. Further, an appropriate mechanism may be provided for procurement/accounting of pumping energy and sharing of the resultant financial benefits among the generating company and beneficiaries, as applicable.

The framework may, however, suitably distinguish between merchant PSPs and regulated PSPs having long-term contractual commitments, so that market participation does not adversely affect the existing tariff arrangements, contractual rights and obligations of the respective stakeholders.

Such an enabling framework would ensure optimum utilisation of existing PSP assets, provide additional commercial opportunities to generating companies and beneficiaries, and support the development of storage-based flexibility in the Indian power sector.