



Power Market Development

Way Ahead from a trader's perspective

Power Exchange

PTC India Ltd.

18th July 2007

Introduction



- **A Core Team was constituted by MOP in December 2004**
 - to interact with consultants for Development of Power Exchange with the following as its members
 - Its members were MOP/NTPC/PGCIL/PTC/NVVN
- **Core Team visited other Exchanges and gave following main Recommendations:-**
 - Need to establish a power exchange
 - A separate company to be formed
 - To approach CERC for regulatory framework
 - Workshops to sensitize the state level utilities.

Introduction



- **CERC issued a staff paper for PX in July 2006**
 - A timely effort by CERC
 - Staff paper recognizes that electricity trading is essential for meeting peak demand and for overall resources optimization
 - Staff paper widely circulated and comments/inputs taken from all stake holders.
- **CERC Issues Guidelines for PX in Feb 2007**

CERC Guidelines For PX



- **Guidelines for PX:-**
 - Minimal regulation
 - De-mutualized form of organization
 - Reliable, effective and impartial management
 - Ring-fencing between ownership, management and participators
 - Investment support (inst. Investors)
 - Transparency in operation and decision - making
 - Efficient clearing settlement and guarantee

CERC Guidelines For PX



- **Main Concerns of CERC**
 - Scrutiny of Rules and Bye laws
 - Assignment of transmission capacity
 - Transmission charges and losses
 - Transmission Congestion
 - Monitoring of PX for preventing speculation, unfair gaming
 - Dispute Management

Process for Grant of Permission for PX



- Who can make Application
- Documents to be Submitted
- Procedure for Application
- Procedure for granting Permission
- Withdrawal of Permission

For additional information kindly refer CERC website www.cercind.gov.in

Salient Features of PX



- **Voluntary Participation.**
- **Balancing Market through UI Mechanism**
- **Cross Border not to be traded on PX.**
- **No monopoly of any one exchange.**
- **Products to be traded**
 - Start with Day Ahead Market (one hour time blocks).
 - Other products to be introduced later.

Way Forward



- **Power Exchange and Bilateral Trading**
 - Both to continue parallel
 - No preferential treatment to PX
 - Equitable treatment for Transmission Capacity
 - Surplus Capacity availability
 - Equitable treatment of Transmission Charges and losses.
- **Desired, or optimal size of the market and its inter-se breakup in segments;**
 - Long-term (75-80%?)
 - Short-term (20-25%?, incl. day-ahead and balancing)
 - Very Short-term / Day-ahead
 - Balancing / Real-time ($\leq 2\%$?)

Way Forward - Issues



- Larger volumes required
- More liquidity required
- Greater number of participants
 - Intra-state Open Access
 - Facilitating Captive participation
- Congestion Management
- Transmission Charges and Losses treatment
- Co ordination with RLDC/NLDC
- Training of manpower



Thank You

