

Salient features of PXIL petition to introduce Month (s) Ahead Contract

Petition no: 229/MP/2021

Subject: 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 Month(s) Ahead Contracts at Power Exchange India Limited.

Introduction: The Hon'ble Supreme Court vide its Judgement dated 06.10.2021 in in the matter of Civil Appeal no 5290-5291 of 2011, with C.A. nos. 6311 – 6314 of 2011 and SLP (C) nos 17300–17303/2011 set aside the Bombay High Court order and directed all parties to abide by Ministry of Power Office Memorandum ref no 24/6/2016/R&R dated 10.07.2020 as per which all ready delivery contracts and Non-Transferable Specific Delivery (NTSD) Contracts transacted by participants on Power exchange are now allowed to be regulated by Hon'ble CERC

1. Different types of Month (s) Ahead Contract

- a. Monthly Contracts which can be traded on Three (3) Month, Two (2) Month and One (1) Month Ahead basis.
- b. Exchange-specified seasonal duration contracts which can be traded on Three (3) Month, Two (2) Month and One (1) Month Ahead basis
- c. Monthly Contracts in Renewable Energy in the GTAM segment as per the durations mentioned hereinabove i.e. Solar, Non Solar and Hydro

2. Scheduling and Delivery

- a. The transactions shall be scheduled under 'Procedure for Scheduling Bilateral transaction'
- b. The application shall be submitted to Nodal RLDC where the Buyer is located
- c. Contracts shall be subject to constraints in the transmission system and real time curtailment by NLDC/RLDC/SLDC

3. Matching mechanism and Price discovery

- a. Continuous matching mechanism is proposed for approval. The Contracts will be settled based on price discovered during the continuous matching
- b. Based on approval to introduce different matching mechanism in Term Ahead Market, PXIL shall introduce different matching mechanism to meet market participants requirements
- c. Considering the specifics of particular Contract, the Exchange may introduce different matching mechanism:
 - 'Uniform Price' – existing in IDAM/DAM, RTM, REC and ESCert
 - 'Multi form Pricing'- existing in Weekly Contract
 - 'Continuous matching' – existing in Intraday and Day Ahead Contingency Contracts
 - 'Pay-as-Bid'- similar to the TRAS-down proposed in draft Ancillary Services Regulation

- ‘Reverse auction’ – similar to mechanism prevalent in other ‘e-auction’ portal
- ‘Forward auction’- in this Seller will initiate an event as Offer to sell Power (in MW), multiple buyers on the opposite side will compete among themselves to submit their competitive bid

4. Benefits of Month (s) Ahead Contract

- a. Complete transaction from placement of Order, price discovery, power scheduling, clearing and settlement is undertaken seamlessly by the Exchange platform
- b. Provides transparent and efficient mechanism for buyers and seller to transact power effectively
- c. Enables transparent data to policy makers, market participants and regulators, thereby, assisting in overall development of the power market in the country

5. Additional submission - Increase in tenure of delivery of power in Any Day Contract from ‘T+10’ to ‘Last day of the 4th Month’

- a. PXIL proposes to increase delivery of power in Any Day Contract from existing ‘T+10’ to ‘Last day of the 4th Month’ consider the month in which the transaction is cleared in the Exchange platform as the first month

S No.	Particulars	Any Day Contract	Change proposed Any Day Contract (post Hon’ble Supreme Court Judgement)
1	Delivery from Date	T+2	T+2
2	Delivery from Time	00:00 Hrs	00:00 Hrs
3	Delivery to Date	T+11	Last day of Fourth (4th) month
			[The month in which transaction is executed is the First (1st) month]
4	Delivery to Time	24:00 Hrs	24:00 Hrs

- d. The delivery of power in Any Day Contract shall be scheduled under the ‘Procedure for Scheduling Bilateral transaction’
- e. The application for scheduling delivery of power shall be submitted to Nodal RLDC where the buyer is located

6. Additional submission - Increase in trading days in Weekly Contract

- a. The Exchange proposes to increase the trading days in Weekly Contract by conducting rolling auction wherein auction session starts on a Friday two weeks prior to delivery and auction session closes on Thursday of the following week
- b. Matching of Orders would be undertaken on daily basis after the closure of auction window on each day. Orders once matching would be submitted for scheduling
- c. The delivery of power shall be scheduled under the ‘Procedure for Scheduling Bilateral transaction’

- d. The application for scheduling delivery of power shall be submitted to Nodal RLDC where the Buyer is located
- e. An Illustration of the above submission is provided hereunder:

Consider the month of November 2021, the month has five (5) weeks, with Week W1 from 1st to 7th, Week W2 from 8th to 14th, Week W3 from 15th to 21st, Week W4 from 22nd to 28th and Week W5 from 29th to 30th.

- a) *For delivery period from 22nd to 28th the auction session would start on 12th and close on 18th with matching of Orders on daily basis.*

Week No	November - 2021						
	Mon	Tue	Wed	Thu	Fri	Sat	Sun
W1	1	2	3	4	5	6	7
W2	8	9	10	11	12	13	14
W3	15	16	17	18	19	20	21
W4	22	23	24	25	26	27	28
W5	29	30					

- b) *For delivery period 15th to 21st the auction session would start on 5th and close on 11th*

Week No	November - 2021						
	Mon	Tue	Wed	Thu	Fri	Sat	Sun
W1	1	2	3	4	5	6	7
W2	8	9	10	11	12	13	14
W3	15	16	17	18	19	20	21
W4	22	23	24	25	26	27	28
W5	29	30					

- c) *Similarly, for delivery period 29th November to 5th December, the auction session would start on 19th November and close on 25th November*

Week No	November - 2021						
	Mon	Tue	Wed	Thu	Fri	Sat	Sun
W1	1	2	3	4	5	6	7
W2	8	9	10	11	12	13	14
W3	15	16	17	18	19	20	21
W4	22	23	24	25	26	27	28
W5	29	30					
Week No	December - 2021						
	Mon	Tue	Wed	Thu	Fri	Sat	Sun
W1			1	2	3	4	5