

Workshop on development of Intra-state electricity markets by PXIL

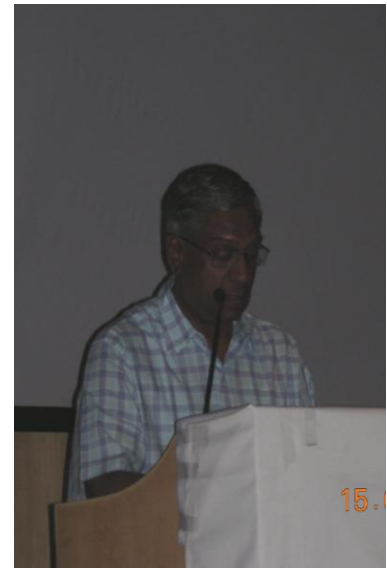
Power Exchange India Limited (PXIL) has proposed the idea of developing a power market within specific States, such that buyers and sellers including captives and large industrial consumers can transact with each other on the exchange. The surplus electricity not sold on the exchange in this Intra-State market would be cascaded in such a manner that it can be sold in the national market, again through the power exchange.

Since there are quite a few generation assets in the form of captive power plants which have still not been utilized to the fullest extent, it appears that the best method of ensuring optimal use of assets would be through development of transparent and fair market structures within the States. It is also in line with international experience, where homogenous markets have been connected first and then these markets have been coupled together to create larger markets.



To take this idea ahead and establish its commercial principles and viability, PXIL conducted a workshop in Mumbai with the State of Maharashtra taken as a case for study, presentation and discussion.

Participants included the Hon'ble CERC Chairman and all the Hon'ble CERC members, the Hon'ble MERC Chairman, representatives from State Utilities including those from MahaSLDC, Power trading firms, Captive power plant representatives from Sugar, Steel, Cement & Chemical industries, other Captive power plant owners, industrial consumers and other interested organizations.



Mrs. Rupa Devi Singh, MD & CEO, PXIL started the session with a welcome speech and set the background for the development of organized power markets as infrastructure for the nation. She also elaborated on the genesis of the idea of an Intra-State market which can alleviate the issues of power shortages being faced within States by providing a market platform for tapping captive production.

Dr. Pramod Deo, Hon'ble Chairman, CERC, while delivering the key-note address elaborated on the market development initiatives taken by CERC and expressed his views on the unbundling of SEBs as well as Open Access issues. He laid his emphasis on quick development of market infrastructures within States and supported the multi-buyer structure at State level. Concluding his speech Dr. Deo said that Maharashtra is a very good example of a State where an intra-state market can develop. He wished PXIL all the best for the development of power market in India and for the appropriate development of this concept propounded by PXIL.

Mr. V. P. Raja, Hon'ble Chairman, MERC, in his inaugural speech said that the reforms in power sector has been taking place for quite some time now however, speed and sequencing of all reform initiatives matter a lot. Power Exchanges too are a result of such reforms. Concluding his speech, Mr. Raja wished success to PXIL and encouraged the team to take similar initiatives in future. During the technical sessions too, Mr. Raja mentioned the need to create market spaces

in States where competitive market forces could be allowed to operate such that the benefits of competition could go to final users.

The PXIL team took the audience through the entire concept of the **Intra-State two-day-ahead market** and elaborated on discussion points to ensure that viability of the concept could be established through a consensus approach of the participants. The enthusiasm of the discussion panel and audience were evident from the high level of participation. The discussions and feedback from the industry and regulatory representatives would certainly help PXIL develop a market that the country needs.

It is expected that the presence of key stakeholders of the power sector in the form of CERC, MERC, MahaSLDC, Power trading firms and CPP representatives would take the idea to its logical conclusion through quick implementation.