

Power Exchange India Limited

Circular No : PXI/ Mkt. Operations/ 2012-13/0089

Date of Issue : 31 October 2012

Subject : New allocation methodology for REC from 31 October 2012

In pursuance to Rules, Bye-laws and Business rules of the Exchange, the members of the exchange are notified as under:

Exchange will be going Live with new allocation methodology for REC from 31 October 2012.

In REC segment, there has been change in trading logic to price - allocation based matching. Some Illustration using the new methodology are described in Annexure I below.

The new matching rules are uploaded in the PXIL website. Members are requested to take a note of it

In case of any clarification, Members are requested to contact the undersigned at 022-26530561/568/595/587/581

For Power Exchange India Limited

Sd/-

Chandrashekhhar Bhat

Head – Market Operations

Annexure I

1. Aggregate Demand less than Aggregate Supply and Multiple Bids at Same Price

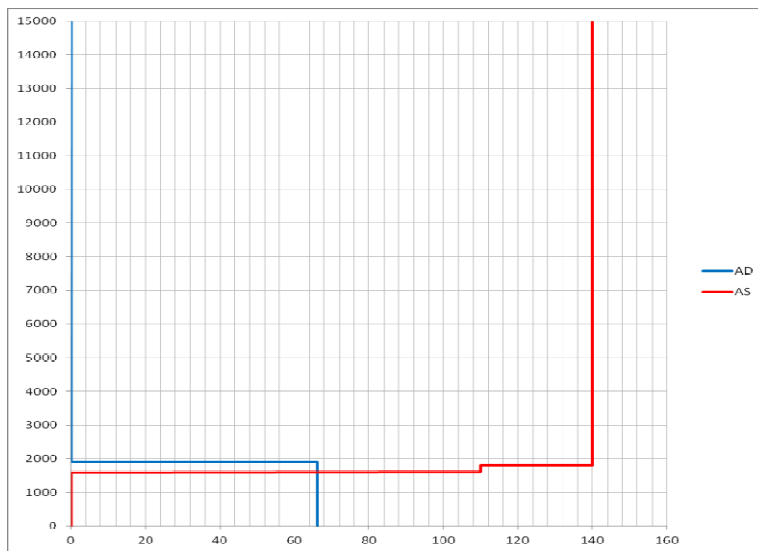
Suppose we get the following bids for Non-Solar RECs

Participant	Price	Qty	Time
Buyer 1	1900	15	12:00
Buyer 2	1900	26	12:10
Buyer 3	1900	25	12:20
Seller 1	1600	60	12:50
Seller 1	1800	90	13:00
Seller 2	1600	50	13:10

According to Rule 3.1 and 3.2, Aggregate Supply & Aggregate Demand at each price tick is calculated.

Price	Aggregate Demand	Aggregate Supply
1600	66	110
1800	66	140
1900	66	140

According to Rule 3.4, the intersection of the AD and AS curves determines the MCP and MCV.



MCP= 1600, MCV= 66

According to rule 3.6.1 and 3.6.2, Sorting of Orders is done on price priority and all buy bids above or equal to MCP and sell bids below or equal to MCP qualify for trade generation.

Participant	Price	Qty	Time	Participant	Price	Qty	Time
Buyer 1	1900	15	12:00	Seller 1	1600	60	12:50
Buyer 2	1900	26	12:10	Seller 2	1600	50	13:10
Buyer 3	1900	25	12:20				

According to Rule 3.7.1, all buy bids would be cleared equal to the bid quantity but as the sell bids are at same price, they would be pro-rated as per Rule 3.7.2.2.

Buyer	Qty	Seller	Qty
Buyer 1	15	Seller 1	$(60/110)*66= 36$
Buyer 2	26	Seller 2	$(50/110)*66= 30$
Buyer 3	25		

Post Matching the Final obligation of the participants would be

Buyer	Qty	Seller	Qty
Buyer 1	15	Seller 1	36
Buyer 2	26	Seller 2	30
Buyer 3	25		

2. Aggregate Supply less than Aggregate Demand

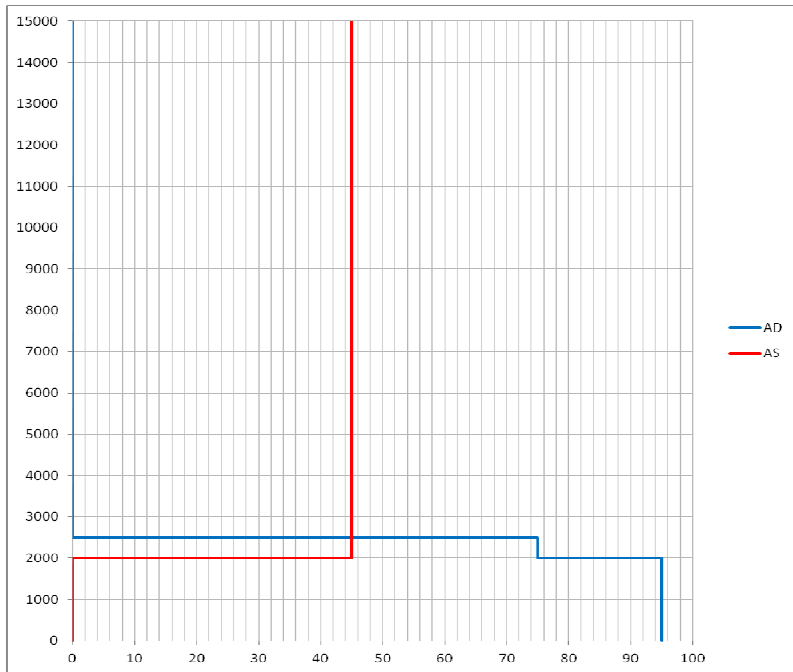
Suppose we get the following bids for Non-Solar RECs

Participant	Price	Qty	Time
Buyer 1	2000	50	12:00
Buyer 1	2500	40	12:10
Buyer 2	2000	45	12:20
Buyer 2	2500	35	12:20
Seller 1	2000	15	12:50
Seller 2	2000	30	13:00

According to Rule 3.1 and 3.2, Aggregate Supply & Aggregate Demand at each price tick is calculated.

Price	Aggregate Demand	Aggregate Supply
2000	95	45
2500	75	45

According to Rule 3.4, the intersection of the AD and AS curves determine the MCP and MCV



MCP =2500, MCV= 45

According to rule 3.6.1 and 3.6.2, Sorting of Orders is done on price priority and all buy bids above or equal to MCP and sell bids below or equal to MCP qualify for trade generation.

Participant	Price	Qty	Time	Participant	Price	Qty	Time
Buyer 1	2500	40	12:10	Seller 1	2000	15	12:50
Buyer 2	2500	35	12:20	Seller 2	2000	30	13:00

According to Rule 3.7.1, all sell bids would be cleared equal to the bid quantity but as the buy bids are at same price, they would be pro-rated as per Rule 3.7.2.1.

Buyer	Qty	Seller	Qty
Buyer 1	$(40/75)*45=24$	Seller 1	15
Buyer 2	$(35/75)*45= 21$	Seller 2	30

Post Matching the Final obligation of the participants would be

Buyer	Qty	Seller	Qty
Buyer 1	24	Seller 1	15
Buyer 2	21	Seller 2	30