

POSOCO Notifies Draft Procedure for Collective Transactions through Real Time Market (RTM)

POSOCO released draft procedure for scheduling collective transactions in RTM. The draft addresses issues related to processing of application, treatment of losses, congestion management, and revision of schedule, etc.

As per the notification, all GENCOs with URS, including RE generators having un-tied capacity, and DISCOMs with capacity share in a generating station can participate in the RTM. Further, the exchange has to ensure necessary infrastructure for data exchange/communication with NLDC/RLDCs and SLDCs, and will be responsible for energy settlement charges, price discovery and settlement arising due to congestion.

SUBMISSION/PROCESSING OF APPLICATION

- NLDC to intimate power exchange about availability of transmission system based on which the exchange will clear bids.
- In proposed RTM, exchanges will be allocated transmission corridor based on ratio of their shares in the cleared volume in DAM, given at least 10% to be allocated to exchange having smaller share.
- Proposed that, exchange should ensure scheduling request in RTM to limits intimated by NLDC for any time block, and in case the bid cleared for any session exceeds margin provided by NLDC, then NLDC will consider the trade quantum of bid area to be zero.

SCHEDULING

- It is proposed that the exchange should submit scheduling request, 3 time blocks ahead for delivery of the power, to the NLDC who will further send the details to the concerned RLDCs.
- Proposes, SLDCs to schedule transactions for state utilities/intra-state entities, given the exchange should send detailed breakup of each point of injection and drawl within the state to respective SLDCs two time blocks ahead of delivery time.
- Under extreme circumstance, including communication failure, if the final cleared trades are not received by NLDC, then schedule for such RTM can be taken as zero.

TREATMENT OF LOSSES

- Proposes that, losses from buyers and sellers to be recovered separately for inter-state transmission, where sellers will inject extra power and buyers will draw less power than contracted power to compensate for the losses.

REAL TIME CONGESTION MANAGEMENT

- In extreme event of curtailment due to transmission constraints and threat to grid security, short term transaction to be curtailed first, followed by medium and long-term.
- Short-term bilateral transaction to be curtailed first followed by transaction through exchanges in which first day ahead transactions to be curtailed followed by real time transactions.
- In case of curtailment, transmission charges to be paid on pro rata basis, but there will be no revision in operating charges.

REVISION OF SCHEDULE

- ISGS are allowed to participate in RTM, and revision in schedule in odd/even time blocks will become effective from 7th/8th time block.
- Wind/Solar generators can participate in RTM, given their schedules through DAM and RTM should not be revised.
- A generator participating in DAM and RTM cannot revise its schedule in case of forced outage of units, but will have option to purchase power through RTM.

COMMERCIAL CONDITIONS

- Proposed short- term open access charges for transaction in RTM (payable to NLDCs by the exchange): -
 - Non-refundable processing fee of ₹ 5000/day.
 - NLDC operating charges at ₹ 1/MWh by each successful buyer and seller, capped at maximum ₹ 200/day.
- Proposed short-term open access charges for transaction in RTM for intra-state transmission system (payable to SLDCs by the exchange): -
 - The intra-state entities to pay transmission charges as per orders of respective ERC or ₹ 80/MWh.
 - SLDC operating charges as per ERC orders or ₹ 1000 per day.
- Participant generators under section 62 will share the net gains with the DISCOM in 50:50 subject to a ceiling of 7 paisa/kWh to the generator and the balance to the beneficiary.

TREATMENT IN CASE OF DEFAULT IN PAYMENT

- In case of default in payment to NLDC/RLDC/SLDC, the NLDC may suspend the scheduling of transaction and can terminate the already scheduled transaction and may not entertain any application of that exchange in future, until the default is cured. The exchange is also expected to pay a simple interest of 0.04 % for each day of default.

Please find the document [here](#).

CER Opinion

1.) Allocation of Transmission Capacity: The framework for allocating transition corridor for RTM proposes to allocate transmission capacity across the Power Exchanges based on their share of volume in DAM. Clarification with respect to its applicability on a block-wise basis needs to be provided.

A mismatch between the allocated transmission capacity (as per share of DAM) and potential clearing volume in RTM may lead to a situation wherein transmission resources allocated to one of the power exchanges having lower RTM volume vis-a-vis DAM may remain unutilised while the other PX may face a shortage of allocated transmission capacity. A similar problem would be encountered on account of 'minimum 10%' allocation of transmission capacity, even if share in DAM (or potential volume in RTM) was less than that. Such sub-optimal allocation of transmission resources would also lead to inefficient outcome of RTM in terms of cleared volume and prices.

Further, transmission charges for the allocated but unused transmission capacity would be borne by the users who finally use the transmission capacity.

POSOCO should evaluate the impact of the allocation scheme and identify the pattern of underutilization of allocated transmission capacity and seek suggestions to address the same.

The theoretical best solution would be to have common market clearing across the power exchanges, thereby achieving the most efficient market outcome. However, alternate mechanism should try to mimic that outcome as far as possible.

2.) Definition of Net Gains and Bids Below VC: The procedure provides for sharing of 'net gain' by the participating generator with the beneficiary. However, there is ambiguity in terms of its definition. A situation may arise wherein a generator's net variable cost (VC), after accounting for gains from PLF, is lower than the approved VC. A generator may thus be willing to bid below its VC. Further, a generator may also do so to avoid ramping constraint for the plant. In such a situation, the provision for sharing of 'net gains' should not be construed to be 'netted' against the 'under recovery' from RTM, when a cleared bid being lower than the approved VC.

3.) Standing Clearance by DISCOM/ISGC Generators: DISCOM, as beneficiary to a generating plant, can bid for their share in a generator. A generator can also trade the URS post schedule revision window. Theoretically, same generation capacity can be traded by either of the entity, the DISCOMs and the generator, in a sequence. It should be clarified that in cases where a beneficiary/generator can trade in RTM for the 'same' capacity, a single standing clearance, if required, would suffice.

4.) Communication Failure and Follow-up Procedure: As the time available for communication between power exchanges and RLDC is limited, the update of power exchange's schedule should be promptly available on RLDC website for crosschecking by power exchanges. In case of communication failure, a small window of 3-5 minutes for follow-up communication can thus be utilised so that there is no adverse impact on the market outcome and the participants.

5.) 'Determination' of Intra-state Transmission/SLDC Charges: In the case the intrastate transmission charges or the SLDC system operating charges have not been determined by the respective SERC, the procedure specifies such charges to be applicable. Legal aspects of such a 'determination' should be reviewed to avoid any issues later.