



## **IEX Petition (Introduction of the Peak Day Ahead Market (Peak DAM) and Peak Real Time Market (Peak RTM) at Indian Energy Exchange Limited**

The CERC, invites comments, Suggestions and Objection on petition filed by Indian Energy Exchange (IEX) (**Introduction of Peak Day Ahead Market (Peak DAM) and Peak Real Time Market (Peak RTM) at Indian Energy Exchange Limited**). Issued on 4<sup>th</sup> August 2025

**Objective:** This petition is to obtain approval from the Central Electricity Regulatory Commission (CERC) for introducing the Peak Day Ahead Market (Peak DAM) and Peak Real Time Market (Peak RTM) on the IEX platform, with the aim of addressing peak-hour demand-supply imbalances, promoting participation of flexible resources such as Battery Energy Storage Systems and Pumped Storage Plants, facilitating market-based storage capacity addition, ensuring reliable power supply during deficit periods, and strengthening India's electricity market design through efficient price discovery and improved liquidity.

The Documents can be access [here](#)

### **CER Opinion-**

- 1. Market Segmentation and Market Entry Barrier:** In the proposed Clause 7(i) Eligibility: *“Energy storage sellers will be allowed to sell in Peak DAM segment. To begin with, the following categories of generators shall be eligible to participate”*

Lower barrier to entry is the hallmark of competition in any market. Market segmentation lowers liquidity and competition, leaving it more prone to manipulation thus ultimately impacting the market outcome. By limiting seller participation only to energy storage systems (ESS), the product design would significantly undermine competition in Peak DAM<sup>1</sup> segment. Demand response, co-located storage as well as high-cost generators would be equally eligible players for participation in the proposed market segment thus keeping it technology agnostic.

- 2. Eligibility for Demand Response, Co-located Storage and VPP:** Demand response, distributed renewable energy resources (through aggregators) as well as Virtual Power Plants (VPP)s can also effectively supply demand side flexibility. Exclusion of such participation would limit liquidity as well as competition. Their inclusion would provide the much-needed impetus for emergence of Demand Response

RE generator with co-located storage as well as aggregated behind the meter-storage (including V2G) can also participate to supply in the Peak-DAM segment. This would further incentivize investment in co-located storage (with RE) and behind-the-meter storage.

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<sup>1</sup> The arguments presented herein are equally applicable in the context of Peak-RTM as well.

3. **Sequential Market Clearing:** The proposed sequencing of market segments G-DAM → DAM → Peak-DAM → HP-DAM would present a challenge for market participants in terms of bidding behavior. First, the demand side pipeline would be exhausted till it reaches HP-DAM, driving down its liquidity further. Second, due to differential eligibility criteria for participation in Peak-DAM and HP-DAM, order carry forward (OCF) for gas and imported coal-based generators would have to be undertaken directly from DAM to HP-DAM as these generators are not eligible to participate in Peak-DAM (Figure 3). The proposal currently assumes otherwise.

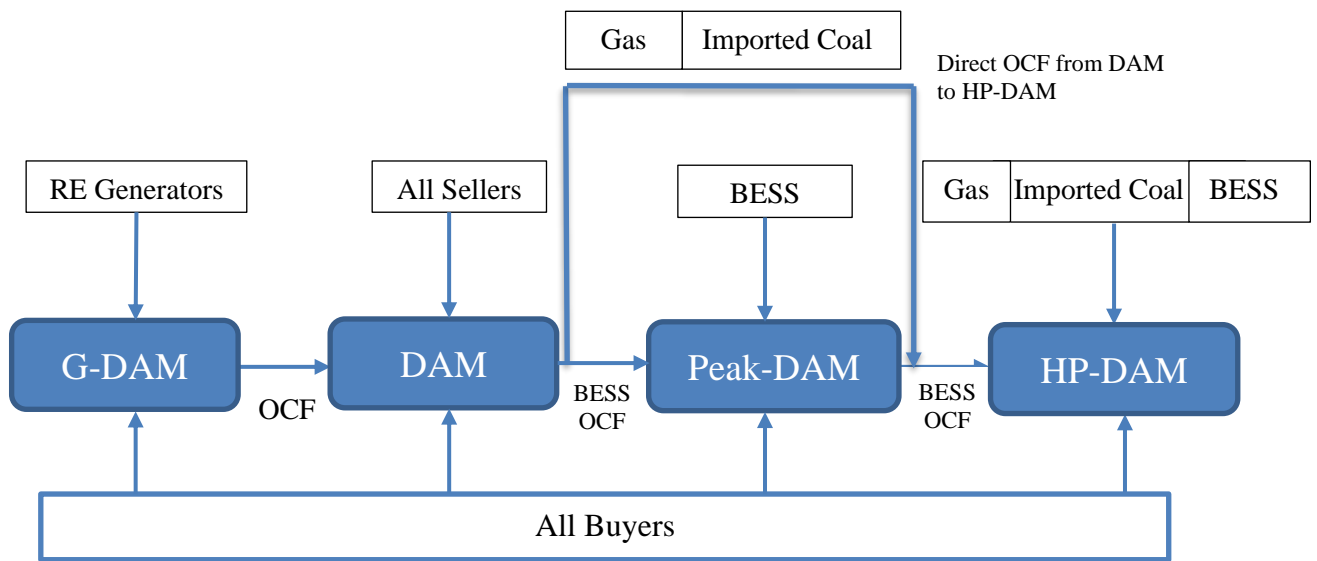


Figure 1: DAM and HP-DAM Volume (Mar 2023 – Aug 2025) on IEX

4. **OCF Based Bidding Pipeline for Buyers/Sellers:** To ensure that buyers, particularly the discoms are protected from potential abuse of the market power and do not end up taking sub-optimal decision detrimental to their interest, the buyers (particularly discoms) should participate in Peak-DAM and HP-DAM only through the OCF route from G-DAM/DAM route. Why should a buyer directly bid into an expensive source of supply, if its demand can be met through a market product earlier in the bid pipeline?

Similarly, sellers should also follow the OCF route to bids in the market segments ‘up the ladder’. The regulatory framework should mandate OCF based participation across market segments should be mandated through the Power Market Regulation. Alternatively, the power exchanges can propose the suggested OCF based bidding pipeline.

5. **Market Segmentation - HP-DAM vs Peak DAM:** The HP-DAM was introduced as a separate market segment by bifurcating the DAM market on the basis of bid limit. It allows high variable cost (greater than the price cap of DAM) sellers to participate, whereas buyers can opt to auto-carry forward their uncleared bids from DAM to HP-DAM.

Incentivising high-cost generation to reach the market particularly to meet peak demand was amongst the key arguments presented in support of the same. Another objective seemed to address ‘undue’ gains being made by low-cost generators in a uniform market clearing price mechanism<sup>2</sup>.

The Battery Energy Storage Systems (BESS), due to their high cost, are eligible to participate in the HP-DAM. As per CERC Order on Petition No. 359/MP/2022 on “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 the High Price Day Ahead Market (HP-DAM) in Integrated Day Ahead Market (I-DAM) segment at IEX.”

“Accordingly, we decide that as now, the **following categories of generating stations shall be eligible for participation in HP-DAM:**(i) gas based generating stations using imported RLNG and Naphtha; (ii) imported coal based generating stations using only imported coal; and (iii) **Battery Energy Storage Systems (BESS)**. The category of generating stations eligible to participate in HP-DAM shall be subject to periodic review by the Commission.” (emphasis added)

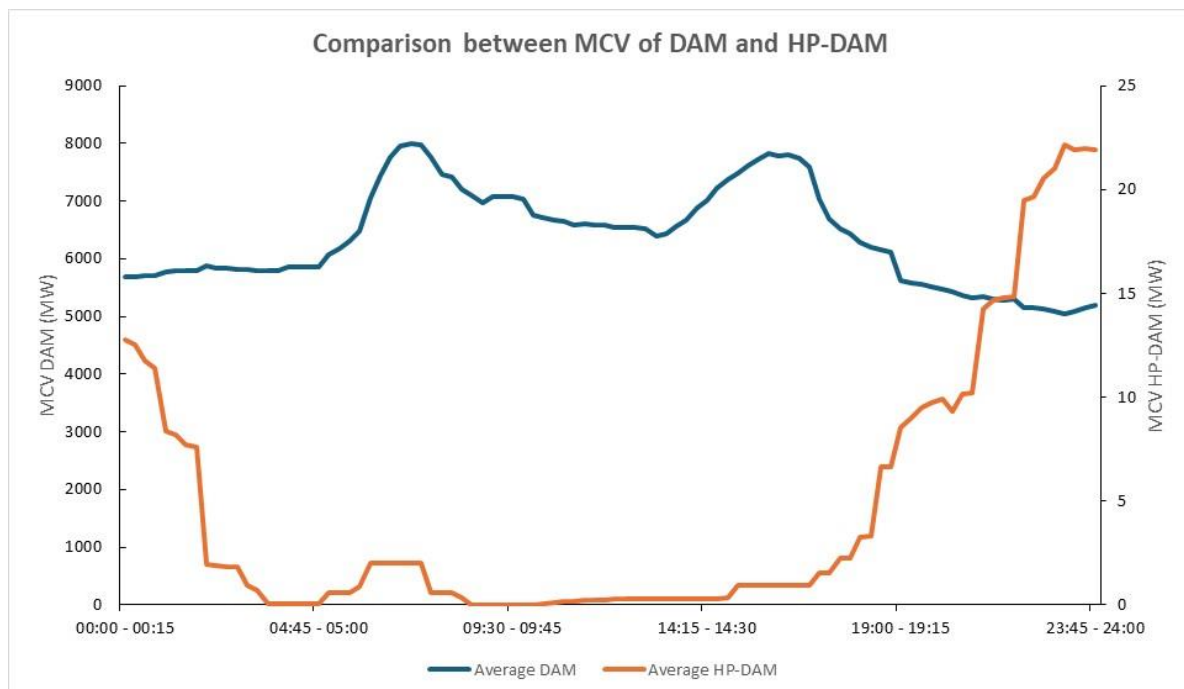


Figure 2: DAM and HP-DAM Volume (Mar 2023 – Aug 2025) on IEX

HP-DAM market segment has attracted very low activity and does not even account for one

<sup>2</sup> Singh, A. (ed.). (2022), Opinion on “MOP Proposal of High Price Market Segment for Day Ahead Market (HP-DAM). In Power Chronicle (Vol. 05, Issue 02, pp. 10-14), Energy Analytics Lab (EAL), Indian Institute of Technology (IIT) Kanpur. [https://eal.iitk.ac.in/assets/docs/power\\_chronicle\\_vol\\_5\\_issue\\_2.pdf](https://eal.iitk.ac.in/assets/docs/power_chronicle_vol_5_issue_2.pdf)

fourth percent of the same witnessed in the DAM market (Figure 1). Interestingly, most of the activity in HP-DAM is dominated by late evening and night hours. While very limited morning peak activity does coincide with the morning peak volume traded in the DAM, the same does not hold true for the evening peak (Figure 2).

This market segmentation has not produced desired outcome as participation in HP-DAM has remained limited so far largely due to limited appetite of buyers, especially the discoms. **Peak DAM would further segment the market on the basis of participation eligibility bid limits. In fact, Peak DAM product is already embedded within HP-DAM.** The only difference being an artificial barrier to entry which limits participation only to Energy Storage Systems as sellers. The presence of two products of similar nature is undesirable. Peak-DAM product would crowd out the existing prospects of HP-DAM driving liquidity away from it for the peak hours further diminishing its utility for the market participants. Is it proposed to discontinue HP-DAM in that case?

- 6. Regulatory Oversight and Market Monitoring:** Given some of the concerns related to lower liquidity and potential for market manipulation, vigilant regulatory oversight is necessary to prevent abuse of market power. The Commission should mandate submission of a report detailing cross market participation for the related products especially participation in Peak-DAM and HP-DAM. This would enable the Commission to take a call on expanding eligibility for participation or merging the two market segments.

**This market segment may also witness low liquidity with room for market manipulation as initial participation would remain limited till investment catches up in the ESS segment.** Due to long-gestation period of PSP, the market would be characterised by participation from limited merchant players in the Battery Energy Storage System (BESS).