

POWER EXCHANGE INDIA LIMITED

PARIVARTAN



Copenhagen meet, climate change and India

Dear Readers,

The 15th Conference of the Parties (COP15) under the United Nations Framework Convention on Climate Change (UNFCCC) would be held in Copenhagen from the 7th to 18th December 2009. The talks are the latest in an annual series of UN meetings that trace their origins to the 1992 Earth Summit in Rio de Janeiro, which aimed at coordinating international action against climate change. This conference is expected to bring governments of 192 countries to an agreement on all the essential elements of a comprehensive, fair and effective deal on climate change, a deal that both ensures long-term commitments and launches immediate action. Various countries are deciding their strategy that ensures right balance between their growth plans and sustainability challenge arising from the threat of climate change. The denouement of the conference can be expected in the form of a protocol more inclusive and exhaustive than Kyoto Protocol.

While the world awaits the outcome of the Copenhagen meet, Indian power sector policy makers and regulators have taken a proactive approach to support and accelerate the development of alternate/renewable forms of energy as also undertake large scale energy savings and efficiency measures.

Towards this purpose, the Government of India has released the Jawaharlal Nehru National Solar Mission. This is one of the eight key missions of under the National Action Plan on Climate Change (NAPCC). Another mission under NAPCC is the National Mission for Enhanced Energy Efficiency (NMEEE), under which

the Perform, Achieve and Trade (PAT) framework has been developed. Through the PAT framework, Energy Saving Certificates would be developed for trade, which are expected to help in enhancing the cost effectiveness of improvements in energy efficiency in energy-intensive industries.

In addition to policy driven approach, as mentioned above, the policy makers and regulators have initiated market based approach too. The Hon'ble CERC has recently released the draft of "Terms for recognition and issuance of Renewable Energy Certificates for Renewable Energy Generation". Development of a REC market would give a major fillip to the renewable sector in the country.

With the policy makers striving to develop the economy on a sustainable basis by making the country self-sufficient in terms of her energy requirements even while putting a check on Climate Change; PXIL too remains committed to play its role in supporting these Climate Change initiatives by providing Indian power market with the products that would facilitate the market participants to trade in Renewable Energy Certificates, Energy Saving Certificates etc.

Warm Regards,

Rupa Devi Singh
MD & CEO

TRADING DATA

NOVEMBER 2009

Total Buy Bids (MUs)	164.57
Total Sell Bids (MUs)	479.39
Total Market Cleared Volume (MUs)	125.83
Total Unconstrained Market Cleared Volume (MUs)	129.71
Max MCP (Rs/KWh)	5.3
Min MCP (Rs/KWh)	1.44
Avg. MCP (Rs/KWh)	3.33
Max Volume in a day (MUs)	8.201
Total Market Clearing Volume (MUs till 31st Oct '09)	662.95

Clearing & Settlement in Power exchanges

by Ashok Kumar

The paper written by Mr. Ashok Kumar, Head - Settlement & CRM at PXIL explains the concepts and practices followed by PXIL in carrying out Clearing & Settlement services for its members. The paper covers in depth: the clearing and settlement process, risk identification, mitigation and margining mechanisms and the innovative concept of Professional Clearing Member (PCM) as introduced by PXIL among others.

The basic ingredient of competition in power sector in India was introduced by the Indian Electricity Act 2003 which allowed consumers to have a choice to decide a supplier to take power from. This paved the way for new landmarks like Open Access, setting up of Power Exchanges etc. These developments have led to better usage of power sector infrastructure by ensuring flow of power from surplus regions to deficit regions and optimum usage of generation capacities.

Power Exchange India Limited (PXIL) in addition to providing national level electronic platform for trading of power also provides Clearing and Settlement services to its members for the matched & cleared trades.

"The complete paper is available at www.powerexindia.com/pages/usefularticle.html"

Ashok Kumar is Head, Settlement, Membership & CRM, Power Exchange India Limited (PXIL), India's first institutionally promoted Power exchange that provides innovative and credible solutions to transform the Indian Power Markets.

At PXIL, Ashok is not only responsible for creating and implementing risk management tools and policies for existing and new trading products of PXIL that are unique to the power sector trade, but also for the design of a robust, efficient and smooth functioning, Clearing & Settlement (C&S) system for the trade done by various PXIL products on a regular basis to ensure risk-free operations of the Exchange (PXIL).

While scrutinising admissions of members and ensuring completion of all membership related formalities, Ashok also regularly interacts with members on all membership related issues. It is due to Ashok's efforts of developing the requisite software product that the earlier outsourced C&S activity is now being done in-house by PXIL. The product is designed in such a way that it can take care of all the specific requirements of the current and future products of power trade.

Top News

Lack of farm load trips traded power prices: November 25, 2009

The power sector in the country is currently witnessing a downward movement of electricity prices. Power on the Indian Energy Exchange (IEX) and Power Exchange India (PXI) is traded on an average of Rs 2 per unit, while the lowest figure stands at Rs 1.50 and the highest at Rs 3...

Source: <http://www.financialexpress.com/news/lack-of-farm-load-trips-traded-power-prices/545724/>

Green tags to boost clean power output: November 19, 2009

Producers of renewable energy would be entitled to a 'green tag' for every megawatt of electricity supplied to the national grid, which can be traded on a power exchange to be created by the Central Electricity Regulatory Commission (CERC)...

Source: <http://www.mydigitalfc.com/plan/green-tags-boost-clean-power-output-063>

Central Electricity Regulatory Commission petitions Government to denotify electricity under Section 15 of the Forward Contracts (Regulation) Act: November 27, 2009

In the continuing turf war between two regulators, the Central Electricity Regulatory Commission (CERC) has now petitioned the Union Government to denotify electricity under Section 15 of the Forward Contracts (Regulation) Act, 1952, to avoid any overlapping of regulatory jurisdiction with the commodity markets watchdog Forward Market Commission (FMC)...

Source: <http://www.thehindubusinessline.com/2009/11/27/stories/2009112751961500.htm>

Draft norms on green energy certificates to light up sector: November 12, 2009

In a bid to accelerate the renewable energy development in the country, the Central Electricity Regulatory Commission (CERC) has released draft regulations on recognition and issuance of renewable energy certificate (REC)...

Source: <http://www.financialexpress.com/news/draft-norms-on-green-energy-certificates-to-light-up-sector/540291/>

NASDAQ OMX to launch UK power market on Jan 11: November 24, 2009

Nasdaq OMX (NDAQ.O) said that it will launch on January 11 the N2EX, Britain's new power exchange which backers hope will cure the liquidity problems that have dogged the market over the last few years...

Source: <http://www.reuters.com/article/companyNewsAndPR/idUSGEE5AN0UI20091124>

Iberian power exchange switches to Trayport system: November 19, 2009

Operador de Mercado Ibérico de Energía (OMIP), a Lisbon-based electricity derivatives exchange, said on Thursday it would replace its current trading platform with one provided by Trayport, a trading technology company...

Source: <http://www.ft.com/cms/s/0/0a65f002-d501-11de-8ec4-00144feabdc0.html>

Ministry for linking S Asian power grids to meet demand-supply gap: November 5, 2009

The power ministry, which is striving to chase the capacity addition target of 78,700 MW in the 11th Plan to bridge the widening gap between the demand and supply, has proposed to explore opportunities to interconnect South Asian power grids on the lines of the Nordic Power Exchange...

Source: <http://www.financialexpress.com/news/Ministry-for-linking-S-Asian-power-grids-to-meet-demand-supply-gap/537257/>

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