

No. 23/16/2020-R&R
Government of India
Ministry of Power

Shram Shakti Bhawan, Rafi Marg,
New Delhi, 1st August, 2022

To,

1. Secretary, MNRE, New Delhi
2. The Chairperson, CEA, Sewa Bhavan, R.K. Puram, New Delhi
3. The Secretary, CERC, Janpath, New Delhi
4. ACS/Principal Secretaries/Secretaries (Power/Energy) of all State Governments/UTs
5. Secretaries of All State Electricity Regulatory Commissions/JERCs.
6. Chairman/CMDs of all PSUs under administrative control of Ministry of Power
7. CMD, SECI, New Delhi
8. CMDs/MDs of Discoms/Gencos of all State Governments
9. CMD, IEX LTD New Delhi & MD/CEO, PXIL, Mumbai
10. DG, Association of Power Producers, New Delhi.
11. President, FICCI, House No. 1, Tansen Marg New Delhi
12. President, CII, New Delhi
13. President, PHDCCI, New Delhi
14. ASSOCHAM, Chanakyapuri, New Delhi
15. Member, PRAYAS Energy Group, Pune
16. DG, Electric Power Transmission Association (EPTA), New Delhi
17. Chairman Indian Wind Power Association, New Delhi
18. Chairman, Indian Wind Turbine Manufacturers Association, New Delhi
19. Director General, National Solar Energy Federation of India (NSEFI), New Delhi.

Sub: Seeking comments of proposal on High Price Market Segment for Day Ahead Market (HP-DAM) -Reg

Sir/Madam,

I am directed to forward herewith a **proposal on High Price Market Segment for Day Ahead Market (HP-DAM)**, with the request to provide your comments, if any, to this Ministry within 21 days from the date of this letter: i.e. by 21-08-2022. The comments may also be emailed at debranjan.chattopadhyay@nic.in.

2. This issues with the approval of Competent Authority.

Encl: as above

Yours faithfully,



(Dr. P.K. Sinha)

Deputy Secretary to the Government of India
Ph: 011-23730265

Copy for information:- PS to Hon'ble Minister of Power and NRE, APS to Hon'ble MoSP, Sr. PPS to Secretary (Power), PSO to CE(R&R)

Copy to: Technical Director, NIC Cell for uploading on MOP's website under "Current Notices" with the heading of "**Proposal on High Price Market Segment for Day Ahead Market (HP-DAM)**"

High Price Market Segment for Day Ahead Market (HP-DAM)

1. In order to address the issue of high price in spot market in Power Exchanges, a Price Cap was introduced by CERC in all the market segments of the Power Exchanges, in April, 2022. While this has ensured that the spot prices are within Rs.12/unit, the generators based on having high variable cost are unable to participate in this market.
2. In this background, it is proposed to introduce a High Price Market segment (HP-DAM) within the existing Integrated-DAM (I-DAM), as outlined below:

Proposal of High Price Day Ahead Market segment (HP-DAM)

- **Eligibility Sellers:** Sellers with variable cost greater than the price cap of spot of I-DAM market i.e., Rs. 12/unit will be allowed to sell power in this market. These can be gas-based power plants, imported coal based power plants or any other entity that meets the variable cost eligibility criteria.

An NOC will be provided to such sellers biannually through the NOAR.

- **Bid Price Range:** Minimum bid price will be at 0 paise/unit and maximum price can be decided based on the feedback from the stakeholders. This will be higher than the existing price cap for DAM.
- **Market Design:** The segment can be operated in an integrated (parallel) manner.
- **Integrated HP-DAM:** In the integrated option the HP-DAM will operate similar to Green-DAM market in I-DAM. The Sellers eligible for HP-DAM will be allowed to place bids in this product. The Buyers will have an option of auto-carry their uncleared bids from DAM to HP-DAM. The Buyers can also directly place bids in the HP-DAM.
- **Market Timelines:**
 - The Bidding will take place between 10 AM & 12:00 PM.
 - Power Exchanges will send the provisional file to NLDC at 1:00 PM (combined file after considering provisional volume across all three product segments i.e., G-DAM, DAM, HP-DAM).
 - NLDC will provide the transmission capacity by 2:00 PM.
 - In case of congestion, the transmission corridor allocation will be first for G-DAM, then DAM, and last for HP-DAM.
 - Power Exchanges will send the Final File to NLDC by 3:00 PM (combined file after considering the final cleared volume across all three product segments – G-DAM, DAM, HP-DAM).
 - NLDC/ RLDC will publish the Final Schedule by 5:30 PM.
- The price discovery for HP-DAM will be Double-Sided Closed Auction (same as G-DAM, DAM and RTM).

3. This will enable high cost power plant to be made available during the high demand period. Only such buyers who are in deficit and can afford to pay high price will be able to participate in this segment. The other buyers and consumers will not get affected.
