

22 Feb. 2023

Dr. P.K. Sinha
Deputy Secretary to the Government of India
Ministry of Power
New Delhi, India

Dear Dr. Sinha,

We want to thank the Ministry for this opportunity to comment on the draft policy on the “Day-Ahead Operation of Security Constrained Economic Dispatch (DA-SCED). Our interest is solely to provide assistance to MOP and Indian decision makers as you seek, through reform of the country’s power sector, to make it more efficient, achieve important public policy goals (including India’s COP-26 commitments), and improve the overall welfare of Indian society.

We are writing to say that we support the proposed expansion of the SCED pilot that began in April 2019. By enlarging the scope of SCED to include regional entity power plants, we believe that the pilot will enhance the overall efficiency of grid operations and reduce the long-run costs of meeting demand for electric service. We see this as an important next step in India’s steady, thoughtful reform of its power sector to improve reliability, minimize cost and meet its climate goals.

There are elements of the proposal that we believe need clarification, which we expect the implementation process to address. Few of them in particular are:

- *Gate closure.* The proposal may be made more clear as to whether DA-SCED creates financially binding obligations on resources, and if this is the case, at which stage of the process these obligations are created.
- If these are binding obligations, it would be helpful to clarify how these will be settled, i.e., how the day-ahead SCED will be reconciled with the real-time SCED.¹

¹ A few example of settlements are summarized in this following document: https://isorto.org/wp-content/uploads/2018/05/20170905_2017IRCMarketsCommitteeExecutiveSummaryFinal.pdf

- As a suggestion, it would be beneficial to clarify that the co-optimization of reserves and energy is preserved in the case new units are committed to fulfill the reserves requirements.

If MOP believes it would be helpful, we would be glad to share international experience related to other electricity markets with challenges to those of India. For instance, the SIEPAC Market in Central America, could provide interesting insights for the Indian wholesale market. This market performs an optimization on day-ahead basis of the six member countries' resources, while respecting previous schedules defined by national dispatch centers.

Thank you. We look forward to opportunities to assist MOP (and CERC /Grid-India/ States) as it works to advance reforms in the power sector.

If you have any questions, please let us know.

Regards,

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