

Power Market Update: December'15

Low prices, increased trade & enhanced corridor availability characterize spot power market

New Delhi, January 6, 2016:

At average Market Clearing Price (MCP) of Rs 2.56 per unit in December'15, spot power market at IEX saw increased trade alongwith significant easing of Inter State Transmission System (ISTS) congestion. In December, MCP dipped by 4% over last month. In South, area prices dipped to an extent of 20%, with increase in generation within the region as well as enhanced availability of transmission corridor between rest of India and South. The ER -> SR and WR -> SR corridors were congested 45% of time, whereas, last month corridor was congested 65% of time. Low prices on Exchange present immense opportunity to state utilities to optimize their power portfolio and bring down their cost of procurement.

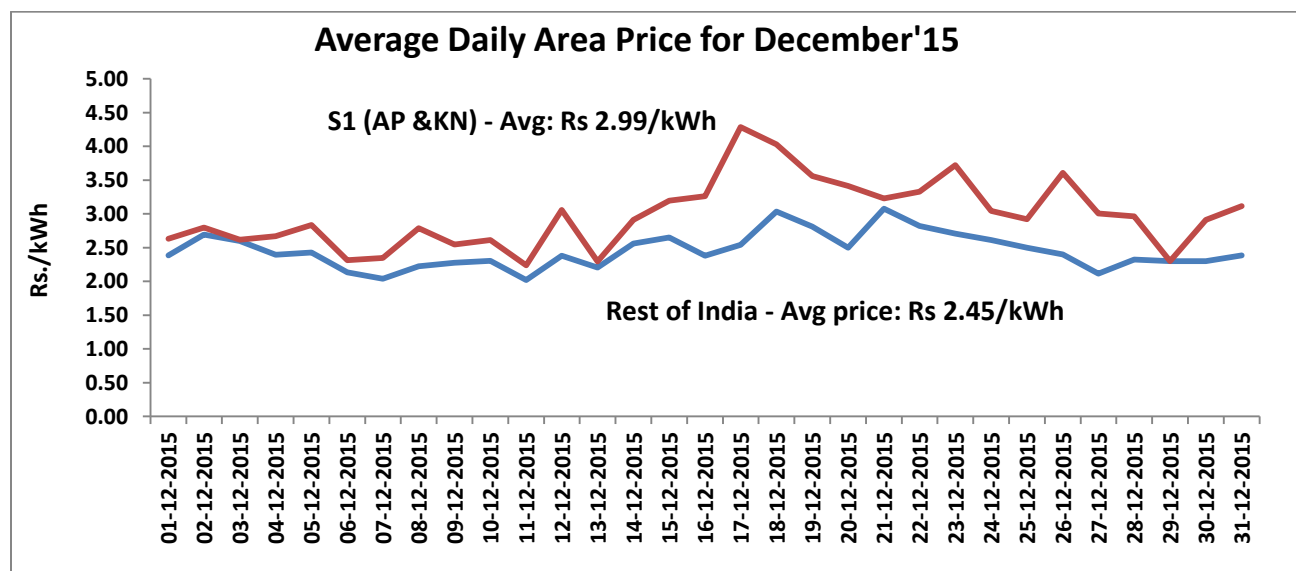
With purchase bids at 3,397 MUs (4,566 MW) and sell bids at 4,981 MUs (6,694 MW) – almost similar to last month, about 2,987 MUs were traded in December, about 9% above the previous month. On an average daily basis, about 96 MUs were traded in December.

With enhanced availability of transmission corridor in December, only 54 MUs were curtailed, almost half of the 116 MUs lost in November. Easing of congestion can be attributed to the Government laying increased emphasis on building transmission, aiming at one nation, one grid and one price. Infact, on 29th December, after several years, the spot market was cleared at a single price of Rs 2.3 per unit across India, a remarkable day in the context of power market.

On an average, 1,042 participants traded in the day ahead spot market on a daily basis in December

Prices (ACP):

The Average Area Clearing Price (ACP) in December across all regions except South was Rs 2.45 per unit, about 4% lower than ACP of Rs 2.54 per unit last month. In South, highest average price was Rs 3.10 per unit, 20% lower than Rs 3.87 per unit in the previous month. In December, price in South dipped as low as Rs 2.24 per unit on 11 December, 2015.



Volumes:

A few key power market highlights are as given below:

- **Total buy bids** – 3.40 BUs
- **Total Sell bids** – 4.98 BUs
- **Total Cleared Volume** – 2.99 BUs

The Northern and Southern States were the Net Buyers.

- **Northern States bought** – 1,449 MUs, 15% **more** over the previous month.
- **Southern States bought** - 413 MUs, 12% **more** over the previous month.

The Eastern, Western and North-Eastern States were the Net Sellers

- **Western States Sold** – 1,404 MUs, 20% **more** over the previous month.
- **Eastern States Sold** – 824 MUs, 18% **more** over the previous month.
- **The North-Eastern States Sold** – 107 MUs, 23% **less** over the previous month.

The table below gives complete Buy-Sell Picture at regional level for December'15 vis-à-vis November'15:

REGION	BUY (MU)			SELL (MU)			NET
	December'15	November'15	Change (%)	December'15	November'15	Change (%)	
North East	92.43	70.86	↑ 30%	106.90	138.75	↓ -23%	SELL
East	421.86	401.25	↑ 5%	823.85	695.85	↑ 18%	SELL
North	1448.84	1264.72	↑ 15%	328.93	475.26	↓ -31%	BUY
West	611.13	624.36	↓ -2%	1404.30	1174.82	↑ 20%	SELL
South	413.10	367.36	↑ 12%	323.37	243.87	↑ 33%	BUY

Participation:

1,042 participants traded in the spot market on an average daily basis. The highest participation was on 19 December, 2015 when 1,105 participants traded on the Exchange.

Term-Ahead Market:

In December, about 25 MUs were transacted, representing just about 1% of volume traded in DAM this month. Trading mainly took place in the Intra-day and Day Ahead Contingency market.