JOSEPH MASSEY/INDIAN ENERGY EXCHANGE

'We will see a dynamic change in the way power is traded'

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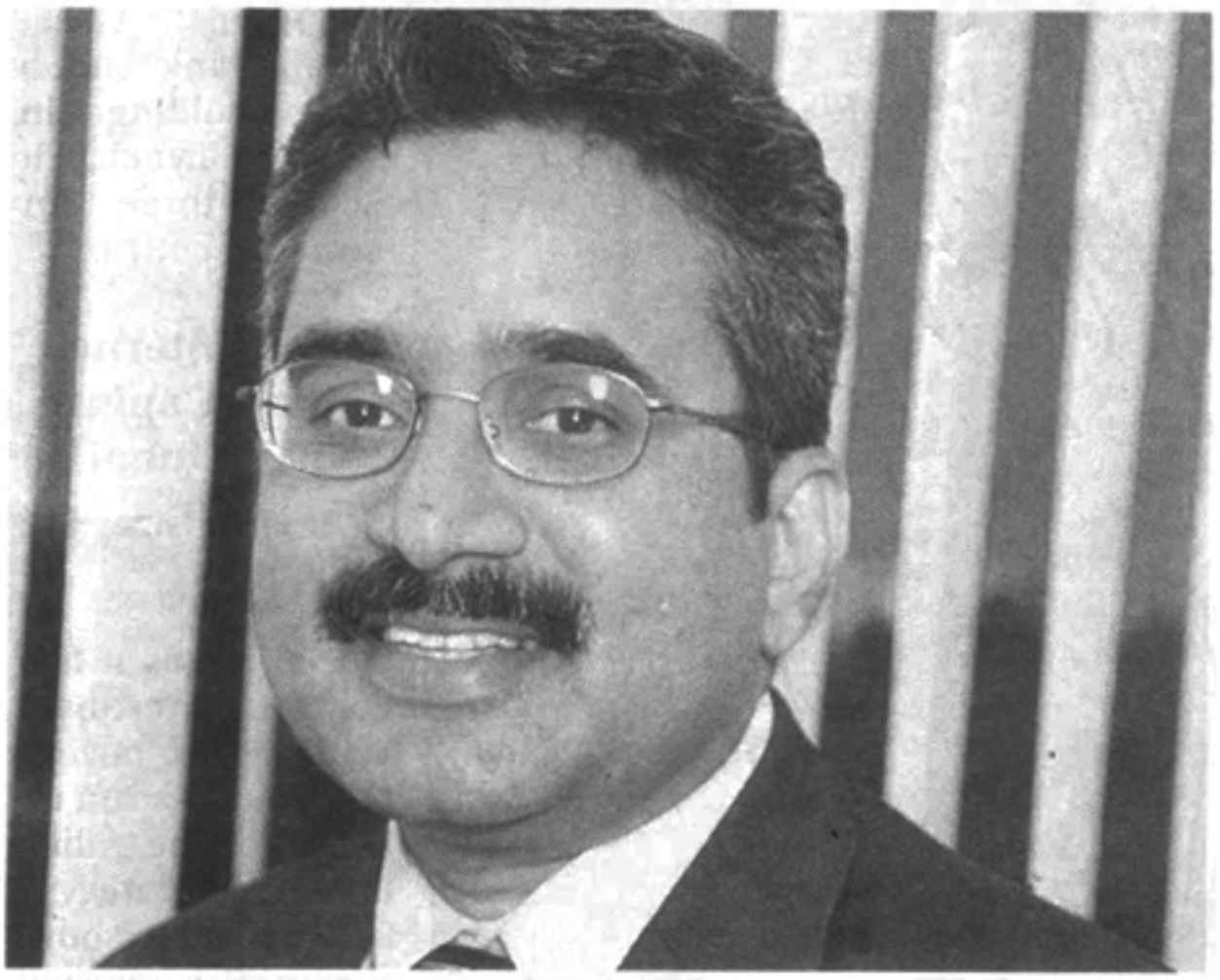
Indian Energy Exchange (IEX) director Joseph Massey says the exchange will play a key role in meeting the demand supply mismatch and price discovery of power.

Edited excerpts of an email and phone interview:



Getting ready: *Joseph Massey, director, Indian Energy Exchange.*

Energy exchanges succeed primarily in an energy surplus scenario. What is the rationale for setting up an energy exchange in a power-deficient country?

In India the scope of trading power is huge even with its current power shortage scenario. There is an imbalanced disposition of resources within the country.

The eastern region is rich in coal sources, and so a lot of pit head-based load plants have been set up there. The north-eastern region also holds a lot of hydro power potential. But the western and northern regions of India suffer from a heavy deficit of power due to their immense industrial and agricultural load. IEX will be the key change agent for distributing power and bridging the gap between demand and supply by uniting all the buyers and sellers on a single platform to trade at a common national price.

Would the exchange provide a platform for an individual to choose his power supplier at retail level?

IEX will be a market place where multiple buyers and sellers will unite to trade power. During the first phase of operations, it will induce competition at bulk level. As the market matures, IEX, with approval from the regulator (Central Electricity Regulatory Commission), will introduce a host of other products and customize them to increase participation at the retail level. This, along with other reforms, will set the pace for retail choice available in developed markets. We feel that separation of power supply from distribution will help in expediting the process to retail choice.

How soon do you think this can happen in India?

We feel that with 'open access' of 1MW and above to retail customers being allowed after January 2009, we will be ready technically. However, complete readiness can be achieved only in next two to three years.

How do you trade keeping in mind various legal issues linked with power sector?

The power sector has come a long way from being a bilateral contract driven long-term market to one which is also driven by short-term trades. There has been a steady growth in the number of short-term power trades, with the number of participating utilities in short-term open access (STOA) increasing steadily.

Moreover, the Electricity Act, 2003, paved the way for open access, power exchange. We will see a dynamic change in the way power is traded that would emulate the established electricity markets globally.

What turnover do you expect over the next few years?

Since it is the first time a power exchange is being set up (in India) we can have some idea only when people start trading on the platform. However, there is lot of enthusiasm among the participants. The exchange is an infrastructure institution that has a long-term vision.