

# BSES

## BSES Rajdhani Power Limited

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Ref. No. HOD (PMG)/BRPL/2023-24/ 145

Dated: 16.10.2023

To,

The Secretary  
Central Electricity Regulatory Commission  
3rd & 4th Floor Chanderlok Building,  
36 Janpath, New Delhi 110 001  
Tele No. 23353503, Fax No. 23753923

**Subject: BRPL Comments on the Staff Paper on Market Coupling by Central Electricity Regulatory Commission published in August 2023-Reg.**

Sir,

With Reference to your letter no. Eco-14/1/2023-CERC dated 21st Aug 2023 and Letter no. Eco-14/1/2023-CERC dated 29th Sep 2023(re-notified for extension of last date of submission of comments) we would like to submit BRPL comments on the Staff Paper on Market Coupling by Central Electricity Regulatory Commission published in August 2023

Please find enclosed our Comments on the same enclosed as Annexure-1(Pg. 2-4).

Thanking you,

Yours faithfully

For BSES Rajdhani Power Limited

  
Sanjay Srivastav  
Vice President (PMG)

Encl: As above

Comments on the Staff Paper on Market Coupling by Central Electricity Regulatory Commission published in August 2023

This is reference to "Staff Paper on Market Coupling" inviting comments from stakeholder, in response, BSES Rajdhani Power Limited submits its comments / views for your consideration in the larger interest of consumer.

The objectives of Market Coupling as per Power Market Regulation 2021, however Market Coupling Operator (MCO) mechanism real benefit needs review:

- 1) Discovery of uniform market clearing price for the Day Ahead Market or Real-time Market or any other market as notified by the Commission;

**BRPL Comments:** Presently based on day ahead demand forecasting and real time variation Disoms are balances their purchase / sale through Power Exchange (majorly DAM & RTM). Hence coupling of exchange product DAM or RTM market (collective transactions) and TAM may be helpful for ease of operation and to optimise economic price discovery.

The Market Coupling Operator should be a non-profit organisation like NLDC or one of the Power Exchange, so that there is no additional cost on the Discoms. Further MCO price discovery algorithm should be audited by the Regulator at regulator interval to check price manipulation.

However unlike European market wherein Market coupling interlinks various regions and thereby bring in economic price discovery. In case of India, Market coupling does not appears to bring in additional volume (both buy and sell) into the market; therefore real benefit of market coupling should also be evaluated. There should not be any additional cost to the discom.

- 2) Optimal use of transmission infrastructure;

**BRPL Comments:** The current approach of transmission corridor allocation amongst the power exchanges on a pro-rata basis by the System Operator does not leave any further scope for improving the utilization of transmission corridors for the exchange market.

In case of Indian markets congestion in DAM & RTM markets are almost nil and currently transmission corridor is stated to be optimally b utilized, hence proposed coupling of exchanges to maximise transmission corridor may not provide any additional scope for further improvement.

3) **Maximisation of economic surplus, after taking into account all bid types and thereby creating simultaneous buyer-seller surplus."**

**BRPL Comments:** As the exchange market is only 7% of the total generation and in the recent period, scarcity of availability was experience. Therefore Market coupling without any additional burden on the discom may be studied and evaluated to avoid any adverse financial impact.

It has been observed that when prices in DAM are hitting the upper limit, buyers and sellers opt to trade in TAM contingency market thereby deficits in DAM markets are not fully met and sellers shift to TAM market thereby creating artificial deficits in DAM market. Maximisation of economic surplus will not be done until volume in TAM market is shifted to DAM market.

More economic benefit will be realized when SCED market is coupled with DAM/RTM market. Objective should be increase the liquidity in market.

4) **Other comments**

- a) Does the current Indian power market scenario form a compelling case for market coupling?

It would be advisable to conduct a thorough study that can offer a clear and substantiated explanation for the need and potential advantages of market coupling clearly highlighting the all the costs & likely financial impact on Discoms

- b) Who shall be the Market Coupling Operator?

The Market Coupling Operator should be a non-profit organisation like NLDC or one of the Power Exchange to avoid additional burden on the consumers.

- c) Which Algorithm should be adopted for a coupled market?

The price discovery should be prudent, efficient and error free.

For Collective transactions it is very important for balancing demand supply position of Utility, therefore the algorithm deployed should be efficient and technically proven to avoid any season abort as well as better economic surplus utilization.

In case of any season abort, penalty should be levied on Power Exchange for the deviation of discoms as RTM is the last option which Discoms rely on to meet the shortage/surplus.

- d) How will the clearing & settlement be carried out?

Most of the Discoms are enrolled in all the three Power Exchange and maintaining margin money for transaction. Therefore there should not be any additional requirement for MCO settlement should be ensured.

- e) In our pursuit of integrating the three power exchanges, we aim to gain insights into the following aspects:
  1. To what extent this mechanism could stimulate product innovation and development at the individual exchanges.
  2. How it might contribute to enhancing the overall liquidity of power in the market.
  3. While considering the limited Gate closure time for the Real-Time Market (RTM), we acknowledge the potential complexities that may arise from introducing another stakeholder into the scheduling process.
  
- f) Other Comments: The process of existing Scheduling should not be impacted by implementing market coupling.