



DB POWER LIMITED

CIN: U40109MP2006PLC019008

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Ref: BDPL/PSR/CERC/Market Coupling/16102023

Date: 16th Oct'23

To

The Secretary

Central Electricity Regulatory Commission

3rd & 4th Floor, Chanderlok Building,

36, Janpath, New Delhi-110001

E Mail: secy@cercind.gov.in

Sub: Staff Paper on Market Coupling

Ref: No. Eco-14/1/2023-CERC Date: August 21, 2023

Sir,

We support the idea of introducing market coupling and all of its intended advantages, especially the main one of discovering a uniform market clearing price for the Day Ahead Market, Realtime Market, or any other market that the Commission may notify. However, we believe that market coupling should have been implemented following the completion of the Pilot study that the Honorable Commission was conducting regarding Market Based Economic Despatch (MBED). We ask the honorable panel to undertake a pilot study on market coupling (considering the effects of MBED) as the first step in order to educate the stakeholders about the justification for its implementation.

Before implementing the Market Coupling, we request the Central Commission to have a look at the following concerns on specific elements mentioned in the Staff Paper: -

- 1. Clearing & Settlement mechanism:** At the moment, clearing and settlement are handled by the power exchanges, giving the generators assurance that their payments would be made on time. By doing this, the GENCOs are protected from the DISCOMs' problematic financial positions. More information regarding the clearing and settlement procedure may be provided in order to reduce any financial risks for the power suppliers (GENCOs) regarding the timely payout of their supply.
- 2. MCO and CNS Agency Costs:** The planned Market Coupling Operator (MCO) and Clearing Agencies may result in higher transaction costs, which could increase the financial strain on GENCOs. Therefore, it's crucial to set a cap on these fees at a level with what the Power Exchanges are already charging.

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- 3. Optimal utilization of the transmission network:** As stated in the preamble, a thorough analysis of any advantages is preferred to back up the suggestion of market coupling in the Indian electricity market. We request once again the Honorable Commission to carry out a thorough investigation that defines the envisaged advantages for both the GENCOs & Discoms.
- 4. Efficiency & competitiveness:** While the major goal will continue to be uniform price discovery based on the same theory of Demand vs. Supply Elasticity, this may have an impact on the competition between the power exchanges. As a result, we request that the commission may increase the present price cap of Rs 10 per unit of power back to Rs 20, which was in effect until 2022, in order to make the space more attractive. This will increase the proportion of exchange-based transactions, which is desirable moving ahead to replace the Long-Medium Term Contracts in the Indian Power Market that are based on availability.

Since there would not be the protracted litigation and disputes that Gencos & Discoms experience in the long- to medium-term contracts, the focus should be on growing the market share of the spot market.

The Hon'ble Commission is respectfully urged to conduct an extensive investigation and may provide a more detailed method before implementing market coupling in light of the aforementioned.

Thanking You
Yours faithfully,
For **DB Power Ltd**

(Authorised signatory)

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