

To,
The Secretary,
Central Electricity Regulatory Commission,
3rd & 4th Floor, Chanderlok Building,
36, Janpath, New Delhi- 110001

12th Oct 23,

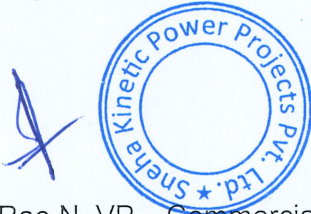
Dear Sir,

Subject: Submission of Comments on CERC Staff Paper on Market Coupling dated -21st August 23

With regard to the aforementioned subject, our comments are attached as annexure to this letter. Request the kind consideration of Hon'ble Commission on the points mentioned by us while taking a view on Market Coupling.

Yours Sincerely,
for, Greenko Energies Private Limited

Authorized Signatory

A handwritten signature in blue ink is positioned to the left of a circular blue stamp. The stamp contains the text "Sneha Kinetic Power Projects Pvt. Ltd." around its perimeter.

(Seshagiri Rao N, VP – Commercial -GEPL)

Annexure- Comments on the Staff Paper – Market Coupling

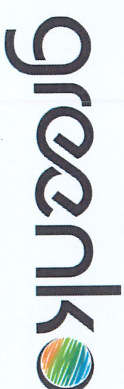
Annexure- Comments/ Observations – Staff Paper on Market Coupling

General/ Overall comments on the Proposed Market Coupling: Market Coupling has been used a mechanism for efficient discovery of prices in the power market across different geographies. However, instances where the market coupling has been working efficiently are in geographies where the power markets are operating across different countries and the volumes transacted are on the higher side.

The current proposal is not 'Market Coupling' in the true sense as it seems to be integrating the operations of three exchanges to achieve an outcome of competitive short-term market. However, we believe that this may be counterproductive due to the following reasons –

- The consumers and sellers would prefer trading on the exchange which has high liquidity for better chance of clearing. Concentration of liquidity in one exchange isn't causing competitive inefficiency but a market indicator that indicates the unnecessary complexities of multiple exchanges.
- If a single exchange discovers that true price of a commodity due to high liquidity that is robust by nature.
- While its certainly and advantage to pool resources across transmission networks for optimal operations, proposed mechanism is coupling of exchanges operating in the same transmission areas addressing the same service areas/customers and hence results in inefficiencies.
- Having a single exchange with same business rules will serve the longer term interests of all stakeholders. **Coupling while keeping existing exchanges separate doesn't solve the inefficiencies.** Instead, a single exchange with adequate Market monitoring and regulatory oversight along with "not for profit" structure is best suited for robust market operations.
- To maximize social welfare, encourage competition and ensure robust price discovery, It is recommended to merge all exchanges to a single exchange, combine the best features and create one "not for profit organization" such as POSOCO to operate the markets.
- Having multiple exchanges that simply collect bids have different transaction cost mechanisms and ultimately merging of the bids doesn't help customers uniformly. It is prudent to fully merge these exchanges to a single market framework/exchange for truly optimizing the landed cost to customers.





SI No	Existing Clause in Staff Paper on Market Coupling	Comments/ Suggestion
1	<p>5.7 Changes in the Settlement Process</p> <ul style="list-style-type: none"> Traders are already collecting bids from clients, submitting bids to exchanges, and doing the clearing and settlement. In fact, security maintained by traders is approximately double the cost of power purchased, i.e. maintain a weekly average margin equivalent to power purchased while maintaining a sufficient margin for net cleared volume for tomorrow. Under such a scenario, should traders be allowed to submit their bids directly to the market coupler to reduce the cost of power for trader clients, as the clients are presently paying margins to the trader and also bearing fees and margins of exchange? 	<p>Creation of Market Coupling Operator adds unnecessary layer, increasing cost to the end consumer.</p>
2	<p>5.8. In which market segment should the coupling be introduced first?</p> <ul style="list-style-type: none"> 5.8.6. Considering the above, is it imperative that market coupling be introduced in collective transactions segment to begin with? 	<p>Agree that the concept of creating multiple exchanges has not served the purpose of promoting competition in the short-term market. Instead the exchanges should be merged into one. Suitable sun-set mechanisms should be devised for merging exchange entities with lower liquidity to the exchange with higher volumes.</p>

