

Himachal Pradesh State Electricity Board Limited
(A State Govt. Undertaking)

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No. HPSEBL/ PR&ALDC/ PC-Misc/2023-
To

Dated: -


The Secretary,
CERC, 3rd & 4th Floor,
Chanderlok Building,
36, Janpath, New Delhi - 110 001

Sub: Staff Paper on "Market Coupling" - Comments of HPSEBL
Ref.: Public Notice No.Eco-14/1/2023-CERC dated 21.08.2023
Sir,

Please find enclosed herewith comments on Staff Paper on "Market Coupling" published by CERC at its website on dated 21.08.2023 for your kind consideration.

Regards,

DA: As above.


Chief Engineer (Sys. Op.),
HPSEBL, Vidyut Bhawan,
Shimla- 171004

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

Following are the comments of HPSEBL on the Staff Paper on Market Coupling:

- It is pertinent to mention here that the concept of 'Market Coupling' was originally conceptualized to evolve at a better market design and integration of physical markets, however the essence of the staff paper promotes only coupling of power exchanges as the stated objectives of coupling are already existing/ achieved in present Indian Context.
- 'Adequate utilization of Transmission Corridor' is another objective linked with Market Coupling: The Staff Paper itself acknowledges that this objective is achieved with integration of national grid as there is no congestion now and further no corridor is reserved now for any power exchange, thus this key objective is also being achieved without the implementation of coupling.
- The Staff Paper quotes international examples on coupling, which in our view indicates coupling of 'geographical' and 'physical' markets with varied generation portfolios rather than only power exchanges. This aspect is already being met in Indian Context after integration of National Grid.
- The Electricity Act 2003 promotes competition with the intent to benefit the end user. While the market coupling may hamper this intent and service quality could be impacted.
- In India, power markets are evolving, and power exchanges share just less than 7% of the overall power volumes. Further, the power markets are completely voluntary, and it depends upon the market participants to choose the power exchange which they wish to trade upon depending upon the service quality received. It is submitted that Exchanges form a critical and indispensable arm of the Indian power sector which is needed not only to manage short term power imbalances but also needed to evolve new products to meet the new developments including integration of RE power etc. We would like to submit that coupling may have irreversible damage to the Power Exchanges, and it is submitted that such an action can be avoided at this stage when India is going through a rapid transition in power basket and needs more stability on the regulatory / policy front.
- The concept of Market Coupling was conceptualized for implementation along with Market Based Economic Despatch (MBED) where all power was mandatorily meant to be routed through Power Markets. There Market Coupling was making a need to implement, however in the present context, the Staff Paper does not mention about implementation of MBED but only Market Coupling. Hence implementation of Market Coupling could be reserved till MBED is implemented.
- Market Coupling could severely impact the innovation, service quality, agility etc. of the Exchanges. It may also restrict the options available to DISCOMs within the power exchanges and the range of products, bid types etc. they can choose from. The aim of market coupling is to result in a uniform price discovery in the exchange market. This will require a single set of rules, products, bid specifications etc. With the coupling of power exchanges there will be no differentiation in products and it will negatively affect the innovations in the short term market. This will be detrimental to the interest of DISCOMs.