



# Instant Ventures Pvt Ltd.

Ref: IVPL/CERC001/MarCo250923

Dated: 25.09.2023

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

Dear Sir,

Greetings from Instant Ventures Private Limited!!!

We are here with submitting our commits on Staff Paper on Market Coupling.

**Views/Comments upon Staff Paper on Market Coupling by Central Electricity Regulatory  
Commission published in August 2023**

CERC has published the "Staff Paper on Market Coupling" in August 2023 inviting comments/views from the stakeholders. In response Instant Venture Pvt Ltd. likes to submit 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. Please find below our views for kind reference:

- **Price Correlation:** Market coupling can result in an elevated level of price correlation among different regions. This implies that price fluctuations in one geographical area become more closely interconnected with those in another. Consequently, this phenomenon has the potential to curtail diversification opportunities for traders seeking to hedge their positions across disparate markets.
- **Impact on Long-Term Contracts:** Traders who actively participate in long-term contracts or employ hedging strategies may encounter heightened complexities when managing their risk exposure within a market-coupled framework. The convergence of prices across regional boundaries can significantly influence the efficacy of these strategic approaches.
- **Risk of Synchronized Failures:** Market coupling introduces an augmented risk of synchronized failures or disruptions across interconnected regions. In the event of a substantial outage or market disruption within one region, there exists the potential for rapid spill over effects onto adjacent markets, thereby potentially amplifying risk factors for traders.
- **Restricted Flexibility:** Market coupling may impose constraints on the adaptability and responsiveness of power traders to abrupt shifts in supply and demand dynamics. Integrated markets often feature standardized trading and scheduling protocols that may be less versatile in accommodating specific market conditions when compared to their standalone counterparts.



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- Market coupling can have significant effects on power exchanges, impacting their innovation, service quality, and agility. It can also limit the options available to buyers and sellers in terms of the range of products and bid types they can choose from. The goal of market coupling is to achieve a uniform price discovery in the exchange market, which requires a standardized set of rules, products, and bid specifications. However, with the coupling of power exchanges there will be no differentiation in the products which in-turn can hinder innovation in the short-term market and may not align with the interests of stakeholders.
- Earlier, states used to procure power from DEEP Portal in short term market for a period more than 11 days, as such contracts were not available on Power Exchanges. However, since the introduction of Longer Duration Contracts (LDC) by all three Power Exchanges, significantly lower price discoveries have been observed compared to DEEP Portal; such is the power of competition with decentralization in place. Instead of implementing market coupling and centralizing contracts, it would be more beneficial to promote competition in collective markets to better serve customers.

In view of the above, the Hon'ble Commission is requested to conduct a detailed independent study on the market design rather than taking such steps like market coupling in an isolated manner. The market design should reflect the current need of the power sector and should be conducive for all the stakeholders.

Thanks and Regards

For Instant Ventures Private Limited

Authorised Signature

