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To: "Harpreet Singh Pruthi" <secy@cercind.gov.in>, "Ashutosh Sharma" <ashutosh.sharma@nic.in>
Sent: Thursday, September 28, 2023 3:46:43 PM
Subject: Re: COMMENT ON CERC MARKET COUPLING STAFF PAPER

28th September 2023

The Chairman,
Central Electricity Regulatory Commission (CERC)
Chanderlok Building,
36, Janpath, New Delhi – 110001

Subject: Comment on CERC Market Coupling Staff Paper

Dear Sir,

I Sanjay Mehrottra , am writing this letter to give my comments to your Staff Paper on Market Coupling.

As a public investor I am holding 81000 shares of the Company (Indian Energy Exchange Limited). The staff paper on market coupling has come as an unpleasant surprise to me. If market coupling is introduced in India, power exchanges will cease to be platforms that support dynamic and liquid energy markets and will be reduced to mere bid-collection agencies. They will cease all efforts to make better trading mechanisms and innovation will be stifled. Everything that the government and the CERC have worked towards in terms of creating a credible and competitive energy market, unfortunately will be undone, and years of hard work and capital investment will be gone for nothing.

I think that Exchanges naturally have a dominant position, which is why coupling hasn't occurred in Exchanges despite what has been observed globally. The only comparable exchanges, as the staff paper also points out, are in Europe, but there was also spatial coupling to make the most of both the variety of electricity sources and the transmission corridors. Very dissimilar to what is suggested in India.

I think these regulations are unnecessary, especially for a system that consistently accomplishes what it was designed to. There will be a great deal of ambiguity as a result, and investors avoid uncertain industries. Like in any market, new entrants must enter with the understanding that there will be competition from established brands and that established brands have earned their market share through workable business models, successful products and services that satisfy customers' needs, and sizable investments in expanding their footprint.

Coupling will unfortunately give the competitors a lot on plate without putting in years of hardwork.

Let the market determine who consumers want to do business with, I implore the Ministry of Power and the CERC. This will be the most efficient approach to separate the wheat from the chaff and give consumers the freedom to choose for themselves based on their own unique needs and budgets.

I truly believe that market coupling should not be introduced in India at this juncture if long term growth of the Indian energy sector is to be guaranteed.

Yours sincerely,

SANJAY MEHROTTRA

Reply

Forward