

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

Subject: Suggestion on CERC Market Coupling Staff Paper

Dear Sir,

I am Tejaswi Chaturvedi and I am writing this letter as a suggestion to the CERC Staff Paper on Market Coupling that you have announced on August 2023.

As a recent retail investor, the staff paper on market coupling has come as an 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 believe that Exchanges have a natural dominant position, and this is the reason we have seen world over that coupling hasn't happened in Exchanges. As the staff paper also mentions, the only close reference is European exchanges, but there also there was geographical coupling to best utilize transmission corridor and the diversity of electricity sources. Very different as compared to what is proposed in India.

Sir, I believe that these policies, especially for a system that has been consistently achieving what it was intended to do, are not needed. This will lead to lot of uncertainty and investors do not like to invest in sector which have uncertainties. As with any market, new entrants must enter knowing well that there will be challenges with established brands and that they have earned their market share through viable business models, effective products and services that meet the requirements of their customers and sizeable investments in growing their footprint. This is true in all industries. Coupling will unfortunately give the competitors a lot on plate without putting in years of hardwork. Also, PXIL started its operations in 2008 but is unable to get a good share till date.

My request to the Ministry of Power, and the CERC is to let the market forces decide on who they would like to do business with. This will be the most effective way to weed out the chaff and allow consumers to make decisions for themselves based on their own respective requirements and finances.

To summarise, 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,

Tejaswi Chaturvedi