



TRIPURA STATE ELECTRICITY CORPORATION LIMITED

(A Govt. of Tripura Enterprise)

Subject: Comments on CERC Staff Paper on Market Coupling

Dear sir,

Encouraging competition in the electricity sector is a very important part of the Electricity Act of 2003. Both the Central and State Governments have started different reforms to create an atmosphere of competition. To fulfil this promise, the Indian Power Market plans to create multiple power exchanges.

Right now, the country has three power exchanges that are working. These exchanges mainly trade in the Day-Ahead Market (DAM) and Real-Time Market (RTM) and TAM segments. However, all three exchanges are actively involved in other parts of the market as well.

Since the start of power exchange operations, there has been a big problem with reference prices. This has resulted in most of the trading happening on only one power exchange in the market. Despite the efforts of the other two exchanges working together, they have faced problems in making a strong impact in these areas.

To address these common problems in the market, the respected Central Electricity Regulatory Commission (CERC) included rules for using Market Coupling in the Power Market Regulations of 2021. Moreover, the Ministry of Power has acknowledged the problem with the market structure and has spoken with the relevant Commission, supporting the quick adoption of Market Coupling as an efficient solution to fix this issue.

The CERC notification number. The Eco-14/1/2023-CERC, issued on 21st August 2023, is seen as a good step to introduce the long-awaited reform of Market Coupling in the power market. People are encouraged to share their thoughts on the Staff Paper related to this initiative. Market Coupling is expected to help establish a strong way to determine prices in the overall market. Also, it is predicted to have a big impact on the growth of the power market, which is currently only at about 5-6%. This lack of options in the market has always made it difficult to include more sources of renewable energy, create new financial products for the power market, and introduce capacity markets, along with other projects. So, by introducing Market Coupling, it's considered a good move to deal with these problems and make the power market more flexible and strong.

Market Coupling is a system that wants to make prices fairer between power exchanges in different markets. It should help make more money exchange between these markets and, as a result, make prices lower for customers. The introduction of market coupling is expected to encourage innovation from the three exchanges. They will work to either keep or gain more customers in the different parts of the market. This will benefit the power market as a whole and make it more efficient.

According to the Power Market Regulation (PMR) 2021, Section 4. Clause 8 of the document talks about the goals of Power Exchanges. It states that their main objective is to make sure that the prices are determined in a way that is fair, unbiased, effective, and strong. This responsibility will continue until the Market Coupling Operator takes over this role for Day Ahead Contracts, Real-time Contracts, and any other contracts notified by the Commission.

Besides the rules and regulations, and the Ministry of Power's support, electricity distribution companies have highlighted the big benefits for customers from using market coupling in the talks about PMR 2021. These benefits include better service from all types of exchanges, better prices because there are more buyers and sellers, more new products because exchanges are competing with each other, and potentially lower costs in the future as exchanges get bigger.



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Additionally, using market coupling also means that the prices across different exchanges would be connected, and this would help discoms to avoid dealing with different prices on various exchanges, which is a big concern for regulation.

To make consumers happy and keep competition in the power exchange sector, it's time to start using market coupling for both the Day-Ahead Market and Real-Time Market across different power exchanges. This will help exchanges compete based on the quality of their products and services.

Moreover demand of our country is raising tremendously, but during crisis power is not available mainly peakhours. All the discoms are awaited for better price, healthy competition with availability of power in the exchanges.

