



**ANDHRA PRADESH POWER COORDINATION COMMITTEE**  
**Vidyut Soudha :: Vijayawada**

From  
Chief General Manager/PP  
APPCC,  
Vidyut Soudha,  
Vijayawada

To  
The Secretary,  
CERC  
3rd and 4th floor Chanderlok Building  
36, Janpath, New Delhi- 110001

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Lr. No. APPCC /CGM(PP)/GM (PP)/DGM (T)/F. Exchanges, D. No. /23, Dt.-09-2023.

Sir,

Sub: -APDISCOMs- CERC Staff Paper on Market Coupling under PMR 2021-Certain Remarks / Views - submitted-Reg.

Ref:- CERC Staff Paper published Dt 21<sup>st</sup> August 2023  
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1. With due respect to the cited reference we welcome and support the recent decision of Ministry of Power (MOP) in the matter of 'Implementation of Market Coupling' for Indian electricity markets and the notice issued by CERC inviting comments on 'Staff Paper on Market Coupling'.
2. The Power exchanges, ever since their inception in 2008, have evolved as 'Market Infrastructure Institution (MII)' in the electricity space in short term markets and have demonstrated their ability to provide a fair, neutral, efficient and robust price discovery platform for transacting in electricity.
3. The CERC (Power Market) Regulations, 2021 ('PMR 2021') has enabling provisions for creation of more integrated and efficient electricity market through 'Market Coupling' that supports growth of multiple power exchanges by increasing market liquidity culminating in larger canvas of merit order and is expected to lower lower procurement cost. The mechanism is expected to result in optimal utilisation of transmission capacity and facilitates maximisation of economic surplus in multi power exchange model where Buyers and Sellers are spread-out on multiple power exchange. Implementation of 'Market Coupling' is a necessity for shaping power markets grow in a transparent and competitive manner without any distortions.
4. **Market coupling is supposed to be the deemed pre-cursor to MBED proposed earlier. This may further lead to loss of scheduling rights, disruptions in existing contracts and uncertainties for future long-term and medium PPAs:** The transition from traditional power procurement methods/routes to potential MBED for which market coupling is a pre cursor can induce several challenges for the discoms which may include the following.
  - a. Discoms will lose the flexibility of self-scheduling
  - b. Discoms will likely be discouraged to enter in long term and medium term PPAs,
  - c. Discoms will need to maintain huge working capital.

- d. Who benefits from MBED? :MBED appears to primarily benefit the ISGS plants at the expense of the state generating stations and the IPPs that provide electricity to discoms. State gencos /IPP's will be replaced by national level pools like MBED due to their superior positioning in terms of fuel availability, financial stability, etc. The Discoms will no longer have the freedom to choose or schedule a generator. Therefore, it seems that rather than consumers, generators will benefit most from MBED and coupling.
- e. Disruptions in existing contracts & uncertainty in future long term & medium term PPAs:The MBED transition will necessitate adjustments to existing contracts of the discoms as traditional PPAs need to be re-negotiated or modified to get aligned with new market framework. Also, the shift to MBED will introduce new dynamics to the electricity market as long & medium term PPAs may evolve over time.
- f. Presently there are three functioning Exchanges in the Country. These are offering different market segments with their own customisations. Sometimes it is becoming cumbersome to chose which Exchange to purchase from. If market coupling is effected, there will be a single bid process entity and the DISCOMs will be relieved from knowing the doors of different exchanges for the same quantum of power.
- g. Future development in the sector is dependent on increasing the scope of market-based electricity transaction in the country; and power exchanges need to be allowed to enlarge their role as MII. Hence, it would be prudent to implement 'Market Coupling' mechanism under provision of PMR 2021 at the earliest.

Chief General Manager

**Copy to:**

The Member Convener-APPCC-VidyuthSoudha Vijayawada  
The CMDs of APDISCOMs/ APEPDCL,APCPDCL& APSPDCL

Yours Sincerely,



Power Purchase  
APPCC-VidyuthSoudha  
Vijayawada