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Raipur, Dt. 19/10/2023

To,

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

Sub: Comments on CERC's Market Coupling Staff Paper (August 2023).

CERC's recent publication of the "Staff Paper on Market Coupling" has offered to express our concerns and objections. Firstly, the objectives of market coupling seems to be beneficial for Discoms, however there exists some concern regarding its implementation and success. Our views can be summarized as follows:-

Complexity and Implementation Challenges : One of the primary concern to market coupling is its complexity. Coordinating and integrating multiple power exchanges /electricity markets can be technically challenging which may require investments in technology. The cost and effort involved may outweigh the benefits.

Lack of Transparency : Ensuring transparency in market coupling processes is crucial for stakeholders to have trust in the system. Objections may arise if there are perceived issues with transparency, fairness, or governance in the market coupling mechanisms.

Performance Strive for Exchanges : The introduction of market coupling can reduce the strive for exchanges to outperform which shall affect efficiency and innovation currently seen in the power exchange market.

Regulatory Challenges : Regulating a market-coupled electricity system is a complex task. Regulators might face difficulties in effectively overseeing and regulating this expanded and interconnected market.

Impact on Discoms : Market coupling could pave the way for Market-Based Economic Dispatch (MBED). There are some concern regarding MBED such as loss of scheduling flexibility for discoms, discouraging long-term agreements, and requiring substantial working capital. Moreover, MBED appears to favor Integrated State Generating Stations (ISGS) over state generating stations and independent power producers (IPPs), diminishing the flexibility of discoms in choosing their power sources.

We recommend a thorough examination of these concerns and urge the Hon'ble Commission to reconsider the proposal for market coupling.


Executive Director (RA&PM)
CSPDCL: Raipur