

## **ISGF COMMENTS ON CERC's STAFF PAPER ON MARKET COUPLING**

At the outset India Smart Grid Forum (ISGF) complement Central Electricity Regulatory Commission (CEC) for conceiving the Staff Paper on Market Coupling which is a bold and exploratory initiative. However, ISGF is of the opinion we should not jump in to this adventure of equalizing the market share of different exchanges which is reminiscent of the socialist era. The key points for our argument are given below:

1. From the very beginning CERC believed in market competition and hence allowed multiple power exchanges. Two exchanges are now 15 years old; and last year a third exchange commenced operations.
2. Overall, the power market and the power sector in the country are doing well; and India is leading from the front on energy transition and digitalization of the sector. When things are going well, we should refrain from undertaking structural changes in the sector.
3. It is unfortunate that though 2 exchanges were launched 15 years ago, one exchange has over 90% market share. The 3<sup>rd</sup> exchange that started last year is apparently doing well. As the sector is fast developing, there could be room for more players, and some new entrants with differentiated technology platforms could offer better products and services to customers.
4. The proposed Market Coupling envisages creation of a Market Coupling Operator (MCO), yet another layer of bureaucracy which will only add to the cost of doing business and increases the coordination efforts of all participants.
5. If MCO is assigned the responsibility of price discovery, the exchanges functions will be reduced to collecting bids only. They will have less motivation to invest in new technologies and upgrading existing platforms.

In view of the above, we humbly submit that Market Coupling proposal may be kept in abeyance till 2030 when we could perhaps review the situation. Presently we should put all our efforts in following initiatives:

1. Improving the metering and settlement mechanisms so that daily financial settlement can be achieved
2. Move the Renewable Energy Certificate (REC) to blockchain platforms and tokenize the RECs; and introduce mini-RECs for 1 kWh which can be extended to rooftop PV owners also
3. Operationalize the Carbon Market, again on blockchain platforms

Thank you very much for your kind attention.

Sincerely

For India Smart Grid Forum

Sincerely,



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