

Market Coupling

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Market Coupling Latest News

The Central Electricity Regulatory Commission's (CERC) proposed implementation of market coupling in the Day Ahead Market (DAM) segment of power exchanges from January 2026 may have little benefit for the power sector, according to industry officials and analysts.

About Market Coupling

- Market coupling is an **economic model used in energy markets to create a single, uniform price for electricity across different trading platforms** or exchanges.
- **India has three power exchanges**—Indian Energy Exchange (**IEX**), Power Exchange India Limited (**PXIL**), and Hindustan Power Exchange Limited (**HPX**).
- These are **voluntary markets**, and each of them collects buy and sell bids on their own and, thus, comes up **with their own market clearing prices (MCPs)**.
- In simple terms, currently, **each power exchange has a different cost of electricity**, even though they usually differ from each other only by a few paisa.

- **Market coupling is a model** where buy bids and sell **bids from all power exchanges** in the country will be **aggregated and matched to discover a uniform MCP**.
- It means there will be **only one price for the electricity** that is **to be traded at any point of time** through these exchanges.
- If implemented, **power exchanges will be rendered as a platform where only buy and sell bids will be received** and **power dispatched to the buyer**.

Market Coupling Advantages

- It can be used to **improve the efficiency and integration of multiple interconnected markets** in the electricity sector.
- This could **potentially enable higher utilisation and reduce energy loss**.
- It can help enhance market liquidity by **allowing participants to trade electricity across borders**.
- This also helps **boost the number of participants and the overall trading volumes** in the power market.

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