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India Set to Roll Out Power Market Coupling in January

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India is moving forward with a major reform in its electricity trading system, as the Central Electricity Regulatory Commission (CERC) confirmed plans to implement market coupling starting January 2026. The initiative is designed to unify the pricing mechanism across all power exchanges, improving transparency, price discovery, and overall efficiency in the country’s energy market.

Market coupling is a structured model used in global energy markets to integrate bids from multiple power exchanges, creating a single clearing price for electricity. This helps eliminate price disparities and ensures a more competitive and balanced marketplace. The Central Electricity Regulatory Commission's decision marks a strategic step in modernizing India's power trading architecture, with the initial phase focusing on the Day-Ahead Market (DAM), where electricity is traded one day before delivery.

Under the new framework, power exchanges will rotate as the Market Coupling Operator (MCO), responsible for consolidating bids and determining the market-clearing price. Grid-India, the national power system operator, will serve as a backup and auditing entity, ensuring the integrity and reliability of the coupling mechanism. This rotational structure is expected to foster competition among exchanges while upholding consistent regulatory oversight.

The CERC has also indicated that market coupling could be extended to additional segments including the Real-Time Market (RTM) and the Term-Ahead Market (TAM) following successful pilot runs and stakeholder consultations. To support implementation, all power exchanges have been instructed to share relevant data with both Grid-India and the CERC.

By harmonizing electricity prices across platforms, the market coupling system is expected to make power procurement more efficient and predictable. It could also level the playing field among energy traders and reduce reliance on any single dominant exchange. This move comes at a time when energy security, reliability, and self-sufficiency remain critical priorities for India's economic and strategic future.

Further directives from the CERC are expected based on how the initial phase unfolds, with policymakers keeping a close eye on the system's performance and industry feedback. As the country continues to scale up its power generation and grid infrastructure, market coupling represents a timely and necessary evolution in India's approach to energy management.