PRESS RELEASE

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NSE Welcomes CERC (Power Market) (Draft Second Amendment) Regulations, 2026 on implementation of Market Coupling

The National Stock Exchange of India Limited (NSE) welcome the notification dated 17th April 2026 issued by the Central Electricity Regulatory Commission on the Power Market (Draft Second Amendment) Regulations, 2026 on implementation of Market Coupling. As per the proposed amendment, Grid India (A Government of India undertaking), with the Commission's approval, will formulate the Power Market Coupling Procedure (PMCP) within six months to operationalize market coupling across power exchanges.

On this development, NSE stated that the introduction of Market Coupling marks a significant step toward improving transparency, operational efficiency, and uniform price discovery in Indian power markets. Aligning with the principle of "One Nation, One Grid, One Price", the implementation of Market Coupling is a long-awaited policy reform, and market participants believe that it will deepen the power market while enabling efficient price discovery.

Subsequent to market coupling implementation, the Market Coupling Operator (Grid India) will aggregate bids from all three spot power exchanges and run a centralized matching engine to determine a single market-clearing price. All spot exchanges will subsequently settle their trades based on this unified price.

NSE approach is conceptually aligned with globally established methodologies used in electricity derivatives markets, where settlement prices are derived using volume-weighted averages of daily prices across all three spot power exchanges (PXIL, IEX & HPX), covering all DAM (Conventional, Green and High Price) segments across 96-time blocks per day. Such approaches ensure that price signals appropriately reflect actual traded volumes and market activity across segments and time blocks. In contract, an alternative methodology relies on a simple average of daily conventional DAM prices.

Since the launch of electricity futures in July 2025 through March 2026, spot electricity prices across power exchanges have declined by approximately 14%, contributing to an increase in overall societal surplus.

It is anticipated that drawing from global best practices the Market Coupling Operator may follow a volume-weighted average pricing mechanism to ensure efficient and representative price discovery.

In the absence of market coupling in India's spot power market, electricity prices can vary across exchanges due to differences in price discovery mechanisms. This is particularly important for DISCOMs procuring large volumes, as even small variations can increase overall costs. Electricity futures at NSE are monthly contracts settled on a price derived from a volume-weighted average of spot market price.

Monthly Settlement prices based on VWAP (volume weighted average prices) lead to moderation in prices. For a projected monthly consumption of around 1,000 MU, this may result in an annual cost impact of nearly INR 840 crore. Given the high transaction volumes of India DISCOMS, the overall financial impact can be significant and require careful evaluation and monitoring by stakeholders.

Commenting on the development, Shri Ashishkumar Chauhan, MD & CEO, NSE, said: *"The present amendment in power market regulation and consequent implementation of market coupling shall be a constructive step towards enhancing transparency and efficiency in the power markets. An expeditious move towards launch of market coupling will lead to discovery of a uniform pricing benchmark for all 3 spot exchanges & 2 financial exchanges. This will support improved price discovery and deepen both spot power markets and futures markets and attract more investments in power sector."*

About National Stock Exchange of India Limited (NSE):

National Stock Exchange of India (NSE) was the first exchange in India to implement electronic or screen-based trading. It began operations in 1994 and is ranked as the largest stock exchange in India in terms of total and average daily turnover for equity shares every year since 1995, based on SEBI data. NSE has a fully integrated business model comprising exchange listings, trading services, clearing and settlement services, indices, market data feeds, technology solutions and financial education offerings. NSE also oversees compliance by trading, clearing members and listed companies with the rules and regulations of SEBI and the exchange. NSE is a pioneer in technology and ensures the reliability and performance of its systems through a culture of innovation and investment in technology. NSE is the world's largest derivatives exchange by trading volume (contracts) for calendar year 2025 as per the statistics maintained by Futures Industry Association (FIA). NSE is ranked third in the world in equity segment by number of trades (electronic order book) in 2025, as per the statistics maintained by World Federation of Exchanges (WFE).

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