

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) welcomes 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.

This approach is conceptually aligned with the methodology used for settlement of NSE's monthly electricity futures contracts, wherein the final settlement price/due date rate (DDR) of a month is derived as a volume-weighted average 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. In contrast, certain exchanges rely on a simple average of daily prices, disregarding traded volumes. NSE's scientifically designed Due Date Rate (DDR) methodology assigns appropriate weight to prices based on actual traded volumes.

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 taking a clue from best global practices the Market Coupling Operator will follow a volume-weighted average pricing mechanism.

However, as of now, in absence of market coupling now, there is significant disparities persist between volume-weighted average price (NSE's settlement methodology) vs simple average-based price (used by certain exchange). As of 20th April 2026, NSE's Monthly Moving Average Due Date Rate (MAVGDDR) for April 2026 stands at INR 3,802/MWh, compared to INR 4,442/MWh derived using simple average methodologies. This has resulted in an unjustified electricity price spread of approximately INR 600–700/MWh between two financial exchanges.

In the absence of a uniform, market-coupled volume-weighted pricing mechanism, such higher spread for a projected monthly electricity consumption volume of 1,000 MU is leading to higher procurement costs for DISCOMs of nearly INR 70 crore per month, amounting to an estimated annual impact of INR 840 crore. Considering the significantly higher volumes traded in the spot markets, the cumulative financial impact on discoms balance sheets is quite substantial.

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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