REGULATORY FLIPBOOK • CENTRAL ELECTRICITY REGULATORY COMMISSION

CERC (Power Market) Regulations, 2021

Principal Regulations, Draft Amendments & the Market Coupling Rollout — Reference Edition

2021

Principal Regulations

Notified 15 Feb 2021 · In force 15 Aug 2021

2025

Shadow Pilot + Order 8/SM/2025

Coupling piloted live; round-robin MCO directed

2026

Draft 2nd Amendment + SC Ruling

Grid India proposed as sole MCO; SC dismissed IEX plea 3 Aug 2026 — still not notified

18 source instruments compiled • Coverage 2010–2026 • Gazette of India, Part III — Section 4

WHY IT MATTERS

This single regulation governs how virtually all short-term electricity in India is bought and sold on exchange — and it is mid-way through a reform (market coupling) that will change how every trade is priced.

At a Glance

Core facts before you read further

LEGAL BASIS

Notified under Section 66 and Section 178(1)/178(2)(y) of the Electricity Act, 2003, and para 5.7.1(f) of the National Electricity Policy.

EXCHANGE THRESHOLDS

Min. ₹50 crore net worth at all times; registration valid 25 years, renewable for a further 25 (Regs. 9, 12, 14).

WHO IT APPLIES TO

Power Exchanges, Market Participants (generators, discoms, traders, open-access consumers) and the OTC Platform (Reg. 3).

FEE CAPS

Transaction fee and Facilitator Member service charge both capped at 2 paise/kWh (Regs. 23, 24).

CONTRACT TYPES

Day Ahead, Real-time, Intraday, Contingency & Term Ahead Contracts, plus REC and Energy Saving Certificate trades (Reg. 4).

WHERE IT'S HEADED

Coupling shadow-piloted since Dec 2024; a draft 2026 amendment would make Grid India the sole, permanent Market Coupling Operator.

WHY IT MATTERS

Three exchanges have run independent price discovery since 2008 — the ₹50 crore/25-year exchange framework here predates the coupling reform now underway, and both regimes currently coexist in the text.

Regulatory Timeline

How the 18 compiled instruments fit together

2010
PMR 2010 Notified — original regulation (since superseded)

2014–19
Amendments refine the 2010 Regulations

15 Feb 2021
PMR 2021 Notified — current principal regulation signed

15 Aug 2021
PMR 2021 In Force — Gazette No. 327 commencement notification

2022
OTC Platform registration guidelines issued

Dec 2024
Grid-India shadow pilot begins — D+1 DAM/RTM coupling trial

Jun–Jul 2025
Draft 1st Amendment + Order 8/SM/2025 (round-robin MCO)

Apr 2026
Draft 2nd Amendment — Grid India as sole MCO (DRAFT)

3 Aug 2026
SC dismisses IEX plea; CERC: notify in 4–6 weeks

WHY IT MATTERS

PMR 2021's three dates are all correct, distinct milestones, not an ambiguity: 15 Feb 2021 (notified), 16 Jun 2021 (Gazette No. 241 publication) and 15 Aug 2021 (Gazette No. 327, in force). Use 15 Aug 2021 as the operative commencement date.

Objective & Scope

Regs. 1–4 — who and what these regulations cover

APPLIES TO (REG. 3)

- Power Exchanges
- Market Participants (other than Power Exchanges) — generators, distribution licensees, traders and open-access consumers
- The OTC Market

CONTRACT TYPES COVERED (REG. 4)

- On Power Exchanges: Day Ahead, Real-time, Intraday, Contingency & Term Ahead Contracts
- Plus Capacity & Ancillary Services Contracts, as approved by the Commission
- Renewable Energy Certificates and Energy Saving Certificates
- In the OTC Market: delivery-based contracts only

WHY IT MATTERS

Scope matters here because the OTC Market is limited to physically-delivered contracts only (Reg. 7(3)) — there's no OTC equivalent of an exchange-traded financial or speculative position.

Key Definitions

Reg. 2 — terms that recur throughout the regulation

Collective Transactions

Price discovered through anonymous, simultaneous competitive bidding by buyers and sellers.

Continuous Transactions

Buy and sell bids matched on a continuous basis with price-time priority (not Collective Transactions).

Market Participants

Grid-connected entities, Power Exchanges, exchange members, Trading Licensees, the MCO and the OTC Platform.

Market Coupling

Matching bids from all Power Exchanges to discover one uniform clearing price, subject to market splitting.

Cartelization

Participants agreeing among themselves to limit or control generation, distribution, sale, price or trade of electricity.

Circular Trading

Coordinated buy/sell bidding by the same member or group, designed to manipulate price or create an artificial market.

Facilitator Member

A non-trading member providing IT/bidding infrastructure or delivery facilitation — barred from extending credit to clients.

Market Splitting

Mechanism for discovering separate zonal prices where transmission congestion divides the bidding area.

WHY IT MATTERS

Collective vs. Continuous Transactions is the split that separates Day Ahead/Real-time pricing (auction-based) from Intraday/Contingency pricing (continuous matching) on the next slide.

Contract Types & Features

Regs. 4–5 — exact original 2021 wording

Contract	Transaction Basis	Delivery Timing
Day Ahead	Collective Transactions on day T	Next day (T+1)
Real-time	Collective Transactions on T or T-1	Same day T, specified delivery period
Intraday	Continuous Transactions on day T	Same day T; non-overlapping with Real-time delivery
Contingency	Continuous Transactions on T, after Day Ahead finalisation	Next day (T+1)
Term Ahead	Transactions on day T (incl. Green Term Ahead)	T+2 or more; physical delivery only, no rollover

Day Ahead & Real-time: price discovery by Power Exchanges or the Market Coupling Operator, once notified (Reg. 5(1)(a)). Intraday, Contingency & Term Ahead: mechanism approved by the Commission on the Exchange's proposal (Reg. 5(2)–(3)).

WHY IT MATTERS	Term Ahead Contracts are the odd one out — settled only by physical delivery, and explicitly barred from being rolled over or transferred (Reg. 5(3)(b)(iv)).

Power Exchange — Registration & Ownership

Regs. 9, 12, 14–16

ELIGIBILITY (REG. 9)

- Company limited by shares under the Companies Act, 2013
- Demutualised — ownership/management segregated from trading rights
- Main object: to establish & operate a Power Exchange
- Minimum net worth ₹50 crore (audited, within 30 days of filing)
- Directors meet Reg. 18 fit-and-proper criteria

OWNERSHIP CAPS (REG. 15)

- Non-member/client shareholder: max 25% individually or in concert
- Member or client: max 5% individually or in concert
- Members/clients combined: max 49% of total shareholding
- Existing exchanges: 1 year to comply from commencement

Registration valid 25 years, renewable for a further 25 (Reg. 12) · Net worth maintained at ≥₹50 crore at all times (Reg. 14) · Annual registration charge per Payment of Fees Regulations (Reg. 13)

WHY IT MATTERS

The 25%/5%/49% caps exist specifically to keep trading members from controlling the platform they trade on — a structural conflict-of-interest safeguard, not just a shareholding formality.

Power Exchange — Governance & Membership

Regs. 17, 20–21

BOARD COMPOSITION (REG. 17)

- Three director categories: Shareholder, Independent, Managing Director
- Independent Directors ≥ Shareholder Directors (MD counted as Shareholder)
- No exchange member or client may sit on the Board
- MD is Chief Executive; individual bid details are withheld from the Board

THREE MEMBERSHIP CATEGORIES (REG. 21)

- Trader Member — licensed under the Trading Licence Regs. 2020; trades/clears own account or on behalf of clients
- Proprietary Member — distribution licensee/deemed licensee/grid-connected entity; own account only
- Facilitator Member — neither of the above; provides IT/bidding infrastructure or delivery facilitation only

Senior management: minimum 3 full-time professionals covering power system operations, finance/economics, and information technology (Reg. 20).

WHY IT MATTERS

A Trader Member and its Associates are explicitly barred from also being a Facilitator Member (Reg. 21(1)(a)) — the categories are meant to stay separate, not stackable.

Power Exchange — Fees, Risk & Operations

Regs. 23–24, 26–27

Fee / Mechanism	Cap or Requirement
Transaction fee (Reg. 23)	Max 2 paise/kWh — excludes scheduled energy, open access & transmission-loss charges
Facilitator service charge (Reg. 24(2))	Max 2 paise/kWh — excludes exchange, transmission & statutory charges
Trading margin (Reg. 24(1))	As per the Trading Licence Regulations, 2020
Risk management (Reg. 26)	Risk Assessment & Management Committee (RAMC) headed by an Independent Director; reviewed every January & July
Clearing & Settlement (Reg. 27)	Carried out per the Payment and Settlement Systems Act, 2007

WHY IT MATTERS

Both fee caps sit at exactly 2 paise/kWh — a Trader Member routing a trade through a Facilitator could face two capped 2-paise charges stacked on the same transaction.

Market Coupling — As Originally Enacted

Regs. 37–39 (Part 5) — the framework as written into the 2021 text

OBJECTIVES (REG. 37)

- Discovery of one uniform market clearing price for DAM, RTM, or any other market notified by the Commission
- Optimal use of transmission infrastructure
- Maximisation of combined buyer-seller economic surplus

DESIGNATION (REG. 38, AS ENACTED)

"The Commission shall designate a Market Coupling Operator" responsible for operation and management of Market Coupling — no operator was named in the 2021 text itself.

ACTIVATION (REG. 39)

These market-coupling provisions "shall come into effect as and when decided by the Commission" — as enacted, coupling was not self-executing and stayed dormant until activated separately.

WHY IT MATTERS

Regulation 39, as originally written, is essentially a placeholder — coupling stayed dormant in the text for over three years until the Shadow Pilot and Order 8/SM/2025 activated it in practice (Slide 13).

OTC Platform

Regs. 40–47 — as originally enacted (2021)

OBJECTIVES & ELIGIBILITY

- Electronic platform listing potential buyers/sellers, with a historical data repository (Reg. 41)
- Open to grid-connected entities and Trading Licensees (Reg. 42)
- Company under the Companies Act, 2013; min. net worth ₹1 crore (Reg. 43(1)) — see draft 2025 amendment
- Power Exchanges, Trading Licensees & their Associates barred from owning/operating an OTC Platform (Reg. 43(2))

REGISTRATION & LIMITS

- Registration valid 5 years, renewable for a further 5 (Reg. 44(3)–(4)) — see draft 2025 amendment
- May not negotiate, execute, clear or settle contracts (Reg. 46(1))
- Must stay neutral — no influence over participants' decisions (Reg. 46(2))
- Settlement: physical delivery only (Reg. 7(3))

WHY IT MATTERS

The OTC Platform is deliberately kept as a listing/matchmaking service only — it cannot touch execution, clearing or settlement, which stay with the parties themselves or a Trading Licensee.

Market Oversight & Intervention

Regs. 48–53 (Part 7)

TRIGGERS FOR INQUIRY (REG. 49(2))

- Non-compliance with the regulations or Commission orders
- Delay or failure to submit required information
- Market manipulation, cartelization or insider trading
- Abuse of dominant position by a Market Participant

COMMISSION'S TOOLS (REGS. 50–52)

- Direct corrective action, or impose a penalty under the Act
- Debar a participant from specified contracts; direct cancellation of exchange membership
- Suspend or cancel a Power Exchange's or OTC Platform's registration
- Impose price floors/caps, or a cooling-off suspension, on abnormal price or volume swings (Reg. 51)
- Issue interim restraining orders mid-investigation (Reg. 52)

WHY IT MATTERS

The Commission can act on abnormal price or volume swings alone (Reg. 51) — it doesn't need to first prove manipulation or cartelization to impose a price cap or cooling-off period.

Market Coupling Goes Live

Shadow Pilot & Order 8/SM/2025 — the dormant Reg. 39 framework becomes operational

Grid-India ran a shadow-mode D+1 coupling trial from 1 Dec 2024, simulating coupled DAM/RTM clearing without touching live settlement, then reported daily results to the Commission.

Segment	Welfare Gain	Volume Gain
DAM	+₹38 Cr (+0.3%)	+52 MU (+0.2%)
RTM	+₹72 lakh (+0.01%)	+1.54 MU (+0.01%)
RTM-SCED	+₹1.4 Cr/day net savings	avg. cost +₹1/MWh

D+1 shadow results, as reported to the Commission (illustrative period).

ORDER 8/SM/2025 (23 JUL 2025)

- Directs Grid-India to continue the shadow pilot and move toward full DAM coupling rollout
- Proposes the three Power Exchanges act as MCO in round-robin rotation, as in Europe
- Grid-India proposed as 4th MCO — for audit/vetting of results only
- Target: phased rollout toward January 2026, per the shadow-pilot report

WHY IT MATTERS

This round-robin model — exchanges taking turns as MCO — is the July 2025 proposal. It did not survive into the 2026 draft amendment, which instead makes Grid India the sole permanent MCO (next slide).

DRAFT — NOT YET NOTIFIED

Draft First Amendment, 2025

Published 17 June 2025 for stakeholder comment — not yet notified

- Three new OTC contract types added — Virtual Power Purchase Agreements (VPPAs), Battery Energy Storage System (BESS) Contracts, and Banking of Power
- VPPA defined — a non-transferable financial arrangement where a consumer/entity pays an agreed VPPA price to an RE generator, settling the difference against the market price
- Cross-references realigned — from the “Open Access Regulations” to the newer “Connectivity and General Network Access (GNA) Regulations”
- OTC Platform minimum net worth raised — from ₹1 crore to ₹35 crore (Reg. 43(1)(b))
- OTC Platform registration validity extended — from 5 years to 10 years (Reg. 44(3))

WHY IT MATTERS

A ₹1cr → ₹35cr net-worth jump would price out smaller OTC platform operators — worth watching if you're evaluating entry into that segment before this is notified.

DRAFT — NOT YET NOTIFIED

Draft Second Amendment, 2026

Published 17 April 2026 for stakeholder comment — not yet notified

- Reg. 38 rewritten — Grid India becomes the permanent Market Coupling Operator outright, forming a dedicated internal cell for MCO functions — not the round-robin model proposed in Order 8/SM/2025
- Reg. 39 (Scope) rewritten — coupling applies to DAM, RTM "and other market segments," phased in by Commission notification, segment by segment
- Four new regulations inserted (39A–39D) — 39A Bid Collection & Aggregation · 39B Price Discovery · 39C Power Market Coupling Procedure (PMCP), to be formulated by Grid India within 6 months of notification · 39D applies existing PX obligations (Regs. 28, 29, 31, 32) to the MCO as well
- 3 Aug 2026 — Supreme Court clears the path — dismissed IEX's challenge to market coupling as premature; CERC told the Court notification was 4–6 weeks away — that window has since passed with no Sl. No. yet assigned (as of Sep 2026)

WHY IT MATTERS

A genuine reversal from the July 2025 round-robin proposal — Grid India would permanently control price discovery if notified as drafted. The Supreme Court cleared the legal obstacle in Aug 2026, but CERC's own promised timeline has already slipped.

What's Settled vs. What's Pending

Don't cite draft material as binding law

IN FORCE TODAY

- PMR 2021 principal regulations (in force since 15 Aug 2021)
- Exchange registration, ownership, governance & fee framework (Parts 3–4)
- OTC Platform framework at original ₹1 crore net worth / 5-year registration
- Market oversight & intervention powers (Part 7)
- Shadow-pilot coupling trial (non-binding, simulation only)

DRAFT / NOT YET NOTIFIED

- First Amendment 2025 — VPPA/BESS/Banking of Power, ₹35cr OTC net worth, 10-yr OTC registration
- Second Amendment 2026 — Grid India as sole permanent MCO, Regs. 39A–39D; SC dismissed IEX's related legal challenge 3 Aug 2026, but CERC's own 4–6-week notification promise to the Court has already passed
- Full live market coupling rollout — Order 8/SM/2025 targeted phased rollout toward Jan 2026, but the source material does not confirm it went live on schedule

WHY IT MATTERS

Everything in the right-hand column is directional, not binding — verify against the current Gazette notification before relying on it operationally.

Reader's Guide

If you need to look up…

If you need…	Start with…
Exchange registration/ownership rules	**Regs. 9–16 (Slide 7)**
Board & membership structure	**Regs. 17–22 (Slide 8)**
Fee caps & risk management	**Regs. 23–27 (Slide 9)**
Contract definitions	**Reg. 2 (Slide 5)**
OTC Platform eligibility	**Regs. 42–47 (Slide 11)**
Enforcement powers	**Regs. 48–53 (Slide 12)**
Market coupling status	**Order 8/SM/2025 + Draft 2nd Amendment (Slides 13, 15)**
Whether a provision is binding yet	**Slide 16 — Settled vs. Pending**

WHY IT MATTERS

The single most common mistake with a compiled flipbook like this one is citing a draft amendment's clause number as if it were already in the principal regulation — this guide is built to prevent exactly that.

Compiled for professional reference

CERC (Power Market) Regulations, 2021 — principal text, draft amendments and the market coupling rollout, compiled into one reference edition.

Practical note: this flipbook is a navigation and reference compilation, not a substitute for the Gazette or a legal opinion. For legal or regulatory decisions, verify the operative text against the applicable official publication.

WHY IT MATTERS

Two amendments are still draft and market coupling is still transitioning from a round-robin proposal to Grid India as sole MCO — re-check this deck against the current Gazette before using it in a filing.