Circular No.: IGX/MO/155/2024 December 11, 2024

Amendments in Master Circular ver.3

Dear Members,

In pursuance to Byelaws and Market Rules of IGX and in conjunction to IGX Circular No. 96 (Master Circular Ver3) dated 01.09.2023, Members are requested to kindly note following changes in the clauses of Master Circular: -

1. Page 12, Clause 4.A Taxation, Modification in subclause i and ii:

Existing Clause –

"

i. *The Buyer is responsible for payment of all taxes imposed or payable arising from time to time related to purchase or delivery of gas and any other payments for the gas traded at the Gas Exchange. The buyer will also indemnify, protect, defend, and hold harmless seller and the Exchange from all actions, proceedings & claims arising in connection with any taxes for which buyer is responsible including any failure or delay by buyer to pay taxes or submit required forms or documents.*

ii. *The Seller shall send the Tax invoice of the commodity directly to the Buyer and shall share one copy of the same with the Exchange.*

"

Revised Clause –

"

i. *The Buyer is responsible for payment of all taxes imposed or payable arising from time to time related to purchase or delivery of gas and any other payments for the gas traded at the Gas Exchange. The buyer will also indemnify, protect, defend, and hold harmless seller and the Exchange from all actions, proceedings & claims arising in connection with any taxes for which buyer is responsible including any failure or delay by buyer to pay taxes or submit required forms or documents.*

For avoidance of doubt, it is expressly clarified that the buyer is solely responsible for paying all taxes, whether current, past, or future, that are associated with or arise from the sale, purchase, and delivery of gas under any contracts traded at the Exchange. The Taxes encompasses a comprehensive range of tax obligations, including all taxes that are paid, levied, accrued, payable, assessed, demanded, or imposed through interim orders, provisional assessments, revisional assessments, judicial or executive reviews, final assessments, or any other orders issued by Governmental Authorities, courts, or judicial bodies. Also, the Buyer explicitly assumes full responsibility for all associated fines, penalties, and interest on taxes originally required to be paid by Sellers under any order from Governmental Authorities, courts, or judicial authorities, thereby establishing a comprehensive and unambiguous framework for tax liability and financial accountability. The Exchange retains the right to recover from the Buyer all taxes, costs, and expenses incurred by the Exchange or Seller in connection therewith.

ii. The Seller shall send the Tax invoice of the commodity directly to the Buyer and shall share one copy of the same with the Exchange. Based on receipt of the copy of invoice, the Exchange shall release the tax amount to the Seller.

”

2. Page 16, Clause 4.C Settlement Pay-In and Pay-Out, Modification in subclause ii:

Existing Clause (last para of point ii.):

“

The Exchange reconciles the contract post completion of delivery to close the contractual obligation(s). Final Settlement is done by Exchange within 4 working days excluding all Saturdays from the end of contract period subject to correct invoicing and availability of sufficient funds made available by Buyer and Seller Member(s)”

”

Revised Clause:

“

The Exchange reconciles the contract post completion of delivery to close the contractual obligation(s) which is referred here as Final Settlement. Final Settlement is done by Exchange after the end of contract period within 4 bank working days from the receipt of Seller's invoice and quantity reconciliation, excluding all Saturdays, subject to correct invoicing and availability of sufficient funds made available by Buyer and Seller Member(s)/Direct Clients(s). Seller, while sharing invoices shall mark a copy of the mail to CNS department on the mail ID 'igx-cns@igxindia.com'.

Member(s) have to report any inconsistencies in the Final Settlement to the Exchange within 5 bank working days following the settlement's conclusion.
"

3. **Page 17, Clause 4. E Transaction Fees, First Para:**

Existing Clause (First para):
"
The transaction fees in respect of a contract are the product of the total trade quantity and the transaction fee rate, where the Exchange will issue the Transaction fees Invoice based on CT receiving date basis. The rates are mentioned below - ....
"

Revised Clause:
"
The transaction fees in respect of a contract are the product of the total trade quantity and the transaction fee rate. The Exchange will issue the transaction fees invoice to the Member or Direct Client based on either the CT receipt date or the buyer's confirmation date of CT receipt. For Ex-Hub transactions, if the CT is not received within 1 working day before the delivery start date, it will be considered received on a deemed basis, and invoices will be generated accordingly. The rates are mentioned below - ...
"

4. **Page 20, Clause 5.A Booking of Capacity Tranche (CT) in the Pipeline of Transporter:**

(Clause 5.A revised as below):
"
Every Buyer is required to have the necessary transportation agreements in place to off-take the gas from the Delivery Point. Prior to submitting bids, the Buyer must provide the Gas Exchange with either the Gas Transportation Agreement (GTA) or end date of the pipeline's GTA connected to the Delivery Point.

For Ex-Hub transactions, the Buyer is responsible for booking the CT against the Daily Trade Quantity (DTQ) across the connected pipeline(s) immediately after the trade execution. In Delivered transactions, the Exchange facilitates the CT booking against the DTQ and acts on behalf of the Buyer for gas transportation. In case of Delivered Transactions, it is the Buyer's sole responsibility to coordinate with both the Gas Exchange and the Transporter for timely CT booking, daily nominations, scheduling and imbalance management. Any transportation or penalty charges claimed by the Transporter shall be paid by the Buyer to the Gas Exchange *without any exceptions, where the Exchange will then pass these charges to the Transporter. The Buyer is responsible for payment of all types of transport charges imposed or payable arising from time to time related to transport of gas for the gas traded at the Gas Exchange. For avoidance of doubt, it is expressly clarified that the buyer is solely responsible for paying all types of transport related charges as mentioned in the respective Gas Transmission Agreements, whether current, past, or future, that are associated with or arise from the transport of gas under any contracts traded at the Exchange.*

When the interval between bid/trade date and delivery start date is three working days or less:

a. *For Ex-Hub transactions: As the time interval is very less, hence Exchange will consider that the Buyer have already booked the CT and accordingly bids are submitted by them.*
b. *In Delivered transactions: At the time of placing bids, Buyer or its member must obtain confirmation from the Gas Exchange and the Transporter regarding CT booking for such a time gap.*
c. *In both Ex-Hub and Delivered transaction, the Daily Contract Quantity will be equal to the Daily Trade Quantity and the trade cannot be cancelled due to any capacity denial by the Transporter. Also, as per Market Rules Clause 11.5(b), the Buyer Member has to compensate the Seller Member with 20% of the total trade value. The Exchange will collect this amount from the Buyer and transfer it to the Seller.*

When the interval between trade date and delivery start date is more than three working days, the Buyer must adhere to the following requirements:

a. *CT must be applied immediately after trade execution.*
b. *If the Transporter rejects the CT application due to capacity constraints or other Transporter-related reasons, the trade will be null and void as per Clause 10.1.5 of Market Rules, with no further obligations for either party. The Buyer must inform the Gas Exchange of capacity denial immediately on same day basis; failure to do so will require compensating the Seller 20% of the trade value.*
c. *If the CT is not booked or partially booked due to any fault of the Buyer, then as per Market Rules Clause 11.5(b), the Buyer Member has to compensate the Seller Member with 20% of the total trade value. The Exchange will collect this amount from the Buyer and transfer it to the Seller.*
d. *The approved CT quantity, up to the DTQ, is referred to as the Daily Contract Quantity (DCQ). If the Buyer does not exclusively notify the Gas Exchange of full or partial trade cancellation by 12 noon on the working day before the gas delivery start date, the CT will be deemed to be in place for the executed trade, and the DCQ will be equal to the DTQ. The Exchange will schedule the quantity equivalent to the DCQ for supply or offtake by the Seller or Buyer, as applicable, at the Delivery Point.*

Also, subject to confirmation by the Exchange, Buyer and Seller may on mutual understanding agree for capacity booking by Buyer/ Seller between Seller's Facilities, which could be different from the designated Delivery Point, and Buyer's Facilities. Seller and/ or Buyer shall promptly inform the Exchange about such an arrangement along with details as may be sought by Exchange. The Exchange shall allow such an arrangement, provided that the terms of Contract Specification shall continue to be applicable as per the Market Rules except for change in delivery point by the Sellers.

"

5. Page 20, Clause 5 (B) Nomination and Scheduling Procedure at Delivery Point:

(Clause 5.B, sub-clause i. and ii. revised as below):

"

i. *Daily Nominated Quantity (DNQ) by the Buyer and the Scheduled Quantity (SQ) by the Seller on each Gas Day shall be equal to the respective DCQ in normal circumstances. The buyer must submit the CT copy or CT details to the Gas Exchange and the seller before start-up of gas supplies, otherwise the DNQ of buyer shall be considered as Zero.*

ii. *In case of any reduction in gas requirements up to Zero MMBtu, the Buyer shall no later than 12:00 hours of one day prior to the day of actual gas flow, may intimate the Exchange and Seller to modify the Daily Nominated Quantity (DNQ). Any DNQ received after the above-mentioned timeline may be accepted, subject to seller's approval. The Buyer can nominate Gas quantity more than DCQ subject to acceptance by Transporter and Exchange. In case, the Daily Nominated Quantity (DNQ) by Buyer is less than the DCQ, Seller will schedule the quantity equal to the reduced DNQ for supply at the Delivery Point. In the event Buyer nominates a quantity more than DCQ, then such request of Buyer for higher nomination is subject to Seller's acceptance. Seller has to send such acceptance (in writing) to both Buyer and IGX latest by 13:00 hours on D-1 failing which request of the Buyer for increase in DCQ will be rejected. Buyer will have to pay additional post trade margins for any quantity more than DCQ.*

"

6. **Page 25, Clause 6. Membership Communication –**

(First para revised as below)

"

IGX will provide following trade, settlement, and delivery related reports to the Members through SFTP and/or e-mail -

i *Trade and Margin Report on Trade Date basis*
ii *Provisional Energy Statement for Buyers before start of delivery basis*
iii *Daily Obligation Report on end of transaction date basis*
iv *Final Energy Statement post completion of Final Settlement*
v *IGX Fees Invoice as per timelines mentioned under 4.E Taxation*

"

Members are requested to kindly make a note of all above changes and act accordingly.

This Circular will come into effect from Trading date 12th December 2024.

For and on behalf of
Indian Gas Exchange Limited

(Sd/-)
Mritunjay Srivastava
Vice President
(Regulatory and Surveillance)