Circular No.: IGX/MO/319/2026 October 24, 2026

MoPNG Notification: Phased Implementation of Allocation in Ceiling Price Gas Contracts

Dear Members,

The Ministry of Petroleum and Natural Gas ('MoPNG') issued Office Memorandum dated 03.09.2026, which was implemented by IGX vide Circular No. IGX/MO/303/2026 dated 18.09.2026 ('Circular 303'). MoPNG has now issued a further Office Memorandum dated 19.10.2026 ('Revised OM', copy enclosed as Annexure-I), as per which the methodology of the OM dated 03.09.2026 shall be implemented gradually, in phases, as under:

Phase	Period	Allocation based on methodology prior to OM dated 03.09.2026	Allocation based on OM dated 03.09.2026
Phase 1	From 19.10.2026 to 31.12.2026	75%	25%
Phase 2	01.01.2027 to 31.03.2027	50%	50%
Phase 3	01.04.2027 to 30.06.2027	25%	75%
Phase 4	01.07.2027 onwards	Nil	100%

The above percentages represent the respective shares of the total HPHT gas quantity available for allocation. Accordingly, in pursuance to MoPNG directions, Members are requested to note the following modalities for HPHT trades, which shall apply in addition to, and read harmoniously with, Circular No. IGX/MO/80/2022 dated 19.01.2023 and Master Circular No. IGX/MO/279/2026 dated 15.07.2026:

1. **Determination of CNG/PNG Requirement (Net Requirement) by CGD entities:**

   a) PPAC will provide entity-wise data, in MMSCM, at the Entity/CIN Number level, for the immediately preceding quarter or the latest quarter for which such details are available. The 'Net Requirement' of each CGD entity for the purpose of proportionate distribution shall be the difference between (a) the total consumption by the entity in the CNG (T)/PNG (D) segments, and (b) the APM, NAPM and NWG gas consumed by the entity in the said segments, i.e., Net Requirement = Total Consumption in CNG(T)/PNG(D) segment – (APM + NAPM + NWG consumption).

b) Since PPAC furnishes data in MMSCM for a quarter, the same shall be converted into MMBtu/d by multiplying with standard conversion factor of 37,000, divided by the number of days in the relevant quarter for which the details have been provided by PPAC, and rounded to zero decimal places, as under:

Net Requirement (MMBtu/d) = [Net Requirement (MMSCM) × 37,000] ÷ Number of days in the quarter

Illustration: For a CGD entity, Total Consumption for the quarter is 60 MMSCM and APM+NAPM+NWG consumption is 15 MMSCM, over a 91-day quarter:

Net Requirement = 60 – 15 = 45 MMSCM

Net Requirement in MMBtu/d = (45 × 37,000) ÷ 91 = 18,297 MMBtu/d

c) PPAC data will be used as received for each auction.

2. **Sector Priority and Allocation Methodology:**

The Bid Priority for matching purposes shall continue to be determined on a 'Price-Sector Allocation-Prorata-Time' basis, as under. During auction outcome, one of the following two scenarios may occur:

Scenario 1: Market Clearing Price (MCP) equal to Ceiling Price and Total Buy > Total Sell at Ceiling Price

Only buy bids placed at the Ceiling Price will be considered for the CNG (T)/PNG (D) priority allocation described below; bids priced below the Ceiling Price are not selected at this stage.

Scenario 1.1: Total Net Requirement of CNG (T)/PNG (D) Bidders is equal to or exceeds the Sell Offer available at Ceiling Price

Step 1 Price: Only buy bids placed at the Ceiling Price are selected for Step 2.

Step 2 Split: The gas quantity available for allocation (Sell offer at Ceiling Price) will be divided into two parts, as per the percentages of the applicable Phase:

I. Tranche A: share allocated based on the methodology prior to OM dated 03.09.2026 i.e. on Buy Bid basis which is 75% of Sell Offer in Phase 1.

- Step 2.1: Allocation in proportion to Buy Bids restricted to its Net Requirement.

  Buy Bid higher than the Tranche A sell offer will be restricted to Tranche A sell offer.

- Step 2.2: Where the Step 2.1 allocation of any Entity reaches its Net Requirement, the balance quantity is shared among the other Entities in proportion to their Balance Buy bid. No Entity gets more than its Net Requirement. This step is repeated, if required, till the whole of Tranche A is allocated.

- Tranche A allocation of an Entity = total of Steps 2.1 to 2.2.

II. Tranche B: share allocated based on OM dated 03.09.2026 (25% of Sell Offer in Phase 1) i.e. on Net Requirement basis.

- Remaining Eligible Quantity of an Entity = lower of its Net Requirement and its Buy Bid, less its Tranche A allocation. Entities with allocation up to the Net Requirement or up to the Buy Quantity under Tranche A quantity allocation will not be considered for Tranche B Quantity allocation.
- Step 2.3: Allocation in proportion to Net Requirement restricted to Net Requirement.
- Step 2.4: Where any Entity reaches its Remaining Eligible Quantity in Step 2.3, the balance quantity is shared among the other Entities whose allocation is still below their Remaining Eligible Quantity, in proportion to their Net Requirement. This step is repeated, if required, till the whole of Tranche B is allocated. In no case, an Entity gets more than its Remaining Eligible Quantity.
- Tranche B allocation of an Entity = total of Steps 2.3 and 2.4.

Final Allocation of an Entity = Tranche A allocation + Tranche B allocation.

Step 3 Rounding: Any positive difference of total rounding off error will be adjusted to selected quantity on first cum first serve basis. Similarly, any negative difference of total rounding off error will be adjusted from selected quantity on last cum first serve basis.

An illustration is set out at Annexure-II.

Scenario 1.2: Aggregate Net Requirement of CNG (T)/PNG (D) Bidders is less than the Sell Offer available at Ceiling Price

Step 1: Price Basis: Only buy bids placed at the Ceiling Price are selected for Step 2.

Step 2: Each Bidder's Final Allocation under this Scenario shall be the lower at (a) its Buy Bid, and (b) its Net Requirement.

Step 3: Where, after allocating the Buy Bid to all eligible CNG (T)/PNG (D) Bidders, any Sell Offer remains unallocated, such balance shall be offered to the next priority sector, in the following order: Fertilizer sector, followed by LPG, followed by Power sector, and thereafter to other bidders, as per MoPNG notification dt. 13.01.2023.

Scenario 2: Market Clearing Price (MCP) less than Ceiling Price

a) Gas shall first be allocated on a price basis, i.e., every selected buy bid priced strictly above the MCP shall be allocated in full.

b) Where, at the MCP, more than one buy bid is available for selection, allocation shall first be made to the priority sector, followed by pro-rata methodology within that sector. For

bids from the CNG (T)/PNG (D) sector, such pro-rata shall be carried out on the basis of the Net Requirement determined under Para 1 above; for bids from all other sectors, such pro-rata shall be carried out on the basis of Bid Quantity.

3. **Entity-to-Client Code Mapping:**

   PPAC data is furnished at the Entity/CIN Number level, whereas bidding at the Exchange takes place at the Client Code level, where one entity may map to one or more clients.

   Where an Entity maps to multiple Client Codes, the Entity-level Final Allocation determined under Point 2 above shall be apportioned amongst its respective Client Codes in proportion to each Client Code's share of the Entity's aggregate Buy Bid, i.e.,

   Client-level Allocation = Entity-level Final Allocation × (Client Code's Buy Bid ÷ Entity's Aggregate Buy Bid).

   Any residual arising from rounding shall be adjusted against the Client Code(s) last in time. An illustration is set out at Annexure-II.

4. **Lot Size and Tick Size:** For all HPHT gas trades on the Exchange, 1 (one) Lot shall be equal to 1 (one) MMBtu, and the tick size for such trades shall be 1 MMBtu.

5. **General**

a) Bidders shall be responsible for the quantity allocated to them, and for its utilization in accordance with the applicable MoPNG notifications, the declaration submitted to the Exchange and the terms of the contract.

b) Members are hereby required to ensure that only those Bidders who have complied with the prerequisite conditions mentioned under Circular No. IGX/MO/80/2022 and Master Circular No. IGX/MO/279/2026 will be permitted to place buy bids under the Ceiling Price Domestic Gas Contracts.

This Circular shall come into effect from trade date 26.10.2026 till further notice.

For and on behalf of
Indian Gas Exchange Limited

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

Annexure-I

F. No. L-12015/3/2026-GP-I (E: 57042)
Government of India
Ministry of Petroleum and Natural Gas
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Kartavya Bhawan-3, New Delhi,
Dated: 19th October, 2026

OFFICE MEMORANDUM

Subject: Clarification regarding proportionate distribution of gas produced from Discoveries in Deepwater, Ultra Deepwater and High Pressure-High Temperature areas to CGD entities for CNG (T) and PNG (D) segments – reg.

The undersigned is directed to refer to this Ministry's OM of even number dated 03.09.2026 on the subject cited above, whereby a methodology was prescribed for proportionate distribution of gas produced from discoveries in Deepwater (DW), Ultra Deepwater (UDW) and High Pressure-High Temperature (HPHT) areas to City Gas Distribution (CGD) entities for the CNG (T) and PNG (D) segments, based on the unmet requirement of domestic gas of the respective entities.

2. Various representations have been received from the CGD entities highlighting the impact of the revised methodology on their HPHT gas allocations. The matter has been examined in this Ministry, taking into consideration the objective of ensuring equitable distribution of the limited available HPHT gas, the prevailing market conditions, including spot LNG prices, and now the request from CGD entities for a reasonable time to adjust their gas procurement pursuant to above methodology.

3. Accordingly, it has been decided that the methodology prescribed vide this Ministry's OM of even number dated 03.09.2026 shall be implemented in a gradual manner, by progressively transitioning from the methodology prevailing prior to the said OM to the revised methodology based on the unmet domestic gas requirement of the respective CGD entities, as detailed below:

Phase	Period	HPHT Allocation based on prior methodology to OM dated 03.09.2026	HPHT Allocation Based on O.M. dated 03.09.2026
Phase 1	From date of Issuance of this OM to 31 December 2026	75%	25%
Phase 2	01 January 2027 to 31 March 2027	50%	50%
Phase 3	01 April 2027 to 30 June 2027	25%	75%
Phase 4	01 July 2027 onwards	Nil	100%

4. The percentages indicated above shall represent the respective shares of the total HPHT gas quantity available for allocation under the two methodologies specified in para 3 above. The proportionate distribution under each methodology shall be undertaken in accordance with the applicable bidding mechanism and the relevant terms and conditions.

5. The above phased arrangement shall be applicable with effect from the next bidding round. The concerned producers/contractors, gas exchange(s) and/or bidding agency, as applicable, shall undertake the distribution of HPHT gas in accordance with the above schedule. The methodology prescribed vide this Ministry's OM of even number dated 03.09.2026 shall be fully implemented with effect from 01.07.2027.

6. All other provisions of this Ministry's OM of even number dated 03.09.2026 shall remain unchanged.

7. This issues with the approval of the competent authority.

(L. Robin)
Under Secretary to the Government of India
Tele No. 2401 1132

Annexure-II

Scenario 1.1 (Total Net Requirement of CNG/PNG ≥ Sell Offer)

Example 1: Entity-Level Allocation at Ceiling Price (Phase 1: 75% / 25%)

Seller S offers 20,000 MMBtu/d at a Ceiling Price of Rs. 1,000/MMBtu. Four Entities (A to D) bid at the Ceiling Price for the CNG (T)/PNG (D) category. Entity E bids Rs. 900/MMBtu (below Ceiling Price) and is not selected at Step 1. Total Net Requirement of A to D is 27,500 MMBtu/d, which is more than the Sell Offer.

In Phase 1, Tranche A = 20,000 × 75% = 15,000 MMBtu/d and Tranche B = 20,000 × 25% = 5,000 MMBtu/d. All figures below are in MMBtu/d.

Tranche A: on Buy Bid (all figures in MMBtu/d)

Entity	Net Requirement	Buy Bid	Buy Bid (max 15,000)	Step 2.1	Balance Buy Bid	Step 2.2	Tranche A
A	2,000	6,000	6,000	2,000	0	0	**2,000**
B	4,500	10,000	10,000	3,750	6,250	74	**3,824**
C	9,000	20,000	15,000	5,625	9,375	110	**5,735**
D	12,000	9,000	9,000	3,375	5,625	66	**3,441**
Total	**27,500**			**14,750**	**21,250**	**250**	**15,000**

Entity C bid 20,000, which is higher than the Tranche A quantity, so it is treated as 15,000. In Step 2.1, Entity A's share works out to 2,250, but it is limited to its Net Requirement of 2,000. The 250 left over is shared in Step 2.2 among B, C and D in proportion to their Balance Buy Bid(6,250 : 9,375 : 5,625). The whole of Tranche A is now allocated, so Step 2.2 is not needed.

Tranche B: on Net Requirement

Entity	Net Requirement	Tranche A	Remaining Eligible Quantity	Demand share	Step 2.3	Step 2.4	Tranche B	Final Allocation
A	2,000	2,000	0	–	0	0	0	**2,000**
B	4,500	3,824	676	882	676	0	676	**4,500**
C	9,000	5,735	3,265	1,765	1,765	88	1,853	**7,588**
D	12,000	3,441	5,559	2,353	2,353	118	2,471	**5,912**
Total	**27,500**	**15,000**	**9,500**	**5,000**	**4,794**	**206**	**5,000**	**20,000**

Remaining Eligible Quantity = lower of Net Requirement and Buy Bid, less Tranche A allocation. For Entity A it is 2,000 – 2,000 = 0, so Entity A takes no part in Tranche B. For Entity D, the lower of 12,000 and 9,000 is 9,000, so 9,000 – 3,441 = 5,559. In Step 2.3, Tranche B of 5,000 is shared among the Entities that have a Remaining Eligible Quantity (B, C and D) in proportion to their Net Requirement (4,500 : 9,000 : 12,000). Entity B's share of 882 is limited to its Remaining Eligible Quantity of 676. The 206 leftover is shared in Step 2.4 between C and D in proportion to their Net Requirement (9,000 : 12,000).

Final Allocation = Tranche A + Tranche B, totaling the Sell Offer of 20,000 MMBtu/d. Entities A and B end at their Net Requirement of 2,000 and 4,500.

Example 2: Entity-to-Client Code Apportionment

Continuing from Example 1, Entity C has three Client Codes (C1, C2 and C3), with a total Buy Bid of 20,000 MMBtu/d (as in Example 1) and an Entity-level Final Allocation of 7,588 MMBtu/d. This is divided in proportion to each Client Code's Buy Bid:

Client Code	Buy Bid	Share of Entity's Total Buy Bid	Client-level Allocation
C1	4,000	20%	1,518
C2	8,000	40%	3,035
C3	8,000	40%	3,035
Total	**20,000**	**100%**	**7,588**

Note: The above figures are purely illustrative. Actual allocation in any auction shall be based on the Net Requirement furnished by PPAC and the bids actually placed by Members on the Exchange platform.