Circular No.: IGX/MO/76/2022 October 25, 2022

Introduction of new Contracts at Gadimoga Delivery Point

Dear Members,

In pursuance to Byelaws and Market Rules of IGX and Hon'ble PNGRB approval vide their letter dated 11.05.2022, Members may kindly note that IGX will be introducing new contracts for trading at Gadimoga Delivery Point for Ceiling Price Gas[1] (hereinafter referred as 'Gadimoga - Ceiling Gas') from trading date 27.10.2022 onwards.

However, trading on any given day will be made available to the market, as per the advice received from the relevant Domestic Producer(s) or Seller(s), for which the Members will be given prior intimation.

Further details related to Trading and Settlement Process are attached as Annexure - I.

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

This Circular will come into effect from trading date 27.10.2022.

For and on behalf of
Indian Gas Exchange Limited

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

[1] Ceiling price gas means the natural gas where ceiling price are notified by PPAC on six-month basis in accordance with MoPNG directives on *'Marketing, including pricing freedom for the gas to be produced from Discoveries in Deepwater, Ultra Deepwater and High Pressure-High Temperature areas'* dated 21.03.2016.

Annexure -I

Trading and Settlement Process at Gadimoga - Ceiling Gas

Details for trading at Gadimoga - Ceiling Gas is mentioned below:

1. Contract Code:

    i. Naming convention for Delivery Point: Gadimoga

    ii. Contract Name:
        a. Day-Ahead: DA-GD-02/11/22-WED
        b. Daily: DL-GD-03/11/22-THU
        c. Weekday: WD-GD-31/10/22-04/11/22
        d. Weekly: WK-GD-01/06/22-07/06/22
        e. Fortnightly: FN-GD-01/11/22-07/11/22
        f. Monthly: MN-GD-01/11/22-Nov-2022

2. Delivery Point: Exit point of RIL's Gadimoga Terminal connecting with PIL's Pipeline

3. Trading Days: The Contracts will be made available for trading, as per the advice received from domestic producer(s) or Seller(s), for which the Members will be given a prior intimation through e-mail communication and/or at Member's Trader Workstation (TWS).

4. Price Matching Mechanism: Double sided Open Auction and Price-Prorata-Time Priority basis, for all Contracts viz., Day-Ahead, Daily, Weekday, Weekly, Fortnightly and Monthly. More details are mentioned in Circular No. 60.

5. Ceiling Price rates for Bidding: According to para '2.(i)' of Circular No. 60, the Ceiling Price rate in INR/MMBTU (rounded off to 0 decimal place), will be informed to Members through e-mail communication and/or at Member's Trader Workstation (TWS) at their Trader Workstation (TWS).

6. Settlement Process: In case the trading advice are received by RIL-BPEAL, which is an unincorporated JV ('UJV'), then the settlement mechanism will be as per following process -
   Reliance Industries Ltd. (RIL) and BP Exploration (Alpha) Limited (BPEAL) (hereinafter refereed as partners) have entered into Production Sharing Contract (PSC) with the Government of India (GoI) in respect of Block KG-DWN-98/3 ("KG D6"). The rights and obligations under the PSC are 66.67% for RIL and 33.33% for BPEAL (subject to modification). Accordingly, production of gas from such blocks is sold by each partner (under UJV) to the buyer based on their Participation Interest ('hereinafter referred as 'PI'). RIL is 'Operator' on behalf of UJV.

   Hence, following Settlement Process shall be followed by Exchange for the trades executed at Gadimoga Delivery Point for the UJV:

   i. RIL being the Operator of the UJV, will submit single bid at exchange platform for sale of gas from the gas field.

   ii. Each Buyer's trade will be split based on each partners Participation Interest. The same will be informed to the Buyer through Trade and Margin report.
   For example – If UJVs sell trade of 10 lots/day (=500 MMBtu/day) with a Buyer 'B', then the trade split will happen as below –
   RIL and Buyer 'B' = Round (10*50*66.67%,2) = 333.35 MMBtu/day
   BPEAL and Buyer 'B' = Balance quantity of 166.65 MMBtu/day

   iii. The partners of the UJV, based on their PI, shall raise separate invoices on Final Settlement Price along with Taxes.
   Note: The final settlement & pay out to sellers shall be reconciled as per the invoice(s) raised by each seller.

   iv. Exchange shall directly make payments to the Partners in their respective Accounts as per their 'PI'.

   v. Nil Withholding Tax (WHT) is applicable for BPEALs share of revenue (nil WHT certificate will be shared with successful buyers). An additional 0.1% TCS would be added to the invoice value for BPEAL's share.

7. Quantity Obligation on the Buyer – For Contracts at Gadimoga Delivery point the "Take or Pay Quantity" shall mean 85% of the total DCQ for the contract period less quantity of Gas that Buyer was unable to offtake during such contract period for the reasons mentioned in 7(a) below (but without double counting of any of the quantities mentioned in 7(a)).

   a. Any less quantity offtake by the Buyer during the contract period due to reasons as mentioned below:
      i. any quantity of Gas up to DNQ for the relevant Gas Day that Buyer could not offtake due to Force Majeure.
      ii. any quantity of Gas up to DNQ for the relevant Gas Day where Seller failed to make available for delivery unless such failure was due to Buyer's failure to comply with the terms of IGX Bye laws and Market Rules.
      iii. any quantity of Gas up to DNQ for the relevant Gas Day that Buyer rejected because it failed to meet the Specifications.
      iv. any quantity of Gas up to DCQ, the Buyer fails to nominate because of extra gas already supplied by the Seller during the previous Gas Day as mentioned in 5(C)(iii) and 5(C)(iv) of the Master Circular.
      v. any quantity of Gas up to DNQ for the relevant Gas Day which Transporter curtailed the quantity because of any limitation at Transporters facility.
      The "Buyer's Take or Pay Deficiency Quantity" shall be the positive difference between: - i) Take or Pay Quantity and ii) Seller's Allocated Quantity at the entry point.

For each contract, the Buyer shall be obligated to take and pay for, or pay for if not taken, a quantity of Gas at least equal to the Take or Pay Quantity for such contract period. In respect of each contract, if the quantity of Gas taken by Buyer is less than the Take or Pay Quantity (as mentioned above), then Buyer shall in addition to payments for Gas actually taken, shall also pay for Buyer's Take or Pay Deficiency Quantity. The take or pay obligation of the Buyer (hereinafter referred to as the "Take or Pay Obligation") shall be equal to summation of the following two parameters-

a. Product of (A) 20% of Trade Price for such contract and (B) Buyers Take or Pay Deficiency along with applicable taxes, and

b. In delivered transactions, positive difference between 90% of the total DCQ and total Allocated Quantity for the contract period at the rate of the applicable tariff/s (to be paid by IGX to transporter) of the pipeline/s connected between the source and destination of gas traded.

8. Liquidity Damage on Seller- For Contracts at Gadimoga Delivery point, "Seller's Shortfall Gas Quantity" for the contract period shall mean the positive difference between aggregate of 85% of lower of DCQ and DNQ for each Gas Day of the contract period and aggregate actual quantity delivered by the Seller at the Entry Point during such contract period.
   Provided that Seller's Shortfall Gas Quantity shall exclude quantities that Seller could not deliver due to the following reasons:
   i. Any quantity of Gas not delivered by Seller due to Force Majeure event;
   ii. The Buyer's failure to accept delivery of Gas tendered for delivery by the Seller in accordance with IGX Bye laws and Market Rule.

   Liquidated Damage on Sellers shall be equal to summation of the following two parameters:
   a. Twenty percentage (20%) of the Trade Price multiplied by the aggregate Seller's Shortfall Gas Quantity for the contract period, and
   b. Positive difference between 90% of the summation of lower of DCQ and DNQ of each gas day & total Allocated Quantity of the contract period at the rate of the applicable tariff/s of the pipeline/s connected between the source and destination of gas traded, in which the capacity has been booked by the respective Buyer or IGX.

9. For both Ex-Hub and Delivered Transaction, buyers are required to use the portal of the seller/s for the purpose of operational requirements like nomination, seller's schedule, allocation & invoices etc. as per timelines mentioned in master circular.

Rest all details related to the contracts will remain same as mentioned under Contract Specifications (Annexure-A) of the Market Rules, Master Circular and IGX Circular No. 60, 66, 68, 74 and 75.