IGX
INDIAN GAS EXCHANGE
an IEX venture

Circular No.: IGX/MO/103/2024 January 8, 2024

Commencement of Contracts for Power Sector

Dear Members,

In pursuance to Byelaws and Market Rules of IGX, Members may kindly note that IGX will be introducing additional contracts at delivery points of Dahej and Hazira in the Western Regional Hub from trading date January 11, 2024. These Contracts are available only for Power customers. The contract parameters i.e., terms and conditions are same as for existing monthly, fortnightly, and weekly contracts detailed in IGX Master Circular (Ver.3) dt. 01.09.2023 at above two delivery Points except those as mentioned below:

1. <u>TRADING</u>

A. Gas Hubs and Delivery Points – Following are the Gas Delivery Points, where the Contracts shall be available for trading on any given trade day:

#	Hub - State	Delivery Point	Gas Category	Location
1	Western - Gujarat	Dahej (DH)	Free Market	PLL Dahej (Petronet LNG Terminal)
2	Western - Gujarat	Hazira (HZ)	Free Market	Mora Delivery Point (Hazira LNG Terminal)

B. Contracts available for Trading - On any given trade date, the Contracts available for trading will be for next one Month, next two Fortnights and next four weekly contracts on rolling basis. The respective Contract Symbol will be:

i. For Monthly - "MP-Delp-dd/mm/yy-mmm-yyyy" where,
MP: Monthly Power
Delp: 'DH' for Dahej, 'HZ' for Hazira
dd/mm/yy: Delivery Start Date
mmm-yyyyy: month and year

ii. For Fortnightly - "FP-Delp-dd/mm/yy- dd/mm/yy[2]" where,
FP: Fortnightly Power

Delp: ‘DH’ for Dahej, ‘HZ’ for Hazira
dd/mm/yy & dd/mm/yy²: Delivery Start and End Date

iii. For Weekly - “WP-Delp-dd/mm/yy- dd/mm/yy²” where
WP: Weekly Power
Delp: ‘DH’ for Dahej, ‘HZ’ for Hazira
dd/mm/yy & dd/mm/yy²: Delivery Start and End Date

C. Price Discovery - The matching mechanism shall be as per double sided uniform price auction methodology and on Price-Time Priority basis. At the time of price discovery and auction outcome, in case of partial selection of bids, if buyer is unable to operate the power plant due to technical limits, then as per Rule 6.11 clause 1 of Market Rules, based on Buyer’s formal communication to the exchange, the exchange may cancel the trade with no compensation applicable on either of the party.

All other provisions related to Trading mentioned in Master Circular (ver. 3) shall remain the same as applicable in existing Contracts at Dahej and Hazira delivery points.

2. Risk Management, Clearing and Settlement

A. Settlement: - Pay-In and Pay-Out

i. Buyer Pay-In - Exchange shall debit the pay-in amount from Members Settlement Account one day before the delivery i.e., each D-1 basis where D stands for delivery day. The cut-off time for daily Pay-In submission by buyer member is 2 pm. However, in case the pay-in day falls on a bank holiday then it is debited on the previous bank working day. Following are the components of daily pay-in -

a. Daily value on nomination quantity along with Taxes, plus
b. Exchange transaction fees including GST on nominated quantity

With a prior intimation, Exchange may collect additional pay-in whenever deemed necessary due to increase in nomination quantity and/or transmission/taxation charges.

ii. Seller Pay-Out - Exchange shall credit the members settlement account on D+2 basis where D stands for delivery day subject to receipt of proof of delivery on D+1 basis. In case if the pay-out day falls on a bank holiday the pay-out is credited on the next working day. Following are the components of daily pay-out –

a. Daily value on lower of daily allocated quantity and nominated quantity along with taxes, minus
b. Exchange transaction fees including GST on nominated quantity, minus
c. In relation to para – 4(A) (v) of Master Circular, TDS on daily value along with taxes on lower of daily allocated and nominated quantity.

Seller's last gas day pay-out shall be released during final settlement process post receipt of their invoices.

B. Release of Trade Margin ('TM') - Exchange shall be releasing the Trade Margins (both cash and non-cash margins) at the time of final settlement process.

C. Transaction Fees - 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 buyers are required to pay total transaction fees applicable i.e., INR 4/MMBTU in Ex-Hub transaction(s) and INR 6/MMBTU in Delivered transaction(s), and INR 4/MMBTU fees are charged from the Seller. If the total scheduled quantity for the contract period is more than or equal to 90% of the total trade quantity, then the fees from buyer and seller for that trade is charged at actual scheduled quantity. If the total schedule quantity is less than 90% of the total trade quantity, then the fees are charged at 90% of the total trade quantity.

   In case the traded quantity is not scheduled or partially scheduled due to reasons attributable solely due to transporter, then transaction fees on such truncated quantity shall not be charged by the exchange.

All other provisions related to Risk Management and Clearing & Settlement mentioned in Master Circular (ver. 3) shall remain the same as applicable in existing Contracts at Dahej and Hazira delivery points.

3. DELIVERY

A. Booking of Capacity Tranche (CT) in the Pipeline of Transporter: -

In case of Ex-Hub Transaction, the Buyer is responsible for booking of CT across the connected pipeline/s. Similarly, in case of Delivered Transaction, the Exchange is responsible to apply for booking of CT. For trades under Ex-hub and Delivered transactions: -

i. Each Bidder should have the necessary transportation agreements in Delivered or Ex-hub transactions to off-take the gas from the Delivery Point.

ii. In case of non-availability of CT in any of the pipeline/s because of denial from the Transporter/s, the trade executed between the Buyer and Seller shall be considered as null and void without any obligation on the Buyer or Seller.

The buyer has the right to request for cancellation of trade fully or partially without any obligation and compensation to Seller, when the CT application requested by the buyer to the transporter for any gas day is rejected because of reasons solely attributable to the transporter like non-availability of capacity or any technical constraints in the pipeline.

iii. In case, the CT is not booked in the pipeline/s because of any fault at the side of the Buyer, Exchange has the right to terminate the trade and recover 10% of the respective trade value from the buyer and compensate it to the counter party seller.

iv. It is buyer's responsibility to comply all minimum operating requirements including but not limited to the CT application timeline as prescribed by the transporter from time to time.

B. Nomination and Scheduling Procedure at Delivery Point:

i. Daily Contract Quantity (DCQ) - Once the trade is executed, the DCQ is deemed to be equal to the Daily Trade Quantity (DTQ).

ii. Total Contract Quantity (TCQ) is equal to the summation of the DCQs of each gas day of the trade.

iii. Buyer shall no later than 13:30 hours of one day prior to the day of actual gas flow, shall intimate the "Daily Nominated Quantity" (DNQ) along with CT details to the Exchange and Seller. The buyer can nominate Gas quantity ranging from NIL to maximum up to lower of "Residual TCQ" and "30% of TCQ" on any gas day. "Residual TCQ" is the difference between TCQ and the quantity already scheduled by the seller. In case the buyer does not submit DNQ by 13:30 hours of one day prior to the gas flow, the DNQ is deemed to be equal to Zero.

iv. Buyer's DNQ is binding on the seller for scheduling of gas at the delivery point. In case of any scenario of reduction in gas supplies, Seller shall inform the revised Scheduled Quantity (SQ) to the Buyer and IGX immediately by 14:00 hours.

C. Liquidated Damages on Seller: - Liquidated Damage will be calculated on daily basis. Seller's Shortfall Gas Quantity of each gas day is the positive difference between "90% of DNQ" and actual quantity delivered by the Seller at the Entry Point. 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.

Accordingly, Liquidated Damage on Sellers shall be equal to Twenty percentage (20%) of the Trade Price multiplied by the aggregate of Seller's Shortfall Gas Quantity of each Gas Day for the contract period.

All other provisions related to Delivery mentioned in Master Circular (ver. 3) shall remain the same as applicable in existing Contracts at Dahej and Hazira delivery points.

Members are requested to kindly make a note of all above changes and act accordingly. This Circular will come into effect from Trading date January 11, 2024 till further notice.

For and on behalf of
Indian Gas Exchange Limited

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