Circular No.: IGX/43/2021 August 14, 2021

Launch of Day Ahead Contracts

Dear Members,

In pursuance to Market Rules, Byelaws and PNGRB approval vide letter dated 3rd August 2021, IGX is pleased to inform the Members that a new contract 'Day-Ahead Contracts' (DAC) is being introduced from 17th August 2021 at IGX Platform.

Key features of Day-Ahead Contracts are as under:

A. Day-Ahead contract means contracts where the trading window is open one day prior to the day of delivery, delivery period being for one day only. The trade occurs on day (T) for delivery of gas on next day (T+1). Currently, only Ex-Hub transactions will be allowed in DAC.

B. Trading Timelines: 10:00 am to 01:00 pm from Monday to Friday.

Trade Day[1]	**Contract Name**	**Delivery Day**
Monday	DA-HU[2]-<YYMMDD>	Tuesday
Tuesday	DA-HU-<YYMMDD>	Wednesday
Wednesday	DA-HU-<YYMMDD>	Thursday
Thursday	DA-HU-<YYMMDD>	Friday
Friday	DA-HU-<YYMMDD>	Saturday

C. Gas Trading Hubs: Day-Ahead Contracts will be available at all trading hubs viz. Dahej, Hazira, KG Basin, Dabhol and Jaigarh.

D. Price discovery mechanism: Continuous Trading

In this case, each incoming bid is checked on a continuous basis for matching according to price/time priority. The details pertaining to continuous trading matching mechanism is available under Annexure B, part B.1 of PNGRB approved IGX Market rules. The Market participants will be able to view market depth i.e., top 5 buy and top 5 sell bids in terms of price quoted with the identity of bidders kept anonymous.

1 In case of trading holiday, day-ahead contracts will not be available for Trading for next day delivery

2 HU-Hubs

E. Only those buyers with a valid Gas Transportation Agreement (GTA) and already booked Capacity Tranche (CT) for day-ahead gas delivery, will be allowed to bid at the trading platform. Members have to ensure that necessary CT details are provided in advance to the exchange and only such buyers will be allowed to trade in DAC.

F. In case if the buyer does not honor the trade for any reasons including reasons attributable to the transporter refusal, exchange has the right to terminate the trade and recover 20% of the trade value from the buyer and compensate it to the counter party seller.

G. Reporting of Related party transactions in Continuous trading: In case of any related party trade(s) for contracts in which the price discovery mechanism is Continuous trading, where the Seller is a domestic producer, the Buyer and Seller through their Members, within 24 hours of becoming aware of the identity of the other party, as the case may be, shall report to the Exchange, whether the same falls under the related party transaction. For the purpose of this clause, the related party shall mean a related party as defined in the Companies Act, 2013.

H. Exposure for trading: Prior to placing the bids for a particular trading session, the Member shall post in advance minimum 10% of the aggregate bid value as the Exposure Margin.

I. Post Trade Margins for Ex-hub Transactions:
Buyer: - 120% of Trade value (cash), Seller: - 15% of Trade value (cash/non-cash)

Rest all details related to the Contract will remain same as mentioned under Market Rules and Contract Specifications (Annexure-A) of the Market Rules.

Members are requested to take a note of the above changes. This Circular comes into effect from trading day 17th August 2021.

(Sd/-)

Prasanna Rao
Vice President (Market Operations)