Circular No.: IGX/MO/46/2021 September 10, 2021

Amendments in delivery provisions for Monthly Contract

Dear Members,

In pursuance to Byelaws and Market Rules of IGX and in conjunction to IGX Circular No. 37 (Master Circular (Ver.2) dated June 14, 2021), Members are requested to kindly note the following modifications in provisions of "Monthly Contract".

This circular is applicable for trades executed in Monthly Contracts from 14th September 2021 onwards.

1. **Permissible limit of Nomination by the Buyer for Monthly Contract (Refer – clause 5(B)(ii) of Master Circular (Ver.2))-** In case of any reduction in gas requirements, the Buyer shall no later than 12:00 hours of one day prior to the day of actual gas flow, may request IGX and Seller to modify the Daily Nominated Quantity (DNQ) with an intimation to IGX and Seller. The Buyer can nominate Gas quantity ranging from NIL to maximum up to 110% of DCQ subject to acceptance by Seller, Transporter and Exchange. In the event Seller accepts the request of Buyer for higher nomination over and above the DCQ, then the Seller will have to send its acceptance to Buyer and IGX latest by 13:00 hours on D-1 and DNQ shall stand revised accordingly. In case of non-receipt of any information from the Seller regarding such request to modify the DNQ, the nomination quantity up to DCQ shall be considered as valid DNQ. IGX has the right to disallow any increase in DNQ by Buyer subject to non-submission of requisite margin by the Buyer to IGX.

2. **Quantity Obligation on Buyer for Monthly Contract (Refer - clause 5(D) of Master Circular (Ver.2))-**

   Take or Pay obligation on Buyer: "Take or Pay Quantity" shall mean 90% (Ninety percent) 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 below (but without double counting of any of the following quantities):

   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 Gas 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/s as mentioned in 5(C)(iii) and 5(C)(iv) of the Master Circular (Ver.2)

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 Deficient Quantity" shall be the positive difference between: - i) Take or Pay Quantity and ii) Seller's Allocated Quantity at the entry point.

For each trade, 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 trade, 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, pay for Buyer's Take or Pay Deficient 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% (Twenty percent) of Trade Price for such contract and (B) Buyer's 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 to transporter) of the pipeline/s connected between the source and destination of gas traded.

3. Liquidated Damages on Seller for Monthly Contract (Refer - clause 5(E) of Master Circular (Ver.2))-

"Seller's Shortfall Gas Quantity" for the contract period shall mean the positive difference between aggregate of 90% (Ninety percent) 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 Rules.

Liquidated Damage shall be payable by Sellers which shall be equal to summation of the following two parameters-

a. 20% (Twenty percent) 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 total DCQ and total Allocated Quantity for the contract period at the rate of the applicable tariff/s (to be paid to transporter) 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.

All other terms and conditions as referred in Byelaws and Market Rules of IGX and circular No. 37 (Master Circular (Ver.2) dated June 14, 2021) shall remain the same for Monthly contract.

This Circular will come into effect from Trading date 14th September 2021.

For and on behalf of
Indian Gas Exchange Limited

(Sd/-)
Prasanna Rao
Vice President (Market Operations)