



Circular No.: IGX/MO/80/2022

19th January 2023

Modification in Terms of Domestic Gas (Ceiling price) Contracts

Dear Members,

The Hon'ble Ministry of Petroleum and Natural Gas ('MoPNG') issued notification dated 13.01.2023 (Annexure -1), regarding discovery of market price and trading of gas produced from discoveries in Deepwater, ultra-deepwater and high pressure -high temperature areas (hereinafter referred as 'Ceiling price gas') with ceiling price as notified vide Government notification No. 86 dated 21.03.2016.

Accordingly, as per Hon'ble MoPNG directions, and in pursuance to the Bye laws and Market Rules of IGX, Members are requested to note following modalities for the Ceiling Price Domestic Gas Contracts at IGX platform from immediate effect -

1. Each bidder has to comply with MoPNG notification, and any further notification/clarification issued by them for sale and resale of ceiling price domestic gas at the Exchange. Bidders who are willing to participate in auction, have to submit the declaration on its company letterhead as per attached Annexure 2.
2. Bids accumulated during the bidding session, will be matched as per terms mentioned in the notification. In case of pro-rata distribution of gas offered for sale, the same will be allocated as per the below priority order:
 - 1st priority- CNG(T)/PNG(D) sector
 - 2nd priority- Fertilizer sector
 - 3rd priority- LPG,
 - 4th priority- Power sector
 - 5th priority- other bidders.
3. Before start of trading, the Bidders will provide the following documents in advance with the exchange –
 - a. State and Address for invoicing;

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- b. Applicable Tax, Value Added Tax Registration and Central Sales Tax Registration certificates;
 - c. PAN Card and Goods & Services Tax (GST) Registration Certificate;
 - d. Company Registration certificate;
 - e. Copy of TAN certificate.
 - f. Customer Registration Form. The address of bidder on Customer Registration Form should be same as provided in their CST, VAT and GST certificate.
 - g. For Form C buyers, 'resale of natural gas' should be mentioned in CST certificate.
4. Post execution of trade, the buyer has no right to change the invoicing and shipping address details. Interchange/sharing of DCQ by buyer shall not be allowed between multiple facilities of buyer during the term of the delivery. Post execution of trade, change of delivery point is not allowed.
5. Each Bidder should have the necessary transportation agreements in Delivered or Ex-hub transactions to off-take the gas from the Delivery Point. The buyer must submit the GTA copy or the end date of GTA.
6. Before start-up of gas supply at delivery point by seller, the buyer or its member is required to submit the CT copies of all the connected pipelines between the source (delivery point) and final destination gas (re-delivery point) against the respective trade to IGX and Seller. In case the buyer is not able to submit the CT copies, the following details need to be submitted by the buyer to IGX and Seller i.e. name of pipeline operator, CT reference number, MDQ, delivery point, re-delivery point, CT Start date and CT end date etc. The CT details provided by Buyer should at all times match with the shipping details provided by the buyer at the time of trade.

Members are hereby required to ensure that only those Bidders who have complied with the above prerequisite conditions, and conditions mentioned under previous circulars in relation to ceiling price gas contracts, are allowed to place their buy bid/s under Ceiling Price Contracts.

To complete the KYC and due diligence process of the Bidder(s), for registration, the Exchange will take minimum one working day from the date of receipt of the above documents.

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The above conditions will prevail in all future Domestic Gas (Ceiling Price) Auctions unless otherwise informed.

**For and on behalf of
Indian Gas Exchange Limited**

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

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Annexure 1

[भाग I—खण्ड 1]	भारत का राजपत्र : असाधारण	3
MINISTRY OF PETROLEUM AND NATURAL GAS		
NOTIFICATION		
New Delhi, the 13th January, 2023		
Subject: Regarding Sale and Resale of Gas produced from Discoveries in Deepwater, Ultra Deepwater and High Pressure-High Temperature areas with marketing and pricing freedom-reg.		
No. Expl-15022(13)/234/2019-ONG-V (E-33916).—In continuation of Gazette notifications No: 300 dated 15 October 2020 and No: 351 dated 03rd December 2020, the following clarifications are hereby issued regarding the discovery of market price and further trading of gas produced from Discoveries in Deepwater (DW), Ultra Deepwater (UDW) and High Pressure-High Temperature areas (HP HT) with ceiling price as notified vide Government Notification No: 86 dated 21 March 2016:		
a. Bidders, including affiliates, participating in the e-bidding process of above mentioned gas will have to clearly specify whether they wish to purchase gas through the auction for own use as end consumers (including for use of their group entities) or as a trader.		
b. End consumers: Any quantity of above mentioned gas purchased and remaining unconsumed for any reason, including in cases of unplanned plant shutdowns, can be resold, subject to conditions, which would separately be notified by the MoPNG.		
c. Traders: For those entities, including affiliates, seeking above mentioned gas as traders, following conditions would be applicable. These conditions would apply prospectively from date of issue of this Notification.		
i. Traders may resell above mentioned gas to another trader or to an end consumer,		
ii. Overall trading margin on resale of above mentioned gas would be capped at rates of marketing margin previously notified by Government on 24th November 2015 for its resale to Urea and LPG producers (currently Rs. 200 per thousand SCM). For resale to other end consumers or traders the overall trading margin on resale would be the maximum of Standard Marketing Margin.		
Note 1: Standard Marketing Margin refers to Marketing Margin being charged by off-takers of Regasified Liquefied Natural Gas (RLNG) under Long-term Contract with Petronet LNG Limited for supply to Consumers, currently at Rs.16.62/mmbtu for Calendar Year 2023.		
Note 2: The trading margin specified above shall be the cumulative value of the trading margin charged by all the traders involved in the chain of transactions between the contractor and the ultimate buyer.		
iii. End consumers status shall be based on self-certification. Government would however, reserve the right to verify authenticity of the self-certification, should it be so warranted.		
iv. Traders shall report details of completed transaction to the Contractors who shall maintain such records. Contractor shall submit this information to DGH as a supplement to the bid closure report from time to time. DGH shall periodically send compliance reports in this regard to MoPNG.		
d. Contractors/ Bidding agencies already provide a range within which bids can be priced. In any situation, which may require proportionate distribution of the gas offered under the bidding process, the contractor shall offer gas to bidders belonging to CNG(T)/PNG(D) sector, fertilizer, LPG and power sector in that order. Any leftover gas shall be offered to other bidders as per the procedure in Request For Proposal (RFP).		
e. All other terms and conditions of the sale/resale shall be in consonance with the applicable government laws and policies. These guidelines shall be read harmoniously with provisions of all applicable laws and policies relating to marketing and pricing freedom of above mentioned gas.		
RAJENDER KUMAR KUREEL, Director (Exploration)		

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Annexure 2

(The bidder shall provide required declaration in the given format in their letterhead duly signed by the bidder or authorized signatory along with official seal. This shall be submitted prior to start of auction.)

On Company's letter Head

Date []

From: -

[Company's exact legal name and address]

Subject – Declaration of Use of Gas

We, _____ (Bidder to specify exact legal name), having our registered office at _____ do hereby confirm the following –

1. We have understood and agree to comply with the MoPNG Notification no. Expl-15022(13)/234/2019-ONG-V(E-33916) dated 13.01.2013 for purchase of natural gas and such purchase of natural gas shall be strictly in accordance with the conditions mentioned in the said notification, and any further notification/clarification issued by MoPNG, PNGRB (Gas Exchange) regulation, IGX Market Rules, Bye-Laws and Circulars.

2. We hereby certify that the gas purchased through auction will be for i. own use as end consumers (including for use of our group entities), or ii. trading. <Please specify>
Also, the gas purchased under the bidding process will belong to i. CNG(T)/PNG(D) sector, ii. Fertilizer sector, iii. LPG Sector, iv. Power Sector, iv. Others. <Please specify>

3. <For Traders> We shall report details of complete transaction details along with the trading margin to the seller and IGX on completion of the contract.

4. <For CGDs to purchase for CNG(T)/PNG(D) sector> We further declare that the purchased quantity under Domestic Gas (Ceiling Price) Contracts at IGX Platform will not be resold and would be specifically used for CNG(T)/PNG(D) sector.

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Authorised Signatory

Name of the Authorised Signatory:

Designation:

(Company Seal)

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