Circular No.: IGX/MO/81/2022 20th January 2023

Change in Transaction Fees for 'Urea' and 'LPG' category buyers under Domestic Gas (Ceiling price) Contracts

Dear Members,

This is in pursuance to the notification issued by Hon'ble Ministry of Petroleum and Natural Gas ('MoPNG') 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, and the Gazette notification dated 26th November 2015 issued by MoPNG (Annexure -2). As per the notification, the trading margin for Urea/LPG has been capped at Rs 200/1000 scm @ 10,000 kcal NCV for domestic gas.

Accordingly, the exchange transaction fee for 'Urea' and 'LPG' producers as buyer category and for aggregator(s) buying on behalf of 'Urea ' and 'LPG' category is being revised to INR 4/MMBTU for the trades in domestic gas (ceiling price) contracts.

For all other natural gas segments, there will be no change in the existing exchange transaction fees for buyers. Further, Members may also note that all provisions mentioned under circular no. 66 will remain the same.

This Circular will come into effect from the trading date 23rd January 2023.
Members are requested to kindly make note of all the above changes and act accordingly.

For and on behalf of
Indian Gas Exchange Limited

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

Annexure 1

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)

Annexure 2

MINISTRY OF PETROLEUM AND NATURAL GAS

NOTIFICATION

New Delhi, the 24th November, 2015

S.O. 3185(E).—The Government of India with the approval of the Cabinet on 18th November, 2015 hereby notifies the determination of marketing margin for supply of domestic gas to Urea and LPG producers as under:-

(i) Marketing margin upto a maximum of Rs 200 per 1000 SCM (@ NCV of 10000 Kcal/SCM) may be levied on any domestic gas being produced within the country and supplied to Fertilizer (Urea) and LPG Producers in the country.

(ii) In future, escalation in the limit of marketing margin upto Wholesale Price Index (WPI) may be done by the Ministry of Petroleum and Natural Gas itself. The escalation would be subject to the upper limit of WPI inflation prevailing at relevant point in time.

(iii) For escalating the marketing margin beyond the limit as envisaged in (ii) above, the Ministry of Petroleum and Natural Gas would require the approval of Cabinet through D/o Expenditure.

2. The above decision will be effective from the date of Cabinet approval i.e., 18.11.2015.

[F. No. L-12015/5/2009-GP-I (Vol.II)]

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