



Bharat Heavy Electricals Limited

(A Government of India Undertaking)

BOILER AUXILIARIES PLANT

RANIPET – 632 406, INDIA

Phone No:04172-284623

FAX No.:04172-241201

E-mail: plramana@bhelrpt.co.in

**MAINTENANCE & SERVICES DEPARTMENT
REGISTERED POST WITH ACK.DUE**

NOTICE INVITING TENDER

Tender Notice No	BAP:M&S:TE:EL:12:017:DT:05.10.2012 (Tender Notice is having two Annexures)
Name of work	Providing Professional services for Purchase of Power through Power Exchanges such as Indian Energy Exchange (IEX) and Power Exchange India Limited (PXIL)
Type of tender	Open tender
Period of contract	Twelve months
Earnest Money Deposit (EMD) Amount	Not applicable
Last date & Time for Receipt of the Tender	01.11.2012 .14.30 Hrs.
Date of Technical bid Opening	01.11.2012 after 14.30 Hrs
<i>(Please obtain updated information from the website about the latest applicable dates & other changes if any in the tender contents)</i>	
Date of Price Bid Opening	Bidders whose technical bids are found acceptable will be intimated separately about the status of their offers and the date of opening of Price Bid.
Place of submission of Tender	Tender Box placed in M&S Office, BHEL Township Ranipet – 632 406
Address on the Sealed Tender Cover to be:	SENIOR MANAGER / M&S PLANNING & ES M & S DEPARTMENT BHARAT HEAVY ELECTRICALS LIMITED RANIPET – 632 406 VELLORE DISTRICT TAMIL NADU
Venue of the Tender Opening	M&S Conference hall
<ol style="list-style-type: none">1. The Tender documents can be down loaded from BHEL website (http://www.bhel.com/tender/list_tender.php) and Govt tender web site: http://tenders.gov.in/ and also in Central Public Procurement Portal (CPP) website: http://eprocure.gov.in/epublish/app2. Interested bidders may alternately collect hard copy of tender specification documents at free of cost from M&S Dept / BHEL / Ranipet on all working days (between 10.00 to 15.00 hrs) .3. BHEL reserves the right to accept or reject any or all tenders without assigning any reasons whatsoever.4. All corrigenda, addenda, amendments, clarifications etc. to tender specification will be hosted in the web pages (www.bhel.com > Tender notifications > view corrigendum) only and not in the news papers. Bidders shall keep themselves updated with all the such developments.5. BHEL reserves the right to reject any tender on the basis of unsatisfactory performance of the bidder in any on going job or any similar job in the past.	

ISSUING OFFICER

Page 1 of 11

**SIGNATURE OF THE BIDDER
WITH SEAL AND ADDRESS**

ELIGIBILITY CRITERIA

The following are the eligibility Criteria

1. The Bidder must have registered with the Indian Energy Exchange (IEX) .
2. The Bidders should under take to get the required NOC from the State Electricity Boards, SLDC. Etc.
3. The Bidders have to submit the copy of the valid Registration Certificate as a proof of having Registration with Indian Energy Exchange .
4. The Bidders shall have interactive Web-site to enable power Trading online system.

POWER ENVIRONMENT OF BHEL BAP RANIPET

1. BHEL , BAP Ranipet is the Public Sector Undertaking under the Government of India.
2. BHEL BAP Ranipet produces Boiler House Auxiliaries situated within the jurisdiction of TNEB's Vellore Electricity Supply System.
3. BHEL BAP, Ranipet has the sanctioned Demand of 3000KVA
4. BHEL BAP Ranipet is having dedicated 11KV feeder with Maximum Demand of 3000 KVA for meeting power requirement of our manufacturing facilities and Office Buildings.
5. The Average power consumption of BHEL, BAP, Ranipet is 8 Lakhs units per month.
6. BHEL plans to purchase approximately 3.50 Lakhs of Units of Power per month at various time blocks of a day through Power Exchange. However the quantum of purchase is not assured.

SPEICAL CONDITIONS

1. The Bidder has to function as per the Business Rules of the Indian Energy Exchange (as given in **Annexure- I**) or as per the Business Rules of Power Exchange India Limited (as given in **Annexure –II**) as the case may be.
2. Any changes in the Business Rules of Power exchanges ,then and there will be adoptable on a mutual agreement between BHEL and the Bidder.
3. All the Contract agreement will be as per the Business Rules of the concerned Power Exchanges as given in **Annexure I or Annexure II**
4. BHEL, BAP Ranipet reserves the right to choose either Indian Energy Exchange or Power Exchange India Limited for Power purchase.
5. The Bidder has to submit the following details

Details of the Member		Member to confirm
(a)	Name and Address of the Registered Member	
(b)	Whether Credit facility available (Please Say YES or NO)	
	If yes, Terms of Credit(no of days)	
(c)	Membership with IEX (Say YES or NO)	
(d)	Membership with PXIL(Say YES or NO)	
(e)	Payment Mode(EFT/RTGS/Cheque/DD etc.)	
(f)	Trading & Clearing Member(Say YES or NO)	
(g)	Total number of clients as on date in Tamilnadu (Submit the list)	
(h)	Total Number of clients as on date Nationwide.	
(i)	Monthly average Trading Volume in Units	
(j)	PAN No:	
(k)	Service Tax Registration No	
(l)	Name and Address of the Authorized officials for Business contacts	
(m)	Mobile Phone Number	
(n)	Landline Phone Number	
(o)	e-mail id	
(p)	Web site address	

CERIFICATE OF NO DEVIATION

I / We of M/s

hereby certify that **there is no deviation** from the tender conditions either technical or commercial and I am /We are agreeing to all the terms and conditions mentioned in the Tender Specification.

Date:

Signature of the Bidder

(Telephone / Mobile No.)

IMPORTANT NOTE TO BIDDERS

Bidders are requested to submit their offers 'in a sealed cover' consisting of two inner sealed covers such as (1) **Technical Bid cover & (2) Price Bid cover, all super scribing the name of the work, Tender Number, Due date etc.**

- 1) Technical/Qualification bid cover shall contain duly filled in qualification bid document signed by the bidder in all the pages with documentary evidences for pre-qualification such as Balance sheet, P&L A/c, experience, value of work executed in the similar nature of work etc. Any bid without proper documentary evidence for pre-qualification shall not be considered for further evaluation.**
- 2) The price bid cover shall contain price bid document(BHEL format only) duly filled in and signed by the bidder in all the pages. The bidder has to quote most competitive rates for all the items in the price bid. The completed technical bid and price bid shall reach the office of the undersigned on or before 01.11.2012 at 14.30 Hrs.**
- 3) The Qualification/ Technical bid will be opened on 01.11.2012 at 14.30 hrs onwards . In case of opening day falls on holiday or happened to be declared as a holiday the receipt and opening of the Tender shall automatically fall at the same timing on the next working day. Date and time of opening of the price bid shall be intimated to those bidders who have qualified in the technical bid. The bidders or their authorized agents can participate in the tender opening for which they shall bring authorization letter for attending tender opening.**
- 4) Bidders are required to submit their price bid in the BHEL format only**
- 5) Seeking clarification on Tender Specification : Clarifications on tender specification if any may be sought by the bidders during the office hours only from the **Sr.Manager/M&S- phone no -04172-284623, mobile no: 9442509822** ..**
- 6) All the information as called for in the various clauses and annexure of tender specification should be furnished. Please refer to the check list. The details so furnished should be complete in all respects and as per the formats prescribed in the Tender specification (Statutory requirement of Contract). The bidder may have to produce original documents for verification, if so decided by BHEL.**
- 7) Offers received with any deviation or without relevant information are liable to be rejected.**
- 8) Price bids received in any form other than prescribed in PRICE BID are liable to be rejected.**
- 9) The tender offer should be kept valid for 3 MONTHS from the date of Price bid opening for acceptance by BHEL. No revision in price shall be entertained after opening of tenders and till expiry of the validity period.**
- 10) Quoted rates shall be firm through out the contract period of 12 months and extended contract period also and no cost escalation is allowed on any account.**

SPECIAL TERMS AND CONDITIONS TO ENQUIRY

1. BHEL reserves the right to increase or decrease the tendered quantity.
2. Lowest prices received against BHEL tenders need not be the technically acceptable one, and in that case, BHEL reserves the right not to consider the same.
3. BHEL reserves the right to negotiate or refloat the tender opened, if L1 Price is not lowest acceptable price to them inter-alia other reasons.
4. BHEL reserves the right to negotiate the L1 rate.
5. The contract will be finalized based on the overall LOWEST value and to be awarded to single party only since split in schedules is not possible.

Clarification if any can be obtained from the undersigned before submitting the offer.

Kindly acknowledge the receipt of the entire set of tender document.

Thanking you,

Yours faithfully,
For Bharat Heavy Electricals Limited,

**Sr. Manager / M&S Planning & ES
M&S Department**

E FORMAT

THE PURCHASE / CONTRACT EXECUTING AGENCY / BHEL

ACCEPTANCE FOR ELECTRONIC FUND TRANSFER / RTGS TRANSFER

01	Name & Address of the Supplier / Sub-contractor											
02	VENDOR CODE assigned by BHEL											
	Details of Bank Account:											
03	NAME & ADDRESS OF THE BANK											
04	NAME OF THE BRANCH											
05	BRANCH CODE											
06	MICR CODE	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>										
07	ACCOUNT NUMBER											
08	TYPE OF ACCOUNT	CURRENT A/C / OD / CASH CREDIT										
09	BENEFICIERY'S NAME											
10	IFSC CODE OF THE BRANCH	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>										
11	EMAIL ID											
12	TELEPHONE/MOBILE NO.											

CERTIFICATE

I / We hereby agree to receive the payments due from BHARAT HEAVY ELECTRICALS LIMITED by the National Electronic Funds Transfer and/or RTGS Transfer mode by credit to my / our above mentioned Bank Account. I / We also agree that payments made to the above mentioned Account are a valid discharge of the liability of Bharat Heavy Electricals Limited. I / We also agree to bear the applicable Bank Charges for the above mode of transfer. **A copy of the cheque leaf/cancelled cheque leaf of the above account is sent herewith.**

AUTHORISED SIGNATORY WITH NAME SEAL

Banker's Certification

We confirm that we are enabled for receiving RTGS and NEFT credits and we further confirm that the account number of _____ (name of account holder), the signature of the authorized signatory and the MICR and IFSC codes of our Branch mentioned above are correct.

PLACE:
DATE :

(Manager / Officer's)
Signature Under Bank stamp and Name Seal
With Membership No.

SPECIAL INSTRUCTIONS TO BIDDRES

1. Sealed Tenders for the work mentioned in the Schedule are invited from Contractors experienced in works of similar kind and magnitude.
2. Tenders must be submitted **in sealed covers** and should be addressed to

**Senior Manager /M&S planning & ES,
M&S Department,
Bharat Heavy Electricals Limited,
RANIPET – 632 406.**

The Name, Address of the Bidder and the name of work shall be clearly mentioned on the cover.

3. Tenders will be received up to 14.30 hrs. on 01.11.2012 in the prescribed form and will be opened on 01.11.2012 at 14.30 hrs onwards at M&S Office Conference Hall in the presence of such of those Bidders or their agents who may choose to attend.
4. All entries in the tender documents should be in one ink. Over-writing and corrections should be avoided. The Bidders concerned should duly sign for all corrections and over-writings.
5. Bidder should sign and seal each and every page of the tender document including the drawings/annexure attached thereto before submitting the tender.
6. Conditional tenders and un witnessed tenders, tender containing absurd rates and amounts, tenders, which are incomplete or otherwise, considered defective and tenders not in accordance with the tender conditions laid down by the Accepting Officer are liable for rejection.
7. Tenders not submitted in the prescribed forms are liable for rejection.
8. In quoting the rates, the Bidders are advised to take into account all factors including any fluctuations in the market rates etc. No claim will be entertained on this account after acceptance of the tender or during the currency of the contract.
9. The rates quoted in the tender shall remain valid for a period of **THREE MONTHS** from the date of opening of the price bid.
10. In the event of tender being submitted by a firm, the tender must be signed separately and legibly by each partner or member of the firm or in their absence, by the person holding the Power of Attorney on behalf of the firm concerned. In the latter case, a copy of the Power of Attorney duly attested by a Gazette Officer must accompany the tender.
11. The Bharat Heavy Electricals Limited, reserves the right to reject any or all the tenders received or accept any tender or part thereof without assigning any reason there for. In case of acceptance of a part of tender, time for completion may also be reduced to the extent considered appropriate by the accepting authority.

12. Unit rates should be quoted in figures as well as in words with reference to each item and for all the items shown in the attached schedule. These rates shall be for the finished work at site.
13. Rates for each item of the tender schedules should be quoted in rupees and paise only. In case of any difference in the rates quoted in figures and in words, words will be taken as the tendered rate.

14. Rates quoted SHALL INCLUDE ALL royalties, terminal taxes, octroi, duties, central and provincial excise tax, sales tax / VAT and other taxes levied under the State or Central Government Rules excluding applicable service tax for this work. BHEL will reimburse the service tax to the contractor, subject to service tax invoice as per Law. While quoting, the bidder should take in to account the implication of service tax.

15. The L1 will be decided based on the lowest cost to BHEL.

- 16. The Bidder shall not include Service Tax in their quoted rates and to indicate applicable rate of service tax separately at the appropriate place on the price bid..** The contractor will have to submit the Service Tax Registration certificate to BHEL and claim the Service Tax from BHEL by submitting Tax invoice as per Rules & Regulations of Service Tax and the documentary evidence will have to be submitted along with the next bill. If for any reason, the contractor has to pay penalty, interest on service tax, the contractor has to bear such additional payment. BHEL will pay only the service tax at actual. **The Bharat Heavy Electricals Limited will not entertain any claim in this regard.**
17. If the bidder find discrepancies or omissions in the tender documents or should be in doubt as to their meaning, he should at once address the authority inviting the tender for clarification. Every endeavor is made to avoid any error which can materially affect the basis of the tender but the successful Bidder shall take up on himself to provide for the risk of any error which may be subsequently discovered and shall make no subsequent claim on account thereof.

**(THIS PRICE BID IS TO BE SUBMITTED IN A SEPARATE COVER AND TO BE SUBMITTED
ALONG WITH THE TECHNICAL BID COVER)**

PRICE BID

Tender Notice No: BAP:M&S:TE:EL:12:017:DT:05.10.2012

Name of work: **Providing Professional services for Purchase of Power through Power Exchanges such as Indian Energy Exchange (IEX) and Power Exchange India Limited (PXIL)**

Registered with : _____

(ALL THE VALUES TO BE QUOTED IN Rs/ Ps.)		
(a)	Members trading margin per KWH	
	On settlement through Settlement Account	Ps.
	On Credit option with 7 days time.	Ps.
(b)	One time consultation charges payable at the initiation of power purchase agreement if any	Rs.
(c)	Consultancy charges for getting NOC from State Electricity Board per annum	Rs.
(d)	Any Other charges (Please Specify)	Rs.
(e)	Applicable Service Tax Percentage _____%	Rs.

Other conditions:

- 1) The average monthly estimated power requirement through Power Exchange would be 3.5 Lakhs Units.
- 2) The lowest bidder shall be evaluated based on over all cost to BHEL.

Indian Energy Exchange
(Annexure- I)



BUSINESS RULES

OF

INDIAN ENERGY EXCHANGE LIMITED

Indian Energy Exchange Limited
100 A/1, Ground Floor, Capital Court, Olof Palme Marg, Munirka, New Delhi. 110 067.

Contents

CHAPTERS

1. INTRODUCTION AND MEMBERSHIP	4
1. Introduction	4
2. Applicability	4
3. Business operations	4
4. Eligibility for trading.....	5
5. Membership Application and Admission.....	5
6. Transfer of membership	5
7. Surrender of membership.....	5
8. Insurance	5
2. MARKET OPERATIONS.....	6
9. Market Segment.....	6
10. Deposits	6
11. Forms of Additional Deposit.....	7
12. Trading Days.....	8
13. Trading hours	8
14. Clearing Banks	9
15. Clearing House	10
16. Risk management system	12
17. Transaction fees.....	12
18. Dealing with Clients	12
19. Member Service Charges.....	15
3. TRADING SYSTEM.....	16
20. Trading System	16
21. Approved Users.....	17
22. Connectivity.....	17
23. Expansion of trading terminals	19
24. Force majeure.....	19
25. Contingency management.....	20
26. Major breakdown of the system or failure of communication link.....	20
4. INSPECTION AND DISCIPLINARY ACTIONS	22
27. Records, Books of accounts and Inspection	22
28. Fines and penalties	23
29. Mechanism for redressal of grievances.....	23
30. Arbitration.....	23
Annexure – I.....	24
Membership Undertaking	24
Annexure – IIA	31
Member - Client Agreement (Between a Trader Member and the Client)	31
Annexure – IIB	34
Member - Client Agreement (Between a Professional Member and the Client)	34
Annexure - IIC.....	37
Undertaking by and on behalf of the Client of a Professional Member.....	37
Annexure - III.....	39
Client – Registration Form (Client to Member).....	39
Client – Registration Form (Member to Exchange)	43
Annexure - IV	45
Risk Disclosure Document	45
Annexure – V	46

Contract Note	46
Annexure-VI	48
Letter from Member authorizing IEX for making transactions on his behalf	48
Annexure-VII	49
Multi Protocol Label Switching (MPLS) Undertaking.....	49
SCHEDULES	50
SCHEDULE A - DAY-AHEAD MARKET (DAM) SEGMENT	51
Annexure –A1	66
Day-Ahead Market 15 minute contract specifications	66
Annexure –A2	67
Methodology of market splitting.....	67
SCHEDULE B : TERM-AHEAD MARKET (TAM) SEGMENT	69
Annexure B1	84
Contract Specification: - Regional Day Ahead Contingency Contracts (RDACC)	84
Annexure B2	87
Contract Specification:- Regional Intra-Day Contract	87
Annexure B3	90
Contract Specification: Regional Daily Contracts.....	90
Annexure B4	94
Contract Specification:- Regional Weekly Contracts.....	94
SCHEDULE C : RENEWABLE ENERGY CERTIFICATE (REC) MARKET	98
Annexure C1	107
REC Contract Specifications	107
Annexure C2	108
Certificate of Purchase of REC(s)	108
VERSION CONTROL	109

CHAPTER- I

1. INTRODUCTION AND MEMBERSHIP

1. Introduction

- 1.1 These Business Rules shall be termed as 'the Business Rules of Indian Energy Exchange Limited' or for the sake of brevity as 'IEX Business Rules' or 'these Business Rules'.
- 1.2 These Business Rules shall at all time be subject to and read consistent with the provisions of the Electricity Act, 2003, the Rules made thereunder by the Central Government and Regulations, Codes, and directives issued thereunder by the Commission including and in particular the Central Electricity Regulatory Commission (Power Market) Regulations, 2010 and Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 as amended from time to time.
- 1.3 In case of any inconsistency between these Business Rules and directives issued under these Rules of the one part and any of the provisions of the Electricity Act, 2003, the Rules made thereunder by the Central Government and Regulations, Codes, and directives issued thereunder by the I Commission including and in particular the Central Electricity Regulatory Commission (Power Market) Regulations, 2010 and Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 of the other part the later will prevail to the exclusion of the former.
- 1.4 These Business Rules may be amended or changed from time to time by the Exchange and wherever required with the approval of the Commission and shall further be subject to such modification or change as may be directed by the Central Commission from time to time.
- 1.5 The Exchange may issue clarifications, circulars or directives, as may be required from time to time, to remove any difficulty or ambiguity in implementing the provisions of any of Business Rules. Such clarifications, circulars or directions issued shall have binding force.
- 1.6 **Conflict between Rules, Bye Laws and Business Rules**
In event of any conflict between Bye Laws and Business Rules, the content of Bye Laws shall supersede and in the event of any conflict between Rules and Bye Laws or Rules and Business Rules, the Rules shall supersede. Without prejudice to the generality of the above, in case of any ambiguity or any confusion with regard to any of the provisions of Business Rules, the clarification given by Exchange shall be binding.

2. Applicability

- 2.1 These Business Rules shall be enforceable on the Exchange Members, Clearing Banks, Clients, and all other participants operating on or through the Exchange in respect of their rights and obligations relating to Contracts admitted on the Exchange.

3. Business operations

- 3.1 The Exchange shall conduct transactions in electricity and Renewable Energy Certificate Contracts permitted by the Central Electricity Regulatory Commission under the Electricity Act, 2003, rules and regulations made thereunder, and any other Act or any other authority as may be applicable.

4. Eligibility for trading

- 4.1 At the Exchange, only the Exchange Members, who have been admitted as such by the Exchange, are eligible to enter into Contracts, and undertake transactions within the Exchange relating to such Contracts. Persons, who are not Exchange Members, can participate only as Clients through a registered Exchange Member. At the discretion of the Exchange, Clients may be allowed direct access on the Exchange ATS, on an application made for the said purpose by the Member representing the Client.

5. Membership Application and Admission

- 5.1 A person who desires to be a member of the Exchange shall submit the application seeking such Membership in the format prescribed by the Exchange and also deposit the fee and charges specified for the purpose.
- 5.2 The admission to Membership shall be at the sole discretion of the Exchange. The Exchange may appoint a Committee, if it considers appropriate, to review and consider the application and make recommendation to the Exchange on the application filed by the person.
- 5.3 As a condition of being admitted as a Member of the Exchange the person applying for membership shall pay the fees and charges, including all securities, deposits, guarantees as may be decided by the Exchange from time to time.

6. Transfer of membership

- 6.1 No Member shall be entitled to transfer the Membership except as may be specifically permitted by the Exchange from time to time and the transfer of Membership if agreed to by the Exchange shall be subject to satisfactory settlement of all pending dues and claims against the Member and further subject to payment of such transfer fees to the Exchange as may be specified for the purpose

7. Surrender of membership

- 7.1 In case of surrender of membership, the Members shall only be eligible for return of margin deposits and security deposits made by him, subject to final settlement and adjustment of all pending dues, outstanding contracts and charges, fees, and other payments to the satisfaction of the Exchange. The refund of security deposit shall not be made if the membership is surrendered within three (3) years from the date of admission of the Member. The Member shall continue to pay annual subscription and other charges until the surrender of his membership is accepted by the Exchange, after which all such recurring charges are discontinued. There shall be no processing fee applicable in case of surrender of membership.

8. Insurance

- 8.1 The Members shall be required to obtain insurance cover at their own cost, so as to protect themselves from risks and hazards relating to their business operations at the Exchange.

CHAPTER- II

2. MARKET OPERATIONS

9. Market Segment

- 9.1. The Exchange will operate such market segments as permitted in law and as it may from time to time decide subject to the provisions of the Act, Rules and Regulations framed thereunder. The types and category of market segments available for contracts and transactions on the Exchange shall be notified by the Exchange from time to time. At present the description of market segments operated by the Exchange (as on 24th November, 2011) and the terms and conditions applicable to such market segments are given in the Schedules A to C of these Business Rules.
- 9.2. The market segment to facilitate transaction in Renewable Energy Certificate in accordance with Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 is included in Schedule C.
- 9.3. The Exchange may from time to time amend or modify or introduce new market segments as the Exchange may consider appropriate and the amended market segments shall operate from the time notified for this purpose by the Exchange.
- 9.4. The Exchange will from time to time decide on the trading session, trading segments, trading days, trading duration, security deposit, margin and collaterals to be maintained, order placement, matching, clearing and settlement, Delivery procedure and other parameters applicable for each trading or contract type in compliance with CERC (Power Market) Regulations, 2010 and as amended from time to time.
- 9.5. The Exchange has the right to introduce, continue or discontinue any market segment, including all the terms and conditions for transactions undertaken within each market segment subject to approval of the Commission, as applicable. The introduction of any market segment by the Exchange or the terms and condition specified therein will not vest or create in a Member any right whatsoever that will require the Exchange to continue with such market segments with or without any modification or change of the terms and conditions for transactions undertaken within each market segment.

10. Deposits

10.1. Initial Security Deposit

The Exchange Members are required to pay security deposit in accordance with Rule 5 of the Rules titled "Membership" at the time of admission, which will be used as initial margin for giving exposure to the Members linked to the percentage of the Margin applicable for each Contract. This is payable only by way of demand draft drawn in favor of 'Indian Energy Exchange Limited.'

10.2. Additional Security Deposit

Any Margins over and above the initial margin will be considered as additional deposit. The Members may remit additional security deposit in the form of minimum 50% cash and of the balance in the form of bank guarantee or fixed deposit from any of the Exchange approved banks.

The security deposit paid by the Member is interest-free refundable deposit. Security deposit, whether initial deposit and additional deposit, paid by the Members shall constitute a part of the Settlement Guarantee Fund (SGF). In case of surrender or transfer of membership, the initial deposit and/or the additional deposit is refundable subject to settlement of all pending dues, claims and charges, subject to lock-in period of 3 (three) years from the date of membership for initial deposit. There is no such lock-in period in respect of additional deposit.

11. Forms of Additional Deposit

- 11.1. The additional deposit and margin will be directly debited from the Members Settlement Account opened in any of the Clearing Banks or in the form of bank guarantee, fixed deposits, subject to conditions specified above.
- 11.2. In case the Member opts to transfer funds from his settlement account, he will have to give written intimation to the Exchange for debiting its Settlement Account towards additional deposit. In case a Member intends to get his additional security deposit released to it during its tenure or on its maturity, the Member shall inform the Exchange, in writing, at least one week in advance. Any request for withdrawal of the additional security deposit will be considered by the Exchange subject to clearance of Exchange dues.
- 11.3. **Bank Guarantee:** The Exchange will accept bank guarantees strictly as per the format prescribed by it as decided by the Exchange and such bank guarantees shall be acceptable from the approved banks of the Exchange only. The tenure of bank guarantee instrument should be for a minimum period of one (1) year and a maximum period of three (3) years having an additional claim period of three (3) months. The bank guarantee must be issued by the bank on behalf of the Member. A third party bank guarantee instrument issued on behalf of person other than the Member himself will not be accepted by the Exchange.
 - a. A Member will be required to renew the bank guarantee submitted by it prior to its expiry. In case of renewal of bank guarantees with a specific claim period, the Members shall furnish the renewal document strictly in the prescribed format at least seven (7) working days before the date of expiry of the bank guarantee.
 - b. The Members may also opt to give a fresh bank guarantee in favor of "Indian Energy Exchange Limited" instead of renewing the expired bank guarantees.
 - c. A bank guarantee deposited by a Member, whose validity period is over, shall be excluded for the purpose of computing the benefit provided to such Member towards exposure seven (7) working days before the date of expiry of the bank guarantee. The processing of bank guarantee instruments, its validation and upload in to the system whereby the trading limits of the respective Member will be enhanced will take at least three (3) working days.
 - d. While submitting the bank guarantee, Exchange Members shall ensure that the bank guarantee instrument strictly conforms to the format specified by the Exchange and that:
 - i. No relevant portion is left blank,

- ii. All handwritten corrections and blanks are authenticated by the bank by affixing the bank seal and stamp along with the signature of at least one authorized signatory,
 - iii. All irrelevant portions struck off on the printed format should also be authenticated by the bank by affixing the bank seal and stamp along with the signature of at least one authorized signatory,
 - iv. Each page of the bank guarantee should bear the bank guarantee number and should be signed (with bank's seal/stamp) by at least one authorized signatory of the bank,
 - v. It is free from any discrepancy.
- e. In case the bank guarantee does not strictly conform to the above-mentioned conditions, the same shall not be accepted by the Exchange.
- 11.4. **Fixed Deposit Receipts:** Members may submit fixed deposit receipt (FDR) issued by the approved banks for the purpose of Additional deposit. The FDR should be issued in the favour of 'Indian Energy Exchange Limited - A/C Member name' by any of the approved bank(s).

All such fixed deposits shall be under lien of the Exchange and the bank must confirm that such lien has been recorded and that the Exchange has first charge on such fixed deposit receipts by issuing a letter along with the fixed deposit receipt. The Member shall submit the fixed deposit certificate along with a letter issued by the Member himself. The processing of fixed deposit instruments, its validation and upload in the system will normally take three (3) working days and therefore, the Members should be normally entitled to get additional exposure limit after three (3) working days from receipt thereof by the Exchange. The FDR should be suitably discharged on the backside.

12. Trading Days

- 12.1. The Exchange shall operate on all days except Exchange specified holidays. A list of holidays for each calendar year will be notified by the Exchange in advance. In case of Sundays and public or bank holidays, the Exchange shall run the order books whereby a Member can put his quotes for such holidays.

13. Trading hours

- 13.1. The Exchange will have specified trading sessions for each market segment.
- 13.2. The Exchange may extend, advance or reduce trading hours by notifying the Members as and when it deems fit and necessary. Exchange will notify trading hours for new products as and when these are launched.
- 13.3. **Contractual liability termination:** Members can extinguish their contractual liabilities only by delivery and not by financial settlement.
- 13.4. **Invalidation of a traded Contract:** The Exchange may invalidate a matched Contract if according to the Exchange; a Member has attempted to conclude the transaction in violation of the Bye-laws of the Exchange or with an intention of price manipulation, price rigging or price distortion.

- 13.5. **Settlement Guarantee:** Subject to the Bye-Laws, the Exchange shall guarantee the settlement of the net settlement liability of the Clearing Members or the Clients, as applicable, for all the trades done on the Exchange in accordance with the Bye-Laws of the Exchange. The settlement guarantee of the Exchange is confined only to the extent of settlement liability in terms of daily funds pay-in and pay-out upto the extent of funds available in the Settlement Guarantee Fund, subject to force majeure.
- 13.6. **Governing law and jurisdiction:** Every Contract executed as per Bye-laws of the Exchange shall take effect as a Contract made in New Delhi and shall be governed by the laws of India under the jurisdiction of the Courts of New Delhi.
- 13.7. **Contract specifications:** The contract specification for each contract shall be specified in relevant Schedules which form part of these Business Rules. The specifications shall specify details of the delivery procedure and other trading and settlement parameters relating to tick size, unit of trading, unit of delivery, delivery point, minimum and maximum order size, and other relevant matters. All such contract specifications will be notified to the Members, which will form an integral part of these Business Rules and shall be binding on all Members and, Clients trading on the Exchange. Any Contract entered into in violation of these norms or not conforming to the specifications laid down by the Exchange shall be considered as void.

14. Clearing Banks

14.1. Exchange to regulate

The Exchange shall specify the processes, procedures, and operations that every Clearing Member shall be required to follow for participation in the clearing and settlement activities and operating their bank accounts with the Clearing Banks appointed by the Exchange.

14.2. Functions of Clearing Bank

The Exchange has appointed Clearing Banks for electronic transfer of funds between Clearing Members or the Clients, as applicable, and the Exchange. The Exchange reserves right to include or exclude some of the Banks at its absolute discretion.

14.3. Members to have account with the Clearing Bank

Every Exchange Member shall have designated bank accounts known as Member Settlement Account with any of such branches of the designated Clearing Banks appointed by the Exchange. Members shall operate the Settlement Account only for the purpose of settlement of deals entered through the Exchange, for the payment of margin money and for any other purpose as may be specified by the Exchange. Every Exchange Member is required to open the following accounts with any of the Clearing Banks.

- a. **Settlement Account or Clearing Account:** All Exchange Members or the Clients, as applicable, will have to open their Settlement Account with any the approved Clearing Banks. The Member or the Client, as applicable, will not have cheque book facility for issuing cheque to any third party or outsiders. The Trader Member can only issue cheque for transfer of money from this account to its Client Account. Apart from such transfer, only the Exchange will have power to withdraw money from this account by way of direct debit instruction. In respect of

all pay in, Margins, charges and other dues payable to the Exchange, the Exchange will send direct debit instructions to the bank advising them to debit Settlement Account of the respective Member or the Clients, as applicable, by such payable amount. Similarly, the Exchange will credit the pay out, refund of Margins to this account only. The Trader Member will not use the Clients' funds for meeting his own obligation.

14.4. Clearing Bank to act as per the instructions of the Exchange

The Exchange shall instruct the Clearing Bank as to the debits and credits to be carried out for the funds settlement between the Members or the Clients, as applicable. For this purpose, the Members or the Clients, as applicable, will submit an authority letter to the bank, authorizing the Exchange to issue such debit and credit based on the Exchange's instructions. The Clearing Bank shall act as per the instructions received from the Exchange for the funds movement. Instructions of the Exchange as to debits and credits to a Member's accounts or the accounts of the Clients, as applicable, shall be deemed to be irrevocable, confirmed and binding. In order to enable the Exchange to issue such instructions for debiting their account and also to authorize the Exchange in respect of freezing the account or to hold further debits or to block the funds, every Member or the Clients, as applicable, will be required to submit a written undertaking addressed to the bank to such effect. This undertaking will also authorize the bank to sweep the Client account of the Trader Member for any shortfall in the Settlement Account. Besides, the Exchange will also have the power to freeze various accounts of the Member or the Client, as applicable, maintained with the Clearing Bank, in case of any default or shortfall in pay in or Margin account.

14.5. Clearing Bank to inform Exchange of default in funds settlement

If there is any funds default arising out of the instructions received from the Exchange, the Clearing Bank shall inform the Exchange immediately.

14.6. Clearing Account (s) of Exchange in the Clearing Bank

The Exchange will maintain its Settlement Account with the Clearing Bank and all money received from the Members or the Clients, as applicable, towards pay in or Margin, shall be used appropriately for settlement.

15. Clearing House

15.1. Regulation of Clearing House

The Exchange and Clearing House will monitor and perform all activities relating to funds settlement, margining, managing the settlement guarantee fund, and other relevant matters.

15.2. Functions of Clearing House

The Clearing House will collect Margins from the Members or the Clients, as applicable, effect pay in and pay out and monitor delivery and settlement process. For carrying out such activities, it may appoint various agencies as its agents and may delegate such activities and responsibilities to such agencies, as it may desire. Save as except if it is scheduled otherwise by the Exchange, the funds pay in will take place on the same days as that of the trading and funds pay out will be done on the next bank working day of pay in date.

15.3. Lien on Member's deposits and assets

A Member or the Clients, as applicable is liable to clear all the dues against its trading liability irrespective of whether such liability is generated on its own account or on behalf of its Client Account. When a Member or the Client, as applicable defaults in making such payment to the Clearing House all deposits, Margins, funds payout and other assets of such defaulter Member or the Client, as applicable lying with the Exchange shall be under lien and first charge of the Exchange, irrespective of the fact whether such assets or deposits belong to the Trader Member or its Clients. No Client or any other person shall have any claim any charge or right on any such deposit, margin or delivery documents under any circumstances.

15.4. Clearing code and clearing forms

A Member shall be allotted a unique member specific clearing code which must appear on all forms used by the Member connected with the operation of the Clearing House.

All clearing forms shall be signed by the Member or its authorized signatory.

15.5. Specimen signatures

A Member shall file with the Clearing House specimens of his own signature and of the signatures of his authorized signatory.

15.6. Notices and directions

All Clearing Members shall comply with the instructions, resolutions, orders, notices, directions and decisions of the Executive Committee in all matters connected with the operations of the Clearing House.

15.7. Liability of the Clearing House

The only obligation of the Clearing House in this matter shall be to facilitate payment in respect of the Contracts for purchase /and sale of electricity units.

15.8. Liability of the Exchange

Notwithstanding to the provisions of the Bye-Laws, no liability shall attach either to the Exchange, its officials, or to the Executive Committee or any member of the Executive Committee by reason of anything done or omitted to be done by the Clearing House in the course of its operations nor shall the Exchange, its officials, or the Executive Committee or any member of the Executive Committee be liable to answer in any way for the title, ownership, quantity or validity of any delivery or any documents passing through the Clearing House nor shall any liability attach to the Exchange, its officials, the Executive Committee or any member of the Executive Committee in any way in respect of such delivery and any other documents.

15.9. False or misleading statements

The Exchange may fine, suspend or expel a Clearing Member who makes any false or misleading statement in the clearing forms required to be submitted in conformity with these Business Rules or any resolutions, orders, notices, directions and decisions of the Clearing House.

15.10. Class of Contracts covered

The Clearing House shall be responsible in the manner stated above only in respect of Contracts executed on the trading system of the Exchange as per the Rules, Bye-Laws and these Business Rules.

15.11. Procedure of effecting transactions on bank holidays

In cases where the Exchange has to collect the funds pay in for trades done but there is a bank holiday, the Exchange, in consultation with the Clearing Bank, shall evolve a process where it will take a confirmation from the banks for the availability of funds and block such funds against the obligation of respective Members or the Clients, as applicable. If the banking system is available, the Exchange will debit the funds pay in on such holidays after finalization of the trade which shall be after taking confirmation of ATC from the RLDCs.

16. Risk management system

16.1. A Member or the Clients, as applicable, is allowed to transact only when it maintains the requisite Margin, including any additional Margin as specified for the respective trading segment or the type of contracts or the directions issued by the Exchange.

17. Transaction fees

17.1. The Exchange will charge a transaction fee as may be specified from time to time on the transactions carried out through the Exchange. Such transaction fee will be computed on value basis or volume basis, as may be decided from time to time, which will be computed on both purchases and sales separately. This will be billed separately on periodic basis and will be recovered from the settlement account of the Member or the Clients, as applicable.

18. Dealing with Clients

18.1 There are two categories of Clients for Electricity Contracts.

- a. Grid-connected Client: A Client who is eligible to buy or sell electricity and is connected to the grid. The entities including but not limited to, Distribution Licensees, Generators, Consumers and Open Access Users can become Grid-connected Clients.
- b. Trader Client: A Client who is eligible to trade in electricity under the Electricity Act, 2003 and has a legally valid power purchase/sale agreement, which gives the Client the right to purchase and sell electricity. A Trader Client will register each power purchase/sale agreement with the Member who will be registering the same with the Exchange and receive a separate registration identification code. The entities such as trading licensees can become Trader Clients.

18.2 In the REC Market segment, the REC Member transacting on behalf of others can have Eligible entity, obligated entity or entity willing to purchase RECs as Client. Such Client will be known as REC Client. The Exchange may introduce new category of Clients consistent with the Act and regulations issued by CERC.

Clients who have been provided direct access to the Exchange ATS shall be referred to Direct Access clients.

18.3 Every Trader Member shall enter into an agreement with each of its Clients as per **Annexure-IIA**, and as amended by the Exchange from time to time before accepting or placing orders on the Client's behalf. Similarly, every Professional Member shall enter into an agreement with each of its Clients as per **Annexure-IIB**, and as amended by the Exchange from time to time before accepting or placing orders on the Client's behalf. In addition, the Clients of the Professional Members shall execute an undertaking in favour of the Exchange as **Annexure IIC** as amended by the Exchange from time to time before he is permitted to transact any contract on the Exchange. A Member intending to

Indian Energy Exchange Ltd.

trade on its own account as Client need not sign such agreement, however, the Client Registration and other documents required to be submitted by the Member will be submitted to the Exchange.

- 18.4 When establishing a relationship with a Client, the Exchange Members must take reasonable steps to assess the background, genuineness, beneficial identity, financial soundness of such person, and its trading objectives by registering the Client with them in the format prescribed as Client Registration Form, as per **Annexure-III** and Self Registration Form prescribed by the Exchange. The Member shall also obtain:
- a. an approved copy of the board resolution permitting the transactions in contracts allowed on the Exchange .
 - b. a copy of Power Purchase or Sale Agreement(s) with a grid connected entity from Trader Clients.
 - c. other relevant documents.
- 18.5 The Exchange Member shall make the Client aware of particulars of Member's registration number allocated by the Exchange, an employee primarily responsible for the business of dealing in Contracts permitted by the Exchange including any limitations or liability attached thereto and the capacity in which the Member acts and the Client's liability thereon by issuing to the Client a copy of the Risk Disclosure Document as per **Annexure-IV**. The Exchange Member shall furnish a copy of the Risk Disclosure Document to all its Clients and to get and maintain their acknowledgement on second copy of the same document.
- 18.6 The Exchange Member shall provide extracts of relevant provisions governing the rights and obligations of Clients as Clients of Exchange Members, relevant manuals, notifications, circulars any additions or amendments thereto of the Exchange, or of any regulatory authority, to the extent it governs the relationship between Members and Clients, to the Clients at no extra cost.
- 18.7 The Exchange Member shall also bring to the notice of its Clients, any indictments, strictures or disciplinary actions taken against the Member by the Exchange or any other regulatory authority. The obligations of the Exchange Member in this context shall, inter alia, include the following:
- a. An Exchange Member shall make adequate disclosures of relevant material information in the dealings with its/ his Clients.
 - b. No Exchange Member or person associated with the Member shall guarantee a Client against a loss in any transactions affected by the Exchange Member for such Client.
 - c. The Exchange Member shall not recommend to the Client a sale or purchase of Contracts available on the Exchange, unless it has reasonable grounds to believe that such recommendation is suitable for the Client on the basis of facts, if any, disclosed by the Client, whether in writing or orally, regarding the objectives; Client's capacity of dealing with the specific Contracts and investment. The Member shall take all possible measures to keep confidentiality of information related to its Client(s) including bids, trades.
 - d. The Exchange Member shall make adequate disclosures of relevant material information in its dealing with its Client including the latest UMCP and Area MCPs along with cleared quantities, proprietary orders (buy/sell), any relevant announcement from the Exchange relating to Margin, trading restrictions as to price, or quantity.

- e. The Exchange Member shall not furnish any false or misleading information or advice with a view to inducing the Client to do business in particular Contract or Contracts and which shall enable the Exchange Member to profit thereby.
- f. The Exchange Member shall explain the trading system and order matching process to the Client before accepting any orders from it and to a direct access client before giving consent.
- g. Where the Client requires an order to be placed or any of its order to be modified after the order has entered the system but has not been traded, the Exchange Member shall ensure that it obtains order placement/modification details in writing from such Client on whose behalf such orders are placed by them. The Exchange Member shall accordingly provide the Client with the relevant order confirmation/modification slip or copy thereof, forthwith.
- h. Where the Client requires any of its order to be cancelled after the order has been entered in the system before the end of trading period, the Exchange Member shall obtain the order cancellation details in writing from the Client on whose behalf such orders are placed by them. The Exchange Member shall accordingly provide the Client with the relevant order cancellation details, forthwith.
- i. The Exchange Member shall not accumulate or withhold Client's order for Contracts permitted by the Exchange, if it has adequate margin of such Client with it. The Exchange Member shall place all orders forthwith.
- j. The Exchange Member shall act promptly in accordance with the instructions provided by the Client unless it has discretion as to the timing relating to entering and/or execution of the order, in which case it must exercise prudently its judgment as to the best moment for entering that order in the system.
- k. The Exchange Member shall provide the Client with a copy of the trade confirmation slip as generated on the ATS, forthwith on execution of the trade and with a contract note for the trade executed in the specified format as per **Annexure- V**.
- l. Exchange Member shall at all times keep the money of the Client in the Member's Clients Account maintained with the Clearing Bank. The Member shall not use this money for its own transactions or for transactions of such other Client or for any purpose other than Margin and pay in relating to transactions entered into by such Client paying the margin. In case, Member is Client of its own, it does not need to maintain a separate account.
- m. The Member shall collect adequate Margin from its Client before entertaining any order from it. In case of a direct access client, the Member should take sufficient margin and also should specify trading/ obligation limits, which such direct access clients can commit on the Exchange.
- n. It will be responsibility of the Members to inform their Clients about the successful trades and their physical and financial obligations, based on the Exchange's reports received by them.

Indian Energy Exchange Ltd.

18.8 Clients can have their own trading terminal through which they can put their orders electronically. In order to keep anonymity of bid prices, the Client may enter his bids through the terminal. Any trade undertaken by a Client via direct access will be done in the name of the Member, and the Trader Member shall be fully responsible for all orders entered by the Client and for the conduct of all such trades as principal.

19. Member Service Charges

Subject to the provisions of these Business Rules and the provisions of the Act, Rules and Regulations made thereunder the Member Service Charges that a Member can charge to its Clients, for providing services may be mutually agreed to between them.

Provided however the Professional Member who is not trading licensee shall not provide any credit or financing or working capital facility to their Clients.

CHAPTER- III

3. TRADING SYSTEM

20. Trading System

- 20.1. The entire trading operation at the Exchange shall be conducted under the Automated Screen based Trading system, which is also called as 'TWS'.
- 20.2. Trading on the Exchange shall be allowed only through approved workstation(s) located at approved locations for the office(s) of a Member. If an approved workstation of a Member is connected by LAN or any other way to other workstations at any other place it shall require a prior approval of the Exchange. For every TWS, a Member shall be required to obtain a specific permission from the Exchange and obtain user id in advance.
- 20.3. Each Member shall have a unique identification number which shall be provided by the Exchange and which shall be used to log on (sign on) to the system.
- 20.4. A Member shall have a non-exclusive permission to use the TWS as provided by the Exchange in the ordinary course of business as an Exchange Member.
- 20.5. A Member shall not have any title, rights or interest with respect to TWS, its facilities, software and the information provided by the Exchange. The permission to use the TWS shall be subject to payment of such charges as the Exchange may from time to time prescribe in this regard.
- 20.6. A Member shall not, permit itself or any other person (s) to:
 - use the software provided by the Exchange for any purpose other than the purpose as approved and specified by the Exchange,
 - use the software provided by the Exchange on any equipment other than the workstation approved by the Exchange,
 - copy, alter, modify or make available to any other person the software provided by the Exchange,
 - use the software in any manner other than the manner as specified by the Exchange,
 - attempt directly or indirectly to decompile, disassemble or reverse engineer the same.
- 20.7. A Member shall not, by itself or through any other persons on its behalf, publish, supply, show or make available to any other person or reprocess, retransmit, store or use the facilities of the TWS or the information provided by the TWS except with the written approval of the Exchange.
- 20.8. The Exchange will provide the application software for installation of TWS. However, the Member has to arrange at its own cost the system software personnel required for installation of trading application. Besides, it has to arrange for installation of trading application software at his TWS at its own cost.
- 20.9. The Exchange Member shall maintain confidentiality of bid information of Clients during and after the trade sessions.

21. Approved Users

- 21.1 For every TWS to be used by a Member, it shall be required to obtain registration of the Approved User in the specified format, who will be responsible for such TWS. Such Approved Users can be its own employees responsible for such TWS or branch. Before termination of any of such Approved Users, the Member shall be required to obtain prior written approval of the Exchange. In case it is found that a Member has allotted a TWS to any user not registered with the Exchange, such Member will be suspended by the Exchange forthwith.
- 21.2 In case of lease line connection, the Member will get registration up to two (2) Approved User without any cost, but any Approved User over and above such Users will be permitted by the Exchange on payment of fee as prescribed through circulars.

22. Connectivity

- 22.1 In order to connect the TWS of the Members with the IEX server, the Members will have option to connect with IEX using the MPLS (Multi Protocol Label Switching) i.e. Leased Line provided by the vendor approved by IEX.

a. Lease Line Connectivity

Members can connect trading workstation through leased line. The service provider will provide nation-wide Leased Line network for Members using Multi Protocol Label Switching (MPLS) based VPN solution. The data reaches to the trading system through the node located at Mumbai.

The MPLS is one of the most sophisticated and latest VPN technologies available as on date. MPLS can provide secure, most cost effective, high performance, scalable and managed end-to-end network connectivity. It allows label switching, due to this it offers fastest mode of data transfer, making it most suitable for real time trading application like ours. Due to the features like 'Bandwidth on Demand' and 'Committed Bandwidth' it has overcome all shortfalls of conventional point-to-point leased line network. The BSNL MPLS network nodes are mesh connected on STM 1 (155 mbps) links. This ensures congestion free data transfer on the network. The network has multiple ring redundancy, ensuring high uptime to the end users.

b. Application procedure

All applications to BSNL and co-ordination with BSNL will be taken care by the IEX Systems Department. Interested Members may send the necessary details in the specified format.

c. Equipment requirement:

A Member has to procure one router, dedicated for the IEX connectivity. The details of the router are as under:

- (i) The router should have one serial interface, one ISDN (optional) and one Ethernet Interface.
- (ii) **Leased line modems:** In case the service providers (like MTNL or TATA Tele) do not provide leased line modems, Members have to procure one pair of leased line modems separately.

d. Recurring charges

Members are requested to pay the necessary charges towards installation, equipment rental, leased line etc. payable to the service provider (MTNL or TATA Tele) directly. Members may also have to pay any additional charges raised by the service providers / Govt. agencies as and when applicable.

e. Back-up link

Members having Leased Line connectivity are required to obtain ISDN BRI line from their local telecom service provider. For automatic switch over, in case of leased line failure, ISDN backup line is required to be terminated on the same router on which leased line is connected. In order to avoid usage during non-trading hours because of automatic dialing, Members are advised to disconnect the ISDN line after trading hours and re-connect before the next trading session.

All Members having leased line are requested to avail the ISDN backup facility to avoid disruption in trading due to problems in leased line connectivity.

Members should note that installation/ STD/ usage charges/ any other charges related to the ISDN link is to be paid by Members to their respective telecom service provider.

f. Router configuration

The Exchange will provide necessary step-by-step router configuration to the Member once the leased line is commissioned. However, the configuration and testing of the router at the Member end will be the responsibility of the respective users. All Members are obliged to co-ordinate with the IEX System Department for any assistance

g. Payment

Members have to pay towards port charges, local loop charges (considering 7 km distance), one time modem installation charges and inclusive of service tax applicable. Such charges are payable on an annual basis except the modem installation charges. The payment shall be made by way of demand draft favouring 'AO (F&A) BSNL Mumbai' payable at Mumbai. Member may send the demand draft along with the application form to the Exchange, Mumbai Office in advance to start the LL application process. The prices are uniform across the country except Mumbai and Navi Mumbai. In case of non-availability of BSNL network in a particular city, the payment would be refunded to the Member. In case of transfer of the facility to some other location, the Member has to pay the necessary charges to be decided by BSNL.

h. Number of terminals

In case a Member wants to install more terminals, they may request for additional leased lines. As such there is no limitation on number of leased lines that one Member can opt for. Separate user IDs would be allocated for LL connectivity, which cannot be used for Internet, VSAT or other media. For ensuring additional security, the User IDs will be tagged with IP addresses.

i. Crisis management

The complete MPLS network is monitored 24x7 from a centralized Network Operating Centre (NOC) of BSNL. This NOC is managed by highly skilled engineers which engineers, which can give all assistance to all Members. The NOC can be accessed on toll free number –16004 41957. For any further assistance any Member can also get in touch with respective Nodal Officer of BSNL which will be informed to you shortly.

j. Undertaking

All Members are obliged to provide the Exchange with an undertaking on company's letterhead in the enclosed format given in **Annexure-I**.

On receipt of the application along with the undertaking and payment, the application will be forwarded immediately to BSNL for further processing. It may take

four (4) to (6) weeks for BSNL to complete the process of providing Leased Line Network to the Member.

23. Expansion of trading terminals

23.1 With every Lease line installation, a Member will be entitled to have up to five (5) trading terminals at the same location. All classes of Members are entitled to expand their trading terminals. A Member can set up multiple terminals either in the same city, where he is located or in multiple cities within India except the state of Jammu & Kashmir, either by way of opening branch offices or by appointing their franchise/approved users, but in such cases, all its obligations will be netted out at the Member level, and he shall be required to settle all such trades, in respect of margin, pay in as well as final settlement as any other trade settlement procedure of the Exchange, irrespective of the fact whether the trades are done by it or through its other terminals.

23.2 Terms relating to expansion of terminals

A Member shall be entitled to expand its trading terminals by virtue of opening up branches, tying up with Approved Users. For setting up such terminals, it will be required to apply to the Exchange in the prescribed format specifying name of the Approved User in charge of such terminal, giving details of the location where the additional terminal is to be installed and also to undertake responsibility relating to all trades done through such terminal. The Exchange will not charge any additional fee or deposit for setting up such additional terminals except the cost of Lease line installation and deposit, software installation and out of pocket expenses relating thereto. There can be various models of expansion of terminals, such as:

- a. **Direct connectivity to IEX system:** The Member can install terminals at various places, which can be linked to the IEX system through Lease line directly. In such cases also, the Member will be able to set trading limits for all such terminals from his office using the Member administrator terminal.
- b. **Private network of a Member:** If a Member is already having a private network or he proposes to put in place a private network of leased line or ISDN connectivity for expanding his terminals, such private networks could be connected to IEX system by way of installing one lease line at Member's central office. However, if the number of terminals is large, the Member may be required to get a leased line (which would be decided by the Exchange on case to case basis) with adequate bandwidth between his central office and the Exchange office so as to support the interactive traffic of all such terminals. In respect of performance and maintenance of such private network, the Member has to bear all costs and assume all responsibilities and the Exchange will not be responsible in any manner. This is subject to the Member obtaining relevant approvals from the relevant statutory agency.

24. Force majeure

24.1 Notwithstanding the provisions of the Bye-Laws on force majeure, in case of the settlement of power contracts, the injection and drawal by the power generators and consumers depend upon the transmission corridors available with regional grids. In case of non availability of transmission corridors because of system constraints notified by System Operator on the day of delivery, the outstanding Contracts will be settled on pro-rata basis.

- 24.2 In case of any natural calamity like flood, earthquake, strikes etc., which has such a substantial bearing on the power market that the availability of electricity in the country is expected to reduce at least by 50%, making delivery of the electricity virtually impossible, then the Exchange will have the power to settle the Contract independently and/or in consultation with the Commission.
- 24.3 In case of trading system related problems, while the Exchange will attempt to rectify the problem at the earliest, however, it will not be responsible for the consequential losses, if any.
- 24.4 In the event of disruption in the office or administrative services of the Exchange or the designated Clearing Bank due to technical reasons including Computer System break-down or due to absence, non-attendance and/or strike by the employees or due to any unforeseen circumstances or due to natural or other calamities such as earthquake, out-break of war, general strike or any such circumstance of a force majeure nature, the daily clearing shall be suspended for such days and period till normalcy is restored. The Exchange shall immediately notify all the Members about the suspension and/or postponement of daily clearing settlement as also about the restoration or return of normalcy and resumption of daily clearing and settlement work. If the circumstances so demand, the Exchange may order closure of the market in accordance with relevant Bye-laws and call an emergency meeting of the Board of the Exchange to deal with the abnormal situation.
- 24.5 Any restriction imposed by NLDC/RLDCs on account of transmission bottlenecks and otherwise will be treated as force majeure without any liability on the Exchange.

25. Contingency management

- 25.1 In the event of failure of a Member's workstation and/or the loss of access to the trading system, the Exchange may assist the Member in placing the order on best effort basis. For this purpose, the Member must forward a valid request in writing in a clear and precise manner to the Exchange as per **Annexure-VI**. The Exchange will execute such orders on behalf of the Member subject to such terms and conditions, which the Exchange may deem necessary to be imposed. The Member shall be accountable for the trades executed by the Exchange on their behalf and shall indemnify the Exchange against any losses or costs arising out of the above situation.
- 25.2 In case of any mismatch between scheduling request issued by the Exchange at 15:00 hrs and final schedule issued by NLDC at 18:00 hrs, the final schedule issued by the NLDC shall be considered for adjustments in the obligations and the trades shall be reversed to the extent of such mismatch. Similarly, in case of subsequent changes on account of curtailment of transmission capacity by the Load Dispatch Centre (s), the trades shall be reversed to the extent of such curtailment. Reversal of trade shall be done at the respective Area Clearing Prices. The difference in the amount payable and recoverable due to such reversal shall be adjusted from the Congestion Revenue Account.

26. Major breakdown of the system or failure of communication link

- 26.1 In the event of a major breakdown of the system or failure of communication link, the Exchange may decide to extend the trading hours or to operate a separate trading session on the same day after end of usual trading session. Such decisions will be taken considering the overall interests of the market. The decision of the Exchange in this regard shall be final and binding.

Indian Energy Exchange Ltd.

26.2 Provided that if the breakdown of the system or communication link is so severe that at least 75 % of the active Members are not able to trade, the market will be halted and a separate trading session will be commenced after fixing the problem.

26.3 In such cases, the Exchange will take appropriate decision, as may be expedient to do so under those circumstances.

CHAPTER- IV

4. INSPECTION AND DISCIPLINARY ACTIONS

27. Records, Books of accounts and Inspection

27.1 The Exchange will conduct inspection of books of accounts of the Members periodically. The scope of such inspection will, in normal circumstances, be limited to the operations of the Member at the Exchange and its off-market deals, but in special circumstances the Exchange may decide for extending the scope of such inspection. The Exchange, directly or through empanelled Chartered Accountant Firms, will conduct such inspection. All Exchange Members shall be required to maintain Books of Accounts, documents, counterfoil of contract notes and other details for such period, as may be directed by the Exchange. They shall produce such records before the inspection team as per directions issued by the inspection team and extend their full co-operation in terms of providing information so as to carry out inspection smoothly. In addition to the normal inspection of the Books of Accounts, audit of statutory compliance and adherence to the Articles, Bye-laws, Rules, Business Rules, circulars and notifications issued by the Exchange from time to time, the Exchange may take suitable action based on the inspection report, if it deems proper.

Without in any manner affecting the scope and extent of the powers of the Exchange, the inspection may cover the following aspects:

- a. Failure to follow the norms as prescribed by the Exchange for Client accounts, know-your-client scheme, improper / non execution of the Member-Client Agreement, and other relevant matters.
- b. Unauthorized use or / misuse of the TWS, software and other facilities provided by the Exchange.
- c. Improper maintenance of books and records.
- d. Violations in the issue of contract notes (not having pre-printed serial nos., signatory not authorized, contract note not in proper format, (e.g. contract price and brokerage not appearing on the contract notes separately, proper rates not given or any information on the contract note tampered with in comparison to the data available with the Exchange, unauthorized change of Client codes against the Trade nos., printing of Order number on the contract note, and similar matters).
- e. Failure to abide by or respond to the circulars, communications, notices issued by the Exchange.
- f. Unfair trade practices and market misconduct including insider dealing.
- g. Attempt to forge or indulged in forging of signatures or authorizations of officials (or any other regulatory body),
- h. Suppression of material facts and not taking prior approval of the Exchange regarding change in shareholding pattern, nature of organization, activities, change in memorandum and articles of association, change of address, change of telephone / fax numbers, or such things which are likely to affect his operations on the Exchange, including information about himself being convicted, declared insolvent, and other similar matters.
- i. Coercing, attempting or indulging in influencing another Member.
- j. Dealing with black listed Clients or persons.
- k. Other relevant matters which may affect the efficient and transparent operations of the markets.

28. Fines and penalties

In case of any violation on the part of the Member the Exchange shall have the authority to levy penalty on such Members.

29. Mechanism for redressal of grievances

If any complaint received with regard to the claim, differences or disputes between the Exchange Members inter se or between an Exchange Member and a Client or arising out of or in relation to trades, Contracts and transactions executed on the Exchange or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation or fulfillment and/or the rights, obligations and liabilities of the parties thereto and including any question of whether such trades, contracts and transactions have been entered into or not shall be addressed by the Exchange through a grievance redressal mechanism on receipt of a written complaint from the aggrieved party by the Exchange. Such complaint shall be resolved through the administrative mechanism under the supervision of the Executive Committee within such days as may be fixed by the Exchange. In case of non-redressal of such grievances through the administrative process, the same shall be dealt as per the Arbitration and Conciliation procedure of the Exchange as specified under the Bye-laws of the Exchange.

30. Arbitration

- 30.1 A Member or Client can file reference to arbitration in accordance with the provisions of the Bye-Laws in the prescribed format along with a fee of Rs. 5,000 or such other fee as may be decided by the Exchange.
- 30.2 Each arbitrator will receive a sitting fee as decided by the Exchange per meeting for participation in arbitration proceedings.
- 30.3 The total cost of arbitration, cost of conducting proceedings, sitting fee, documentation, cost of obtaining legal or expert opinion, cost of litigation, cost of hiring of professional for resolving a dispute, will be shared by both the parties to the dispute equally during the course of proceedings pending final adjustment and for that matter, the Exchange will demand adequate deposits from the concerned Members and Clients periodically for meeting such costs on ad-hoc basis. On declaration of award, the entire cost of the proceedings will be borne by the parties in the manner as may be decided by the arbitrators and documented in the award and the Exchange shall ensure final adjustment of accounts between the parties.
- 30.4 Any dispute involving claim upto Rs. 1 lakh shall be decided by the Exchange administratively and claims involving more than Rs. 1 lakh shall only be filed with Arbitration Panel.
- 30.5 Subject to the Arbitration provisions the courts in Delhi will have jurisdiction in the matter irrespective of the location or residence of the Exchange Member or where the transaction has been initiated or completed and all transaction will be deemed to have taken place in Delhi

Annexure – I

INSTRUCTIONS TO FILL MEMBERSHIP UNDERTAKING

1. The MEMBERSHIP UNDERTAKING has to be executed on a Non-Judicial Stamp Paper of the value of Rs. 300/- or the value prevailing in the State of residence or business of the person seeking Membership, whichever is more.
2. Each and every blank in the Undertaking shall be duly filled.
3. The signature of two authorized signatories and rubber stamp shall be affixed on each and every page of the Undertaking.
4. Two persons shall sign as witnesses against each authorized signatory on the last page of the Undertaking.
5. In case of a corporate entity the common seal of the Company and in case of a firm the rubber stamp shall be affixed on the last page of the Undertaking.
6. The Undertaking shall be Notarized.
7. The following shall be typed on the Stamp Paper (as the first page).

Membership Undertaking

This Non-Judicial Stamp paper of Rs.300 forms part and parcel of this Undertaking submitted by to Indian Energy Exchange Limited executed by

Mr./Mrs./Ms. _____ on
day of , 20 ___ on behalf of -----

This undertaking is given at ____ this day of, 20....

To Indian Energy Exchange Limited, New Delhi, India Hereinafter called "IEX" (which expression shall unless it be repugnant to the context or meaning thereof be deemed to mean and include their successors and assigns)

Signature (1).....
Rubber Stamp

Signature (2).....
Rubber Stamp

Notary (Stamp & Seal)

Notary (Stamp & Seal)

.....
Registered Office:
.....

Hereinafter called "the Undersigned" (which expression shall unless repugnant to the context or meaning thereof be deemed to include its successors and permitted assigns).

WHEREAS THE Undersigned is desirous to be admitted as the Member of IEX hereinafter referred as Member.

AND WHEREAS IEX has agreed to admit the Undersigned as a Member on IEX in accordance with the Rules, Bye-Laws, and Business Rules of IEX in force from time to time subject to the Undersigned furnishing the Undertaking in the manner and on the terms specified herein below:

NOW THEREFORE in consideration of IEX admitting the Undersigned as a Member of IEX, the Undersigned hereby undertakes and agrees that:

1. The Undersigned shall comply with all such requirements, existing and future, with regard to and in connection with admission and continuance of the Undersigned as a Member.
2. On being admitted as a Member, the Undersigned shall be active participant of IEX.
3. The Undersigned shall abide by, comply with and be bound by the Rules, Bye- Laws, and Business Rules of IEX, as in force from time to time and any clarification, directive, circular, order, notice, instruction issued by the IEX and in force from time to time.
4. The Undersigned shall abide by the code of conduct applicable to Member as laid down by IEX from time to time.
5. The Undersigned agrees that IEX shall be entitled to amend its Rules, Bye-laws, and Business Rules unilaterally and the Undersigned shall be deemed to have consented to any amendment made to the Rules, Bye-laws, and Business Rules of IEX, and accordingly shall be bound by the Rules, Bye-laws, and Business Rules prevailing from time to time and IEX shall be entitled to exercise all powers vested in it under its Rules, Bye-Laws Business Rules and Circulars by which the Undersigned unconditionally agrees to be bound.

Signature (1).....
Rubber Stamp

Signature (2).....
Rubber Stamp

Notary(Stamp & Seal)

Notary (Stamp & Seal)

Indian Energy Exchange Ltd.

6. The Undersigned shall maintain and preserve such information, records, books and documents pertaining to the working of the Undersigned as a Member for such period as may be specified by IEX from time to time.
7. The Undersigned shall permit IEX or any person authorized by it for inspection, access to all records, books, information, documents and its offices as may be required.
8. The Undersigned shall submit periodic reports, statements, certificates and such other documents as may be required by IEX, and shall comply with such audit requirements as may be prescribed by IEX from time to time.
9. The Undersigned shall follow and comply with such orders or instructions, whether being in the nature of a penalty, fine or otherwise, as may be issued by IEX or any committee of IEX duly constituted for the purpose, in the event of the Undersigned committing any violation of any Rules, Bye-Laws, Business Rules, Circulars or practice or code of conduct prescribed by IEX in respect of conduct of the business on IEX.
10. The Undersigned shall conduct business at IEX prudently and shall ensure that it will not be prejudicial or detrimental to public interest in general, and to the interest of IEX in particular.
11. If any difference or dispute shall arise as to the interpretation, meaning or effect of this Undertaking or as to the rights and liabilities of the Undersigned or in respect of any other matter relating to IEX operations, the decision of IEX shall be final, conclusive and binding on the Undersigned.
12. The Undersigned shall abide by and adopt the Rules, Bye-Laws, and Business Rules of the clearing and settlement systems of IEX and any other agencies appointed by IEX for this purpose and any amendments made thereto from time to time.
13. The Undersigned shall pay the costs and expenses including fees prescribed by IEX from time to time, as communicated by IEX within due date as indicated in Invoice/Demand Note from IEX and in case of nonpayment by due date IEX may deduct from the settlement account.
14. The Undersigned shall use IEX infrastructure facilities and equipment only for the purpose for which they are permitted to be used so and for no other purpose.

Signature (1).....
Rubber Stamp

Signature (2).....
Rubber Stamp

Notary (Stamp & Seal)

Notary (Stamp & Seal)

Indian Energy Exchange Ltd.

15. The Undersigned shall furnish security deposits, pledge of securities, hypothecation of movables, lien on bank accounts or such other security as may be required by IEX from time to time and to do all acts, deeds and things to enable IEX to exercise all or part of the above mentioned securities to secure recovery of default in payment and other incidental charges relating to default and other dues of IEX and clearing house, if any.
16. The Undersigned shall bring in additional margin deposits and funds as and when required as decided by IEX from time to time to participate in the trading and clearing operations on IEX.
17. The Undersigned is aware that the Undersigned would be/is admitted as a Member of IEX on paying the prescribed membership fee and security deposit and that the membership is not transferable for a minimum period of 3 (three) years. or such other minimum period as may be stipulated from time to time by IEX and the Undersigned does unequivocally undertake that the Undersigned shall not be entitled to make any claim for refund of the security deposit for a minimum period of 3 (three) years from the date of deposit or such other minimum period as may be stipulated from time to time by IEX even if the Undersigned intends to cease to be the Member or discontinue to transact on IEX.
18. Without prejudice to what has been undertaken above, IEX shall be entitled to forfeit any property, funds, amounts, deposits or other sums due to the Undersigned or to the credit of the Undersigned in such events or contingencies as may be stipulated in the Rules, Bye-laws and Business Rules of IEX in force from time to time.
19. IEX shall not be held responsible or liable for any loss to the Undersigned or the Clients of the Undersigned on account of failure of computer systems, telecommunication network and other equipment installed by IEX at the offices of the Undersigned and IEX shall also not be held responsible for any misuse, mishandling, damage, loss, defect or injury to the computer systems, telecommunication network and other equipment installed by IEX.
20. IEX shall have the right to inspect and supervise all computer systems, software programs, telecommunications equipment, VSAT/MPLS and the like, which are provided by IEX at the office of the Undersigned.

Signature (1).....
Rubber Stamp

Signature (2).....
Rubber Stamp

Notary (Stamp & Seal)

Notary (Stamp & Seal)

Indian Energy Exchange Ltd.

21. The Undersigned shall not make any alterations, modifications and changes to the computer systems, software programs, telecommunications equipment, VSAT and the like installed by IEX without prior written consent of IEX.
22. The Undersigned shall not disclose, reveal, publish and advertise any material information relating to operations, membership, software, hardware, and the like of IEX without prior written consent of IEX except and to the extent as may be required in the normal course of its business. Similarly, the Undersigned shall not use without prior written approval of IEX, the name of IEX to directly or indirectly promote the business of the undersigned.
23. The Undersigned shall from time to time and of its own notify to IEX any change in the composition of the Board of Directors of the Undersigned and where in the opinion of IEX any change in the composition of the Board of Directors of the Undersigned has resulted or is likely to result due to such change any direct or indirect transfer of shares or securities in the share capital of the Undersigned, IEX will be entitled to review continuation of the Undersigned as a Member of IEX and, the Undersigned shall be bound by any decision taken by IEX in this regard which shall be final.
24. The Undersigned hereby confirms and undertakes that it is competent in all respects to become a Member of IEX and participate in contracts transacted at IEX. The Undersigned further confirms that in case of any doubt or reference in future regarding validity of its candidature to become a Member, the onus to prove the same shall lie on the Undersigned itself and IEX shall not be liable for any matter in case of such eventuality.
25. The Undersigned shall execute, sign, and subscribe to such other documents, papers, agreement, covenants, bonds, and/or undertakings as may be prescribed or required by IEX from time to time.
26. The Undersigned undertakes to make such contributions to Settlement Guarantee Fund or any other fund pertaining to IEX as and when required by IEX and also comply with all requirements of IEX in respect thereof.
27. The Undersigned shall arrange to get itself registered with respective relevant authorities as may be required from time to time under any law of the land for the purpose of participating in the operations of IEX.
28. The Undersigned has received and/or will obtain required consent from respective DISCOM/STU/SLDC/RLDC, as applicable, to carry out its business as Member on the platform of IEX.

Signature (1).....
Rubber Stamp

Signature (2).....
Rubber Stamp

Notary (Stamp & Seal)

Notary (Stamp & Seal)

29. The Undersigned shall abide by provisions of the Electricity Act, 2003 or any rules or regulations made there under or Grid Code or any other applicable Act or law or any rules

Indian Energy Exchange Ltd.

or regulations made there under.

30. The Undersigned shall subscribe to at its cost the mandatory centralized insurance cover as required by IEX for the Members at IEX to pay the insurance premium as may be required by IEX and also to comply with all requirements of IEX in respect thereof. The Undersigned shall not have any objection to create a default reserve fund by transferring a specified amount out of the Settlement Guarantee Fund, as may be decided by the Exchange from time to time, every year to meet the liability of the Undersigned defaulting in paying dues of the Exchange..
31. The Undersigned shall forthwith notify IEX in writing as and when any notice is received by the Undersigned in connection with any institution of insolvency proceedings against the Undersigned and that the Undersigned shall also inform IEX in writing before the Undersigned initiates any insolvency proceedings to be declared to be insolvent The Undersigned further shall forthwith inform IEX in writing on the onset of any circumstance which is likely to or may render the Undersigned to be declared to be insolvent(s) or which is likely to or may render the Undersigned liable to be subject to insolvency proceedings.
32. The fees, security deposits, other monies and any additional deposits paid, whether in the form of cash, bank guarantee, securities or otherwise, with IEX, by the Undersigned from time to time, shall be subject to a first and paramount lien for any sum due to IEX and all other claims against the Undersigned for due fulfillment of engagements, obligations and liabilities of the Undersigned arising out of or incidental to any dealings made subject to the Rules, Bye-Laws, and Business Rules of IEX. IEX shall be entitled to adjust or appropriate such fees, deposits and other monies for such dues and claims, to the exclusion of other claims against the Undersigned, without any reference to the Undersigned.
33. Without prejudice to the rights, remedies whether legal or otherwise available to IEX upon the Undersigned's non-compliance with this Undertaking, the Undersigned shall indemnify and keep indemnified IEX against any loss, injury or damage suffered by IEX whether legal or otherwise arising due to its non-compliance with the provisions of this Undertaking.
34. This Undertaking shall be binding upon the heirs, legal representatives, successors and assigns of the Undersigned in the same manner as the Undersigned.
35. The Undersigned further agrees that IEX reserves the right to terminate the membership of the applicant, at its absolute discretion and at any time, for any reason whatsoever and without communicating those reasons to the Undersigned.

Signature (1).....
Rubber Stamp

Signature (2).....
Rubber Stamp

Notary (Stamp & Seal)

Notary (Stamp & Seal)

Indian Energy Exchange Ltd.

36. The Undersigned shall forthwith notify, in writing, IEX of any change in its constitution or articles of association or Management
37. The Undersigned does hereby confirm that the information provided in the application form of the Undersigned for the Member of IEX is true and correct to the best of the knowledge and belief of the Undersigned and that this Undertaking will be binding on the successors, heirs, legal representatives and permitted assigns of the Undersigned.

Signed and delivered by the hereunder named Member.

Name of the Member.....

Signature (1).....
Name of the Authorised Signatory
Rubber Stamp

Signature (2).....
Name of the Authorised Signatory
Rubber Stamp

Witnesses

Name: **Signature:**

Address:
.....
.....

Name: **Signature:**

Address:
.....
.....

The common seal of _____

_____ has been hereunto affixed pursuant to a resolution passed at a meeting of the Board of Directors of the Company or Partners of the Firm, as the case may be, held on _____ day of _____ 20____ in the presence of * _____

COMMON SEAL:

Signature (1).....

Signature (2).....

Rubber Stamp:

Rubber Stamp:

Common seal:

* As required by the Articles of Association of the Company

Notary (Stamp&Seal)

Member - Client Agreement (Between a Trader Member and the Client)

This agreement is made at New Delhi on this day of.....20.....

By and Between

....., a company/ firm/ individual or any other body duly formed and registered under the Relevant Act, hereinafter called MEMBER, having its registered office at,

And

....., a company / firm / individual or any other body duly formed and registered under the Relevant Act, hereinafter called CLIENT, having its registered office address at

WHEREAS the MEMBER is registered with the INDIAN ENERGY EXCHANGE LIMITED (hereinafter called IEX) as Trader Member,

AND WHEREAS the CLIENT being desirous of executing contracts transacted on the platform of the IEX as defined in the Rules, Bye – laws and Business Rules of the IEX through the MEMBER has accordingly made an application with the MEMBER for registration,

AND WHEREAS the MEMBER has satisfied and shall continue to satisfy itself about the genuineness and financial soundness of the CLIENT for transacting contracts and achieving objectives relevant to the services to be provided.

AND WHEREAS the CLIENT has satisfied and shall continue to satisfy itself of the capability of the MEMBER to deal in the contracts transacted on the platform of the IEX before transacting any contracts through the MEMBER.

AND WHEREAS the MEMBER has taken steps and shall continue to take steps to make the CLIENT aware of the precise nature of the liability of the IEX and the MEMBER for the contracts to be transacted, including the limitations on that liability and the capacity in which the MEMBER acts and the MEMBER has accordingly brought the contents of the Risk Disclosure Document to the notice of the CLIENT and has explained to the CLIENT the significance of the said document.

NOW THEREFORE, in consideration of the mutual understanding arrived at, the parties thereto have agreed to the terms and conditions, as follows:

Obligations of MEMBER

1. The MEMBER shall keep money deposited by the CLIENT in a separate account, distinct from its own account or account of any other person and shall not use such money for any purpose other than the purpose of settlement of the contracts transacted by the CLIENT.

2. The MEMBER shall not charge brokerage exceeding the brokerage, if any, fixed under the Rules, Bye –laws, Business Rules or Circulars of the IEX.
3. The MEMBER shall not, without the concurrence of the CLIENT, disclose to any person or authority, except as specifically required under any law for the time being in force or to meet any regulatory requirement, any information pertaining to the CLIENT contained in the client registration form or any other information furnished by the CLIENT to the MEMBER in confidence from time to time.

Obligations of CLIENT

4. The CLIENT shall abide by the provisions of the Electricity Act, 2003, Grid Code, Rules and Regulations made thereunder or any other applicable Act or Rules or Regulations made under such Act.
5. The CLIENT shall be bound by the Rules, Bye-Laws, Business Rules, and Circulars of the IEX .
6. The failure, if any, of the CLIENT to understand the risks involved in the contracts transacted on the platform of the IEX as contained in the Risk Disclosure Document or otherwise, shall not render a contract transacted as void or voidable at the option of the CLIENT and the CLIENT is and shall continue to be responsible for all the risks and consequences for transacting such contracts, whether transacted by it or its duly authorised representative.
7. The CLIENT shall pay to the MEMBER brokerage and statutory levies as applicable from time to time for the contracts transacted through the MEMBER and for the services rendered by the MEMBER to the CLIENT.
8. The CLIENT shall deposit with the MEMBER such money as may be required to open and/or maintain account or maintain any position.
9. The CLIENT shall notify to the MEMBER in writing any change in the information disclosed in the 'client registration form' submitted at the time of opening of the account or any time thereafter.

General

10. This agreement may be terminated at any time by mutual consent of the parties or by giving notice of at least one month by one party to the other party of its intention to terminate this agreement:

Provided that termination shall not have any effect on the contracts transacted before the date of termination and the parties shall be subject to same rights and obligations in respect of such contracts as in force on the date of their transaction.

11. In the event of the death or insolvency of the CLIENT or its otherwise becoming incapable of receiving and paying for the contracts which the CLIENT has transacted or delivering or transferring the contracts transacted, the MEMBER may, with the prior approval of the IEX, close out the transactions of the CLIENT and the CLIENT or its legal representative shall be liable for any losses, costs and be entitled to any surplus resulting from such closing out.

Indian Energy Exchange Ltd.

12. All contracts, transacted shall be subject to the Rules, Bye-laws, Business Rules and Circulars of the IEX and shall be deemed to have taken effect as wholly made, entered into and to be performed in the city of New Delhi.

13. Unless otherwise agreed to by the parties, the courts at New Delhi shall have the jurisdiction over all matters arising under this agreement.

Provided that where the Exchange is party to any proceeding, the courts at New Delhi shall have the exclusive jurisdiction.

14. All claims, differences and disputes arising between the parties to this agreement arising out of or under this agreement shall be settled through arbitration conducted under the Rules, Bye-laws, Business Rules and Circulars of the IEX.

In WITNESS THEREOF, the parties to agreement have caused these presents to be executed as of the day and year first above written.

SIGNED for and on behalf of

THE Member

By

Signature

Title

Witness

.....
.....

THE Client

By

Signature

Title

Witness

Member - Client Agreement (Between a Professional Member and the Client)

This agreement is made at New Delhi on this day of.....20.....

By and Between

....., a company/ firm/ individual or any other body duly formed and registered under the Relevant Act, hereinafter called MEMBER, having its registered office at,

And

....., a company / firm / individual or any other body duly formed and registered under the Relevant Act, hereinafter called CLIENT, having its registered office address at

WHEREAS the MEMBER is registered with the INDIAN ENERGY EXCHANGE LIMITED (hereinafter called IEX) as Professional Member,

AND WHEREAS the CLIENT being desirous of executing contracts transacted on the platform of the IEX as defined in the Rules, Bye-laws and Business Rules of the IEX through the MEMBER has accordingly made an application with the MEMBER for registration,

AND WHEREAS the MEMBER has satisfied and shall continue to satisfy himself about the genuineness and financial soundness of the CLIENT for transacting the Contracts and achieving objectives relevant to the services to be provided.

AND WHEREAS the CLIENT has satisfied and shall continue to satisfy himself of the capability of the MEMBER to deal in the Contracts transacted on the IEX through the MEMBER.

AND WHEREAS the MEMBER has taken steps and shall continue to take steps to make the CLIENT aware of the precise nature of the liability of the IEX and the MEMBER for the Contracts to be transacted, including the limitations on that liability and the capacity in which the MEMBER acts and the MEMBER has accordingly brought the contents of the Risk Disclosure Document to the notice of the CLIENT and has explained to the CLIENT the significance of the said document.

NOW THEREFORE, in consideration of the mutual understanding arrived at, the parties thereto have agreed to the terms and conditions, as follows:

Obligations of MEMBER

1. The MEMBER shall not collect any money deposited from the CLIENT in respect of the Contracts transacted on the Exchange:

Provided that wherever the MEMBER collects any money from the CLIENT, the MEMBER shall keep the money collected from the CLIENT in a separate account, distinct from his own account or account of any other person and shall not use such money for any purpose other than the purpose of settlement of the Contracts transacted by the CLIENT.

2. The MEMBER shall not charge brokerage exceeding the brokerage, if any, fixed under the Rules, Bye-laws, Business Rules or Circulars of the IEX.
3. The MEMBER shall not, without the concurrence of the CLIENT, disclose to any person or authority, except as specifically required under any law for the time being in force or to meet any regulatory requirement, any information pertaining to the CLIENT contained in the client registration form or any other information furnished by the CLIENT to the MEMBER in confidence from time to time.

Obligations of CLIENT

4. The CLIENT shall abide by the provisions of the Electricity Act, 2003, Grid Code, Rules and Regulations made thereunder or any other applicable Act or Rules or Regulations made under such Act.
 - a. The CLIENT shall be bound by the Rules, Bye-laws, Business Rules, and Circulars of the IEX.
 - b. The failure, if any, of the CLIENT to understand the risks involved in the Contracts transacted on the IEX as contained in the Risk Disclosure Document or otherwise, shall not render any Contract transacted as void or voidable at the option of the CLIENT and the CLIENT is and shall continue to be responsible for all the risks and consequences for transacting such Contracts, whether transacted by him or his duly authorised representative.
 - c. The CLIENT shall pay to the MEMBER brokerage and statutory levies as applicable from time to time for the Contracts transacted through the MEMBER and for the services rendered by the MEMBER to the CLIENT.
 - d. The CLIENT shall deposit with the MEMBER such money as may be required to open and/or maintain account or maintain any position in accordance with the Power Market Regulations.
 - e. The CLIENT shall notify to the MEMBER in writing any change in the information disclosed in the 'client registration form' submitted at the time of opening of the account or any time thereafter.

General

- f. This agreement may be terminated at any time by mutual consent of the parties or by giving notice of at least one month by one party to the other party of its intention to terminate this agreement:

Provided that termination shall not have any effect on the Contracts transacted before the date of termination and the parties shall be subject to same rights and obligations in respect of such Contracts as in force on the date of their transaction.

- g. In the event of the death or insolvency of the CLIENT or its otherwise becoming incapable of receiving and paying for the Contracts which the CLIENT has transacted or delivering or transferring the Contracts transacted, the MEMBER may, with the prior approval of the IEX, close out the transactions of the CLIENT and the CLIENT or its legal

Indian Energy Exchange Ltd.

representative shall be liable for any losses, costs and be entitled to any surplus resulting from such closing out.

- h. All Contracts transacted on the Exchange shall be subject to the Rules, Bye-laws, Business Rules and Circulars of the IEX and shall be deemed to have taken effect as wholly made, entered into and to be performed in the city of New Delhi.
- i. Unless otherwise agreed to by the parties, the courts at Delhi/New Delhi shall have the jurisdiction over all matters arising under this agreement:

Provided that where the Exchange is party to any proceeding, the courts at Delhi/New Delhi shall have the exclusive jurisdiction.

- j. All claims, differences and disputes arising between the parties to this agreement arising out of or under this agreement shall be settled through arbitration conducted under the Rules, Bye-laws, Business Rules and Circulars of the IEX.

In WITNESS THEREOF, the parties to agreement have caused these presents to be executed as of the day and year first above written.

SIGNED for and on behalf of

THE Member

By

Signature

Title

Witness

¹
.....
.....

THE Client

By

Signature

Title

Witness

¹ Details to be given include Name of Member, Membership Registration No and Address

Undertaking by and on behalf of the Client of a Professional Member

This undertaking is given at New Delhi on this day of.....20.....

By

....., a company / firm / individual or any other body duly formed and registered under the Relevant Act, hereinafter called CLIENT, having its registered office address at

WHEREAS the CLIENT being desirous of transacting the Contracts on the platform of the Indian Energy Exchange Ltd, hereinafter called the EXCHANGE as defined in the Rules, Bye-laws and Business Rules of the EXCHANGE through, admitted as the Professional Member of the EXCHANGE, hereinafter called PROFESSIONAL MEMBER and made an application with the PROFESSIONAL MEMBER for registration as the CLIENT.

AND WHEREAS the CLIENT based on the application made by him has been registered with the PROFESSIONAL MEMBER.

AND WHEREAS the CLIENT is aware that the Central Electricity Commission has decided that the Professional Members shall not provide any credit or financing or working capital facility to their Clients.

AND WHEREAS In view of the above decision of the Central Electricity Regulatory Commission, the CLIENT has approached the EXCHANGE to permit it to transact the Contracts admitted on the EXCHANGE in compliance with the decision..

AND WHEREAS the PROFESSIONAL MEMBER has taken steps to make the CLIENT aware of the precise nature of the liability of the EXCHANGE for the Contracts to be transacted, and the MEMBER has accordingly brought the contents of the Risk Disclosure Document to the notice of the CLIENT and has explained to the CLIENT the significance of the said document.

AND WHEREAS the EXCHANGE has permitted the CLIENT to transact the Contracts admitted on the EXCHANGE on the condition that the CLIENT opens the Settlement Account and other accounts as required under the Bye-laws, Rules and Business Rules of the EXCHANGE individually in its own name and make all payments directly to the EXCHANGE.

NOW THEREFORE, the CLIENT undertakes and agrees to abide the following terms and conditions, namely:

1. The CLIENT shall transact the Contracts admitted on the EXCHANGE on opening the Settlement Account and other accounts as required under the Bye-laws, Rules and Business Rules of the EXCHANGE individually in its own name and make all pay directly to the EXCHANGE.

Indian Energy Exchange Ltd.

2. The CLIENT shall open and/or maintain Settlement Account and any other account as may be required under the Bye-laws, Rules and Business Rules of the EXCHANGE and deposit such margin or money as may be required to maintain any position to be able to transact the Contracts admitted on the Exchange.
3. The CLIENT shall indemnify the Exchange and keep the Exchange indemnified against loss caused to the Exchange on account of default of the CLIENT under the Bye-laws, Rules, Business Rules, clarification, directive, circular or notice of the Exchange.
4. The CLIENT shall pay all costs and expenses including taxes, levies, fees prescribed by the EXCHANGE from time to time, within due date as indicated by the EXCHANGE and in case of non-payment by due date the EXCHANGE shall be at liberty to recover the dues in any manner as it considers appropriate and without demur or objection from the CLIENT. The CLIENT undertakes to indemnify the EXCHANGE against any loss arising in account of non-payment or delay in payment of the dues of the EXCHANGE by the CLIENT.
5. The failure, if any, of the CLIENT to understand the risks involved in the Contracts transacted on the EXCHANGE as contained in the Risk Disclosure Document explained to him by the PROFESSIONAL MEMBER or otherwise, shall not render any Contract transacted by him as void or voidable at the option of the CLIENT and the CLIENT is and shall continue to be responsible for all the risks and consequences for transacting such Contracts.
6. The CLIENT shall notify to the EXCHANGE and the PROFESSIONAL MEMBER in writing any change in the information submitted at the time of opening of the account or any time thereafter.
7. This agreement shall stand terminated on the CLIENT ceasing to be the Client of the PROFESSIONAL MEMBER
8. In the event of the death or insolvency of the CLIENT or its otherwise becoming incapable of receiving and paying for the Contracts which the CLIENT has transacted or delivering or transferring the Contracts transacted, the EXCHANGE may close out the transactions of the CLIENT and the CLIENT or its legal representative shall be liable for any losses, costs and be entitled to any surplus resulting from such closing out.
9. All Contracts transacted on the Exchange shall be subject to the Rules, Bye-laws, Business Rules and Circulars of the IEX and shall be deemed to have taken effect as wholly made, entered into and to be performed in the city of New Delhi.

SIGNED for and on behalf of

The Client

By

Signature

Designation/Title

Witness

Witness

Client – Registration Form (Client to Member)

2

.....

.....

.....

Dear Sir,

We request you to register us as your client. The details of Registration are as under:

Client Category: **A:** **Grid Connected Client** **B:** **Trader Client**

1	Name of the Applicant (Full)	
2	Registered Office Address City: State: Pin code: Telephone No.: Fax No: (with STD Code): Email: Name of the contact person(s): Mobile No.:	
3	Address for Correspondence City: State: Pin code: Telephone No.: Fax No: (with STD Code): Email: Name of the contact person(s): Mobile No.:	
4	(A) Grid Connected Client Details I. Grid Connection details : a) Maximum Capacity to Inject b) Maximum Capacity of Drawl	

² Details to be given include Name of Member, Membership Registration No and Address

	Account is Operational since:	
10	Present Business/Occupation	
11	Present Net worth	Rslakh as on
12	Name of your Authorized Person(s), who shall be responsible to the Exchange ensure compliance of different provisions of the law and procedures	

The information furnished above is true to the best of my knowledge and belief.

I undertake to inform changes in any of the above details in writing immediately to the member and to the Exchange.

I enter into agreement to abide by all the terms and conditions of the Exchange and further undertake that to and for the benefit of the Exchange, I shall be bound by the Bye-Laws, Rules and Business Rules of the Exchange, as amended from time to time, and further understand and agree that my registration with the Exchange shall be terminated if I fail to comply with any of these Bye-Laws, Rules and Business Rules, as amended or my Member's membership is cancelled or terminated for any reason.

Date:

Place:

Authorized Signatories:

Signature(s):

--	--

(Names of the signatories)

.....

(Designation of the signatories)

.....

Affix photograph and sign across the photograph

Affix photograph and sign across the photograph

For Office Purpose (To be completed, signed and authorized by the member)

Client Code:

Verified by: Authorized by:
(Name) (Name)

Documents to be submitted along with Client Registration Form

- a. Certified true copy of the Latest Annual Report/Auditors Report.
- b. Certified true Copy of PAN card of the applicant
- c. In case of Corporates:-
 - Board Resolution seeking membership of the Exchange and for appointment of authorized signatories and authorized persons,
 - Certified copy of Memorandum and Articles of Association (**The company should include the business of Buying/Selling or Trading of Electricity**)
- d. In case of a Partnership firm:-
 - Certified true copy of Firm Registration Certificate
 - Certified true copy of Registered Partnership Agreement, undertaking from all partners authorizing the Managing Partner
- e. Proof of Address
- f. Certified true copy of Trading License (applicable for Trade Client)
- g. Certified true copy of Standing Clearance from respective SLDC/RLDC in the prescribed format

Client – Registration Form (Member to Exchange)
To

Indian Energy Exchange Limited,
 100A/1, Ground Floor, Capital Court,
 Olof Palme Marg, Munirka, New Delhi. 110067
 Dear Sir,

We request you to register the following entity as our client. The details of Registration are as under:

Client Category: **A:** **Grid Connected Client** **B:** **Trader Client**

1	Name of the Client (Full)	
2	Office Address City: State: Pin code: Telephone No.: Fax No: (with STD Code): Email: Name of the contact person(s): Mobile No.:	
3	(A) Grid Connected Client Details I. Grid Connection details : a) Maximum Capacity to Inject b) Maximum Capacity of Drawl c) Voltage Level d) Point of Connection (Name of EHV station of ISTS/InSTS) e) Single Line Diagram of Point of Connection (enclosed) f) If applicant is embedded in DISCOM <ul style="list-style-type: none"> • Name of DISCOM • State g) In case of Standing Clearance <ul style="list-style-type: none"> • Standing Clearance valid upto (Copy Enclosed) 	<input type="checkbox"/> Yes <input type="checkbox"/> No
	(C) Trader Client Details III. Entity on whose behalf power is being purchased/sold IV. Grid Connection details :	

Indian Energy Exchange Ltd.

	a) Maximum Capacity to Inject b) Maximum Capacity of Drawl c) Voltage Level d) Point of Connection (Name of EHV station of ISTS/InSTS) e) Single Line Diagram of Point of Connection (enclosed) f) If applicant is embedded in DISCOM <ul style="list-style-type: none"> • Name of DISCOM • State g) In case of Open Access Standing Clearance <ul style="list-style-type: none"> • Open Access Permission Valid upto (Copy Enclosed) IV. Copy of Power Purchase/Sale Agreement	<input type="checkbox"/> Yes <input type="checkbox"/> No
4	Nationality	
5	Constitution	Individual/Registered Partnership Firm/ Private Ltd Co./ HUF/ Public Ltd Co/ Institution/PSU/Others
6	Date of Incorporation/Registration	
7	Income Tax Permanent Account No.	

The information furnished above is true to the best of my knowledge and belief.

I undertake to inform changes in any of the above in writing immediately to the exchange and further undertake that to and for the benefit of the Exchange, I shall be bound by the Bye-Laws, Rules and Business Rules of the Exchange, as amended from time to time, and shall maintain with the Exchange details of an individual whom the Exchange may contact in connection with any matter whatsoever relating to my activities, and further understand and agree that my registration with the Exchange shall be terminated if I fail to comply with any of these Bye-Laws, Rules and Business Rules, as amended or the membership is cancelled or terminated for any reason.

Date:

Place:

Signature:

(Name of the Authorised signatory)

(Designation of the Authorised signatory)

Enclosure:

1. Copy of Standing Clearance from SLDC/RLDC
2. Copy of Power Purchase/Sale Agreement (For Trader Client Only)
3. Single Line Diagram of Point of Connection

Risk Disclosure Document

[THIS DOCUMENT SHOULD BE READ BY EACH AND EVERY PROSPECTIVE CLIENT BEFORE ENTERING INTO MEMBER-CLIENT AGREEMENT AND SHOULD BE READ IN CONJUNCTION WITH THE RULES, BYE_LAWS AND BUSINESS RULES OF INDIAN ENERGY EXCHANGE LIMITED (IEX)]

IEX has not passed the merits of participating on the Exchange but has passed the adequacy or accuracy of this disclosure document. This brief statement does not disclose all of the risks and other significant aspects of trading. In light of the risks, the CLIENT should undertake such transactions only if it understands the nature of the contracts (and contractual relationships) into which the CLIENT is entering and the extent of the CLIENT's exposure to risk. The CLIENT should carefully consider whether trading is appropriate for it in light of his experience, objectives, financial resources and other relevant circumstances. Trading requires not only the necessary financial resources but also adequate knowledge of Electricity Act 2003, Rules and Regulations including but not limited to OA Regulations, Grid Code, Power Market Regulation and REC Regulation. In case of any adverse consequences or loss resulting from execution of contracts, the IEX or any regulatory authority shall not be responsible and it will not be open for any CLIENT to take the plea that no adequate disclosure was made or it was not explained the full risk involved by the MEMBER. The CLIENT will be solely responsible for the consequences and no contract can be rescinded on that account. The CLIENT must ask the MEMBER of the IEX to provide full details of the contract i.e., the contract specifications and the associated obligations.

Deposited cash and property

The CLIENT should familiarize itself with the protections accorded to the money or other property it deposits particularly in the event of a firm insolvency or bankruptcy. The extent to which the CLIENT may recover its money or property may be governed by specific legislation or local rules. In some jurisdictions, property, which has been specifically identifiable as the CLIENT's own, will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall. In case of any dispute with the MEMBER, the same shall be subject to arbitration as per the Rules, Bye-Laws and Business Rules and Circulars of the IEX.

Commission and other charges

Before the CLIENT begins to trade, it should obtain a clear explanation of all commission, fees and other charges for which it will be liable. These charges will affect the CLIENT's net profit (if any) or will increase its loss.

Trading facilities

The IEX offers electronic trading facilities, which are computer-based systems for order-routing, execution, matching, registration or clearing of contracts. As with all facilities and systems, they are vulnerable to temporary disruption or failure. The CLIENT's ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, and/or the MEMBER of the IEX. Such limits may vary; the CLIENT should ask the MEMBER with which it deals for details in this respect.

This document does not disclose all of the risks and other significant aspects involved in participation on an electricity/REC market at the platform of IEX. The CLIENT should therefore study all aspects of participation in electricity/REC contracts carefully before becoming involved in it. The CLIENT hereby acknowledges that he has received and understood this risk disclosure statement.

Client's Signature (If Partner, Corporate, or other Signatory, then attest with company seal.)

Date :.....(DD-MM-YYYY)

Contract Note

Tel. no..... Fax no.

(Subject to exclusive jurisdiction of the courts in New Delhi only)

Name of the
Member.....

Authorized Signatory

Dealing Office address/ Tel no. / Fax no.

Name of the Member

Address of the Member

To, Client Name/ Code No./ Order Ref. No. Sir/
Madam, I/ We have this day done by order and on
your account the following transactions:

Contract No:.....

To be stamped as per the provisions applicable under the relevant Stamp Act

Date:

Order No.	Trade No.	Trade Time	Contract	Bought for you				Sold for you						
				Quantity	Price	Value (Rs.)	Brokerage (Total)	Amount (Rs.)	Contract	Quantity	Price (Rs.)	Value	Brokerage (Total)	Amount (Rs.)

OTHER LEVIES, IF ANY:

Brokerage has been charged as stated and has been at rates not exceeding the official scale of brokerage and indicated separately.

This contract is subject to the Rules, Bye- Laws and Regulations and usages of Indian Energy Exchange Limited, New Delhi.

Yours faithfully

Date: For.....

Authorized Signatory

EXTRACTS FROM THE BYE-LAWS & BUSINESS RULES TO ARBITRATION

All claims, differences or disputes between the TCMs inter se and between TCMs and Clients arising out of or in relation to dealings, contracts and transactions made subject to the Bye-Laws, Rules and Business Rules of the Exchange or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation, fulfillment or the rights, obligations and liabilities of the parties thereto and including any question of whether such dealings, transactions and contracts have been entered into or not shall be submitted to arbitration in accordance with the provisions of these Bye-Laws.

In all dealings, contracts and transactions, which are made or deemed to be made subject to the Bye-Laws, Rules and Business Rules of the Exchange, the provisions relating to arbitration as provided in these Bye-Laws and Business Rules shall form and shall be deemed to form part of the dealings, contracts and transactions and the parties shall be deemed to have entered into an arbitration agreement in writing by which all claims, differences or disputes of the nature referred to in clause (1) above shall be submitted to arbitration as per the provisions of these Bye-Laws and Business Rules.

All claims, differences or disputes referred to in clause (1) above shall be submitted to arbitration within six months from the date on which the claim, difference or dispute arose or shall be deemed to have arisen. The time taken in conciliation proceedings, if any, initiated and conducted as per the provisions of the Act and the time taken by the Relevant Authority to administratively resolve the claims, differences or disputes shall be excluded for the purpose of determining the period of six months.

Save as otherwise specified by the Exchange, the seat of ARBITRATION shall be at New Delhi.

(For more details please refer the Bye-Laws of INDIAN ENERGY EXCHANGE LIMITED.)

Letter from Member authorizing IEX for making transactions on his behalf

(To be submitted on Member's letter head)

Date:

To,

The Clearing and Settlement Department
Indian Energy Exchange Ltd.
100A/1, Ground Floor, Capital Court,
Olof Palme Marg, Munirka, New Delhi. 110067
Fax no.: 011 – 43004015

Dear Sir,

Sub.: Order execution

We are not able to place any order in the Trader Workstation due to the following reason:

- a. Connectivity failure
- b. Power failure
- c. Deactivation / Suspension.
- d. Any Other

It is, therefore, requested that you may please do the order entry in the system on our behalf, as detailed below, for which we will be responsible for clearing and settlement.

Thanking you.

Yours faithfully
For

Authorized Signatory

Multi Protocol Label Switching (MPLS) Undertaking

On Company's letterhead

Undertaking

I/we _____ do hereby undertake the following:

1. I/We agree that the circuit will be used purely for IEX trading purpose only.
2. I/We agree that this circuit will not be interconnected to any of the Leased Line/ Data Circuit/ Network/ PSTN/EPABX etc of BSNL or any other service providers which is not permitted by the rules of Telegraph Authority/BSNL. I/We further agree to extend facility to the Telegraph authority/BSNL in order to enable monitoring of the purpose, performance and operation of the circuit, as and when required.
3. I/we hereby agree to abide by the provisions of Indian Telegraph Rules in force and as modified from time to time and such other terms and conditions prescribed by the telegraph Authority/BSNL.
4. I/We agree that necessary charges for registration/ installation/ Advance annual rental/ Arrears, if any will be paid to the controlling/ billing authority of BSNL & IEX, as and when we receive demand note/advice from BSNL / IEX and when such charges become due.
5. I/We agree that I/We shall pay the cancellation charges and other expenses incurred to establish the circuit as requested by me/us that may become payable, in the event of cancellation of the application/closure of the circuit at a later date.
6. I/We do hereby agree to indemnify the Govt. of India/ DoT/ BSNL and keep them indemnified against any loss damage claim, cost, charges, expenditure incurred by or made against them in respect of loss of rent/ call charges, violation of C.U.G. norms due to misuse of the circuit or otherwise whatsoever in the matter.
7. In case BSNL provides us MLLN modems, it will be our responsibility to maintain the same safely. In case of any physical damage or theft we will bear the charges specified by BSNL.

Stamp & Signature of the Authorized Signatory

Date:

Place:

SCHEDULES

SCHEDULE A - DAY-AHEAD MARKET (DAM) SEGMENT

This market segment will cover Contracts for one-day delivery period on day-ahead basis which will be matched through closed double-sided auction. Congestion on transmission network will be managed through implicit auction or market splitting. The contracts concluded in this segment are scheduled in accordance with the procedures issued by CTU for 'Scheduling of Collective Transactions'. All terms and conditions of the contracts including trading sessions, matching rules, margin requirement and delivery procedure etc, will be as per specific rules mentioned herein.

1. Trading Days

The Exchange shall operate Day-Ahead Market segment on all days except Exchange specified holidays.

2. Trading hours

The Exchange will have trading sessions for all trading days as under:

Session	Market Type	Monday to Sunday
I	Day ahead Contracts	10.00 am to 12.00 noon

The Exchange may extend, advance or reduce trading hours by notifying the Members as and when it deems fit and necessary.

3. Contract specifications: The contract specification shall be as per **Annexure A1** to this Schedule.

4. Delivery Point: Delivery point shall be the seam of the respective grid connected entity. However, for the purpose of the contract, the trade schedule shall be reckoned at the periphery of the regional transmission system in which the grid connected entity is located. The actual schedule at various seams including that of grid connected entities shall be worked out after incorporation of transmission losses in kind. The trade schedules shall be used for the purpose of payment of transmission charges. For example delivery point of a state embedded entity in Maharashtra will be at the seam of the intra state entity. For a trade schedule of 100 MW purchase by this entity, the schedule for this transaction at WRTS periphery would be 100 MW, at Maharashtra periphery would be 96 MW.(assuming 4% regional loss) and at the intra state entity periphery would be 91.20 MW (assuming 5% Maharashtra state loss). The transmission charges payable will be for 100 MW. Additional losses in the above example have been assumed to be nil and the same if any would be applied as per procedure for scheduling of collective transactions, issued by CTU.

Similarly, in the above example, if the State embedded entity in Maharashtra has a trade schedule of 100MW sell, then the schedule at the WRTS periphery and State periphery will be 104.17 MW and 109.65 MW respectively.

5. Order management

5.1 Order types

The Exchange Members will be able to submit the following types of orders:

- a. **Single bid:** Single bid will specify multiple sequences of price and quantity pairs in a portfolio manner. The quantity shall be assumed to vary linearly between two price pairs.

- b. **Block bid:** Block bid will specify one price and one quantity for a combination of continuous 15 minute ³time blocks. Selection criterion shall be average of Area Clearing Price (ACP) for the quoted 15 minute time blocks, of the respective Client's bid area. It will be an 'All or None' type of order.
- c. **Other bids:** The Exchange shall introduce other types of bids viz. flexi bid as per the requirement of the market. Details of such other possible bids shall be notified by the Exchange from time to time.

6. Treatment of Transmission Charges and Losses The bids and offers submitted will be for delivery at the specified delivery point. Transmission charges and losses will be dealt as under:

- a. **Transmission charges:** Buyers and Sellers shall be required to pay in cash for the transmission charges for their respective Regional and State transmission systems. These charges shall be payable as stipulated by the appropriate commission. These charges shall be recovered by the Exchange and paid as per CERC (Open Access in inter State Transmission) Regulation 2008, as amended from time to time.
- b. **Transmission losses:** Buyers and Sellers shall be required to pay in kind for the transmission losses for their respective Regional and State transmission systems. These losses shall be as declared by the RLDCs / SLDCs and additional losses if any as declared by NLDC. The requisition submitted by the Exchange would be based on the trade schedule and would not reflect losses. The schedules issued by NLDC/RLDCs/SLDCs shall reflect the losses.
- c. **Scheduling and System Operation Charges:** Scheduling and System operational charges for respective LDCs shall be payable by the Exchange in accordance with the Procedures issued by CTU for 'Scheduling of Collective Transactions'. Such charges shall be recovered by the Exchange and socialized amongst all Buyers and Sellers.

7. Modification and cancellation of orders

A Member shall be permitted to modify or cancel his orders, during the trading hours.

7.1 Order validation

Orders and bids entered into the Trading System shall be subject to various validation requirements as prescribed by the Exchange including price and quantity restrictions as decided by the Exchange. Orders that do not meet the validation checks will not be accepted by the Exchange. The Exchange shall specify from time to time price steps (tick size) in which orders shall be entered on the trading system of the Exchange.

8. Matching rules

- 8.1 All Clients shall be assigned unique client ID / Portfolio ID as per Rules.

³ Time block for bidding in DAM Market segment has been modified from one hour to fifteen minutes with effect from 01st April, 2012

Indian Energy Exchange Ltd.

- 8.2 The Exchange may launch more than one order book running either parallel or at different time spans. Subject to the approval of the CERC, the Exchange is also entitled to modify or change the matching rules relevant to any market or order books any time where it is necessary to do so. The Exchange however will not run any Day-Ahead Auction for delivery on same day.
- 8.3 Without prejudice to the generality of the above, the order matching rules will have the following features. All purchase and sale bids shall be aggregated for tracing a demand supply curve. The bid and offer portfolio shall be assumed to be a sloping curve. The final traded quantity can be less than 10 MW also. Following rules shall be followed while aggregating the demand supply bids:
- All purchase bids can have only non-increasing quantity for every increase in the bid price, and every sale bid will have only non-decreasing quantity for every increase in the bid price.
 - Bid and offer quantity shall be assumed to vary linearly between consecutive prices.

The meaning of phrase “Bid and offer quantity shall be assumed to vary linearly between consecutive prices” is as under:

“While submitting Single bids (purchase or sell), a Participant specifies various price quantity pairs. These pairs can be represented as points on a graph with Quantity and Price as its two axes. Points representing two consecutive prices are joined by straight line. It is presumed that all points in this line segment are individually representing various price quantity pairs.”

For working out solution, all purchase bids and all sell bids are aggregated to give a demand curve and a supply curve. The point at which these curves intersect gives the Market Clearing Price. Volume quoted by individual participants corresponding to this Market Clearing Price is allocated to them. The process is explained as under:
Consider the following bids:

- **Buy Bids**
- (1)

Price(Rs/MWh)	0	4000	8000	20000
Quantity(MWh)	2000	2000	1000	500

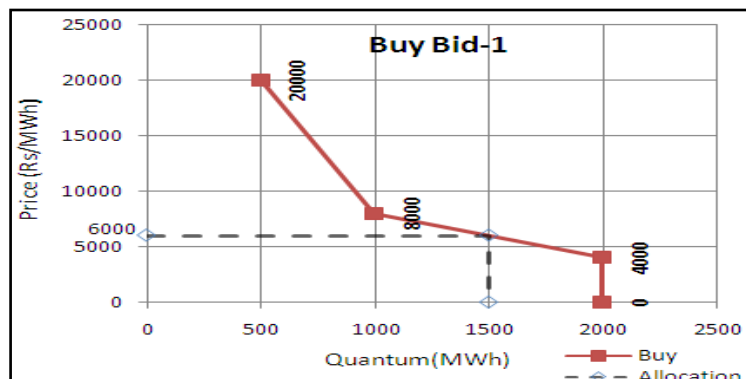


Figure 1: Buy Bid-1

(2)

Price(Rs/MWh)	0	2000	6000	20000
Quantity(MWh)	1000	500	300	300

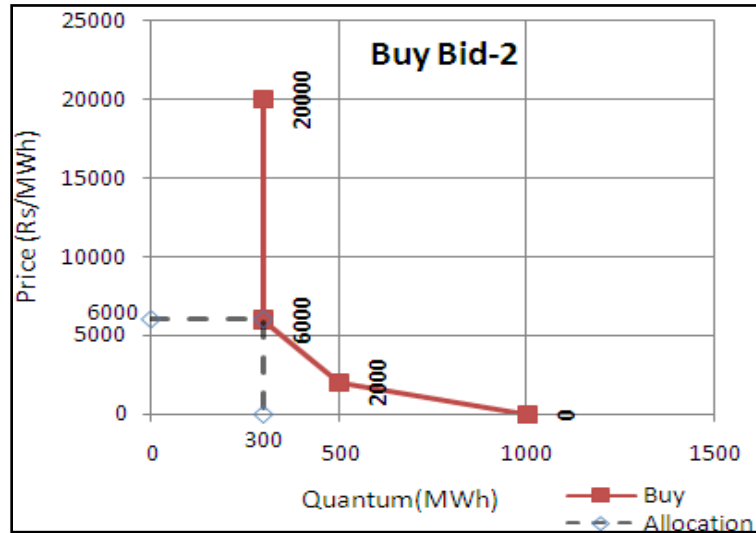


Figure 2: Buy Bid-2

- **Sell Bids**

(1)

Price(Rs/MWh)	0	4000	6000	9000	20000
Quantity(MWh)	-0	-500	-1000	-1300	-1300

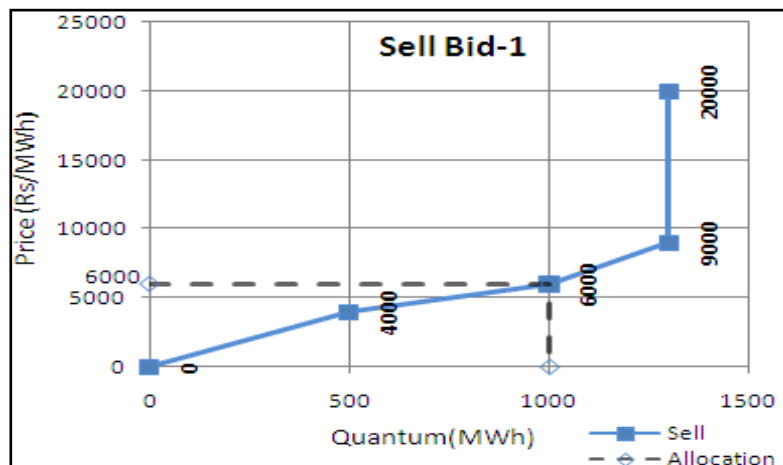


Figure 3: Sell Bid-1

Price(Rs/MWh)	0	3000	7000	20000
Quantity(MWh)	-0	-500	-900	-900

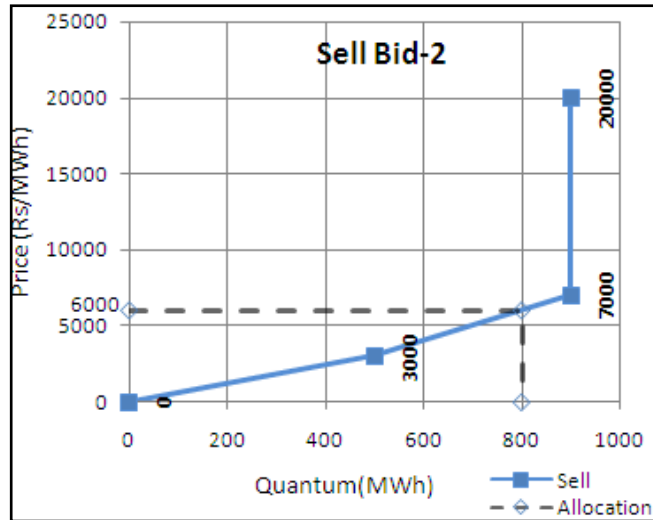


Figure 4: Sell Bid-2

The aggregate curve of the above purchase and sell bids will then be:

(3) **Aggregate Buy Bid:**

Price(Rs/MWh)	0	2000	4000	6000	8000	20000
Quantity(MWh)	3000	2500	2400	1800	1300	800

(4) **Aggregate Sell Bid:**

Price(Rs/MWh)	0	3000	4000	6000	7000	9000	20000
Quantity(MWh)	0	975	1100	1800	2000	2200	2200

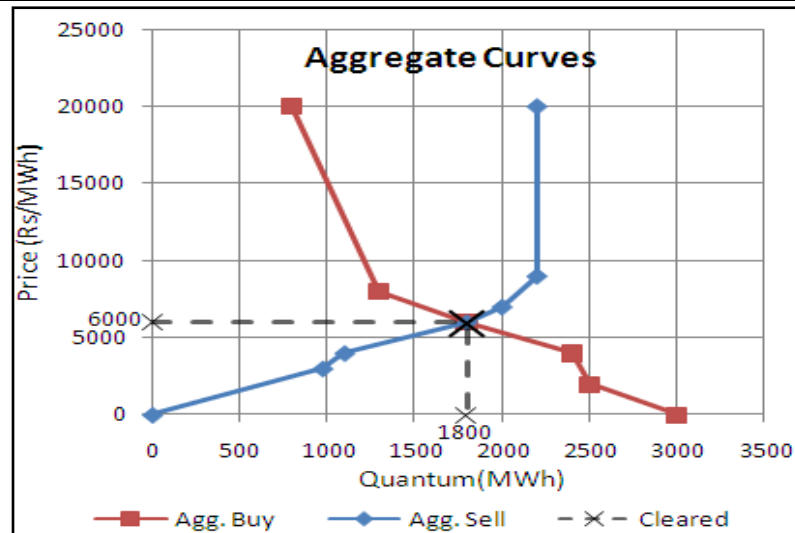


Figure 5: Aggregate Curves

In Buy Bid-2, the price tick corresponding to Rs 4000/MWh was not given but the same exists for Buy Bid-1. For Buy Bid-2, the straight line between price ticks Rs 2000/MWh and Rs 6000/MWh is negatively sloped. To calculate the aggregate buy bid, the quantity corresponding to the price Rs 4000/MWh is calculated using the equation of straight line through two points

Accordingly, the aggregate quantity at the price Rs 4000/MWh= 2400 MWh

In the similar manner, aggregate buy and sell curves are constructed. In the present example these aggregated curves cut each other at Rs 6000/MWh and the cleared volume is 1800MWh. Hence the volume corresponding to the price Rs 6000/MWh in the respective Buy and Sell bids shall be allocated to the respective buyers. In the present case, 1500MWh shall be allocated to buyer-1 and 300MW to buyer-2, whereas allocating 1000MWh to seller-1 and 800MWh to seller-1.

Accordingly the bidder will get quantity allocation, what he has quoted at the Market Clearing Price.

Aggregate supply and demand curves may intersect vertically while finding the solution. There is no possibility of a horizontal overlap. This is because a Single bid can never have two volumes at one price.

In cases of vertical overlap, midpoint of the overlapped section shall be considered as the ACP; however in case overlap starts right at the minimum price ('zero' has been set by the Exchange as minimum price minimum price (Zero) shall be considered as ACP. For example, consider the following aggregate purchase and sale bids

Aggregate purchase bid:

Price(Rs/MWh)	0	2000	4000	5000	20000
Quantity(MWh)	400	300	300	200	0

Aggregate sell bid:

Price(Rs/MWh)	0	2000	3000	5000	20000
Quantity(MWh)	0	200	300	300	450

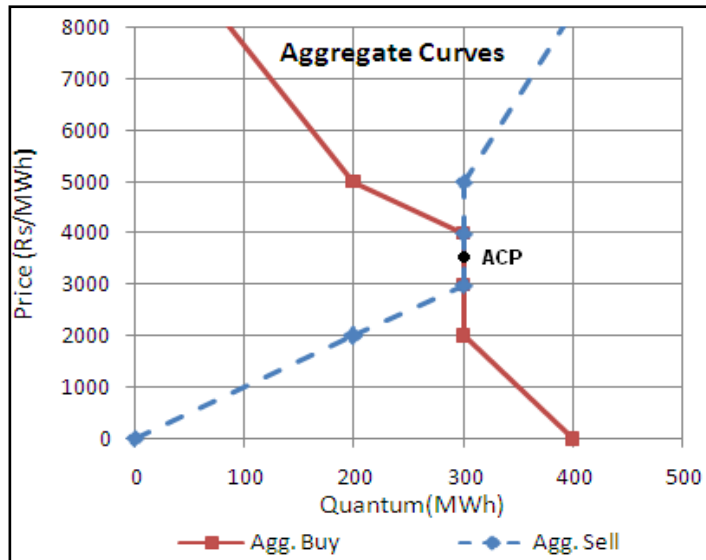


Figure 6: Aggregate Curves- Vertical Overlap

In the above case, the aggregate buy and sell curves overlap between the price range Rs 4000/MWh and Rs 3000/MWh. Midpoint of the overlap shall be considered as ACP, which is **Rs 3500/MWh**.

- c. For single bids Member and Client must indicate quantity to buy and sale at zero (minimum) and maximum prices, else the bid shall not be accepted.
- d. In case selection is to be made out of more than one similarly placed bid then, bid will be selected based on time priority of the bids submission.

Bid selection based on time priority, in case of similarly placed bids, shall be considered only for Block bids. Priority for Block bid selection is as stated below in order of priority:

- i. **Price**:- Most favorable price shall be given priority
- ii. **Volume** :- Block bid which maximizes the market volume is favored
- iii. **Time**:- Block bids submitted earlier attract priority

For example: Consider two block bids having the same price and quantity, submitted at different time periods, as shown in table below:

	Bid- hours	Price(Rs/MWh)	Qty(MW)	Time of bid submission
Block bid-1	B1022	4500	100	10:30:43
Block bid-2	B1022	4500	100	10:30:44

Block bid-1 will be selected, in case only one of the above two bids can be selected by applying the time preference criteria.

- e. All block bids shall be considered indivisible and they shall either be included or excluded in totality.
- f. Normal rounding off principle shall be applied upto two decimal points in price and quantity. When each Contract volume is rounded, the sum of rounded sale and rounded purchase will sometimes be not equal. The sales should always be equal to the purchase, hence the system will adjust the rounding off by allocating 1 (one) unit to the Contract volume having the highest value, and this process continues until the rounding deviation is eliminated.
- g. In case of transmission congestion, solution shall be worked out on the basis of market splitting. Decisions of the Exchange in this respect shall be binding on all parties concerned. The congestion revenue, which is the excess arising due to market splitting will be transferred to a separate account and shall be utilized as directed by the CERC.
- h. In case funds are insufficient in the Settlement Account of Member for the pay in, his order will be rejected. Decisions of the Exchange in this respect shall be final and binding on all parties and Members.
- i. The final MCP computed might be different from the provisional MCP or unconstrained MCP, as the case may be, due to transmission congestion or cancellation of bid due to insufficient funds in the Settlement Account of the Member/s. Final MCP shall be considered for settlement of successful trades.
- j. If the buy and sell curves do not cross each other between the price range defined by the Exchange, then in case of over supply, sell offers will be reduced

proportionately so that curves cross each other at minimum price and in case of over demand, purchase bids will be reduced proportionately so that curves cross each other at maximum price.

Over-Supply is a condition where aggregate sell volume is greater than aggregate purchase volume at the minimum price (set by the exchange); whereas Over-Demand is a condition when aggregate purchase volume is greater than aggregate sell volume (at the maximum price) set by the exchange.

In case of over-supply, as shown in figure below, where supply and demand curves does not intersect each other, the entire aggregated supply curve is shifted to the left so that both the curves intersect at the minimum. In the graph below, aggregate supply curve is shifted by 100MW to the left (from 350MW to 250MW at Rs0/MWh) so that both the curves now intersect at the minimum price point. Here the ACP would be Rs 0/MWh, being the point of intersection with modified supply curve. In such situation quantity is prorated amongst suppliers at minimum price. Therefore, in present case quantities quoted by all suppliers would be reduced by a factor of (250/350), and this revised quantity would be allocated to individual supplier.

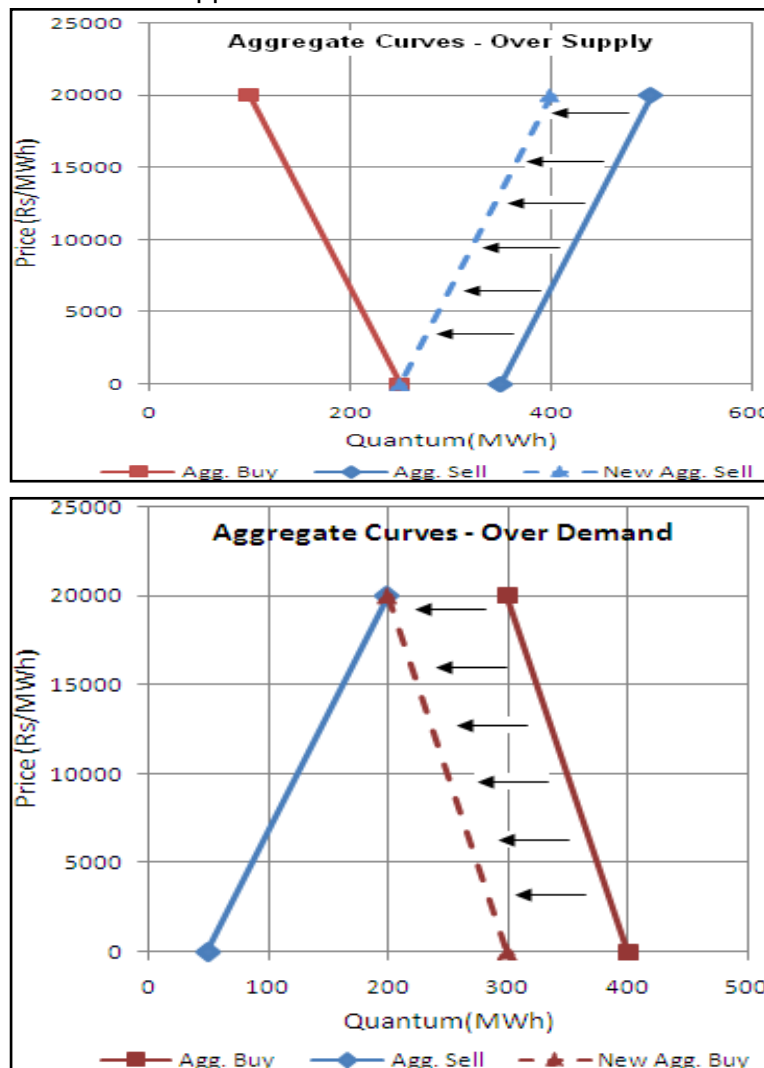


Figure 7: Over Supply and Over Demand Situation

Considering the other case as in graph which represents non-intersecting curves, when there is over-demand. In such situation the aggregated supply and demand curves are made to intersect at the maximum price point by shifting the demand curve to the left. In this case demand curve is shifted 100MW to the left so that now the curves intersect at the maximum price point, which is Rs 20000/MWh. The MCP in this case would be Rs. 20000/- and the quantity allocation amongst buyers at this price.

Pro rata allocation of quantum is done in such over-supply and over-demand cases. For example, take the case of over-demand as shown in the graph above. Consider that there are four sellers totaling 200MW and two buyers totaling 300MW at Rs20000/MWh; buyer-1 and buyer-2 contributing 100MW and 200MW respectively. All sellers would be selected whereas buyer-1 will get $(100 \times 200 / 300)$ MW and buyer-2 will get $(200 \times 200 / 300)$ MW. Similar prorate allocation shall be done to sellers, in case of over-supply.

- k. In some cases, a bid might be rejected by the system even though it would appear to be a valid bid. This can happen in a situation where inclusion of such bid and offer might result in change in MCP at which this bid cannot be accepted. Rejection of such bids is known as paradoxically rejected bids.

When block bid exclusion process is finished, it may have resulted in one or more block bids which appear to be rejected even though the bid price is more favorable than the average price. This type of rejection of a Block Bid is "Paradoxically rejected bids". The reason for rejection is that in case if the system accepts these bids, the average price of market changes in such a way that the block bids are no longer justified to be in. This may be both due to price as well as volume balancing

Example:

Consider the following single and block bids:

Block Bid (Sell):

	Bid- hours	Price(Rs/MWh)	Qty(MWh)
Block bid	From 02:00 To 04:00	3500	-50

Hour-3:

	Price	0	1999	2000	2999	3000	3999	4000	4999	5000	20000	ACP
Excluding Block Bid	Buy Qty	400	400	325	325	325	325	100	100	0	0	3999.11
	Sell Qty	-0	-0	-200	-200	-300	-300	-300	-300	-350	-350	
Including Block Bid	Buy Qty	400	400	325	325	325	325	100	100	0	0	2999.75
	Sell Qty	-50	-50	-250	-250	-350	-350	-350	-350	-400	-400	

Hour-4:

	Price	0	999	1000	2999	3000	4500	4501	4999	5000	20000	ACP
Excluding Block Bid	Buy Qty	400	400	300	300	300	300	100	100	0	0	4500.13
	Sell Qty	-0	-0	-150	-150	-275	-275	-275	-275	-350	-350	
Including Block Bid	Buy Qty	400	400	300	300	300	300	100	100	0	0	2999.80
	Sell Qty	-50	-50	-200	-200	-325	-325	-325	-325	-400	-400	

The quantity associated with Block bid, i.e. 50MW, is included in the calculation by adding 50MW at the zero price tick.

By including the Block bid, the ACP of hour-3 has dropped from Rs 3999.11/MWh to Rs. 2999.75/MWh. In hour-4, the ACP dropped from Rs. 4500.13/MWh to Rs 2999.80/MWh. The average ACP of hour-3 and hour-4 before inclusion of Block bid is Rs. 4249.62/MWh, and after inclusion is Rs. 2999.78/MWh. The Block bid order was placed at Rs. 3500/MWh, therefore if it is accommodated, fails to meet the criteria as the Block bid price is not better than the average ACP of the respective bid hours. On exclusion of the block bid, the price discovered in both the hours is higher than the Block bid's price, and therefore seems unjustified. Because of this paradox, in the final solution this bid is not selected although the results suggest that it should have been selected. Because of this paradox, such bid rejection is categorized as paradoxically rejected bids.

9. Margin requirements

- 9.1 Initial Deposit: The initial security deposit paid by a Member or the Client, as applicable, will be considered as his initial margin deposit, which shall be the minimum Margins required.
- 9.2 Additional Deposit: The Exchange on a daily basis will compute the minimum margin that should be available with the Member or the Client, as applicable, for start of trade. This will be the average value of trades of respective Member for last seven (7) days (in case of new Members, it will be the total number of trading days if it is less than seven (7) days) of trading or the initial margins given to the Exchange by the Member. In case if the average value is more than the available initial margins with the Exchange, the Member or the Clients, as applicable, has to bring in the difference in the form of additional deposit. However, in case of abnormal increase in the expected obligations of a Member or the Client, as applicable, the Exchange can demand additional deposit from that Member or the Client, as applicable,. Decisions of the Exchange in this respect, shall be binding on the Member and other parties.
- 9.3 Refund of Additional Deposit: If there is a surplus deposit lying with the Exchange towards margin, it will be refunded to the Member, or the Client, as applicable, on receipt of a written request from the Member or the Client, as applicable, for refund. Refund of additional deposit, shall be made within seven (7) working days of receipt of request for refund.

- 9.4 The Member or the Client, as applicable, will have to bring in additional funds in case if his existing margins are less than the margins calculated as in Rule 9.2 mentioned above. The Member or the Client, as applicable, will be able to get information regarding additional margin requirement, through file transfer protocol (FTP) at end of the trading session. Unless the Member or the Client, as applicable, brings in the additional deposit required, he will not be allowed to put his order.
- 9.5 Special Margin: The Exchange may levy more margin or across market for covering any enhanced risk.

10. Day-Ahead Market Operations

- 10.1 The Day-Ahead market operations and the exact time schedule relating to pay-in and pay-out activities shall be adhered to by the Exchange Members in order to have smooth and orderly operations of the Exchange. These market operations shall be in accordance with the 'Procedures for scheduling of Collective Transactions' issued by CTU and are subject to approval from the CERC for activities related to NLDC/RLDCs or SLDCs shall be as follows:
- (a) **Order accumulation period (Bidding phase):** Bidding session also referred to as the Bid call period will start from 10.00 am to 12.00 pm on all seven (7) days of a week except Exchange declared holidays. Before the opening of the trading session, the Exchange will validate available Margins of the Members required as per Business Rule 9 above. If sufficient Margins are not available, then Member shall not be allowed to submit his bids, till such time sufficient Margins are brought in by the Member. During the bidding sessions on trading day, orders entered by Members in the Trading Platform shall be automatically stored in the central order book without giving rise to Contracts. Orders entered by the direct access clients shall be treated as orders entered by Members. After the end of the bidding session, bid matching will take place.
 - (b) **Provisional bid matching process:** At the end of the bid session, the trading platform will seek to match orders for each Contract. During this matching process, orders cannot be entered into the trading platform, and orders already entered cannot be cancelled or modified. All bids and offers are aggregated and Provisional Market Clearing Price or Unconstrained MCP is determined based on the unconstrained scenario.
 - (c) After the provisional market clearing price determination phase is concluded, the Members, whose orders have been partially or fully executed, will be provided all relevant trade information regarding each execution that has occurred by the trading platform.
 - (d) **Provisional obligation determination process:** After end of the bid matching session, a provisional obligation report will be generated at 12.30 PM, which will provide the quantity and amount of provisional pay in / pay out and transaction fee payable etc. The information regarding Provisional Market Clearing Price shall be sent to all Members. All Buyers will have to keep funds ready as per the provisional obligation in their respective Settlement Account.

- (e) **Delivery allocation determination process:** On the basis of Provisional Solution as above, the Exchange will send to the NLDC, at 1.00 PM every day, requisition for Transfer Capabilities Verification and Reservation, across different transmission corridors for the successful bids. NLDC based on the margins available, shall indicate the ATC at different corridors for the successful trades, between 1.00 pm to 2.00 pm.
- (f) **Final bid matching process:** At 2.00 pm the Exchange shall verify funds available in the Settlement Accounts of all provisionally selected Exchange Members. Those Members who have not brought sufficient funds shall be excluded from the final bid matching process. New Members shall be included in the bid matching process, who were not selected earlier but have sufficient funds in their Settlement Account.
- (g) Based on the ATC and funds made available by the Members in their Settlement Account, the Exchange will re-run the bid matching process at 2.30pm.
- (h) On the basis of final bid matching process as in (g) above the Exchange will generate the final result. In case of congestion, in various power transmission corridors, the solution shall be determined through market splitting process, which may result into different prices for different areas. These prices are Area Clearing Price (ACP) Final obligation of Members shall be worked out on the basis of such ACP. On the basis of the ACP, final obligation report will be generated. A period of half hour from the time of issue of the final obligation will be provided to Members for raising any dispute/s in relation to their final obligation. An automated bank file for debit and credit of Settlement Accounts of the respective Members by the amount payable / receivable will be generated and sent to the respective Clearing Banks. The funds pay in from the buyer Members will be done on the same day i.e. on "T" day where the "T" stands for trade. The funds pay out to the seller Members will be given on the next bank working day. In case of trades confirmed on Sundays, the funds payout will be done on Tuesdays, subject to bank holidays. The Bank will run the pay in file at the scheduled time and report to the Exchange regarding successful debits. After final obligation is worked out, the Exchange shall work out margin or additional margin required from the Member. This margin or additional margin will have to be brought in by the Member before the opening of the market on the next day. The TWS of the Member shall not be activated till sufficient funds are brought in by the Member.
- (i) The market splitting methodology adopted by the Exchange is explained in the **Annexure A2** of this Schedule.
- (j) Congestion amount is the amount by which total funds pay in may exceed total funds pay out, this arises because of the market splitting, and the said difference shall be transferred to the congestion revenue account and shall be utilized as directed by the CERC. The transfer of funds shall be as per the provisions of the CERC (Power Market) Regulations, 2010, as amended from time to time.

The Exchange timelines are as under. They are subject to change as per 'Procedures for scheduling of Collective Transactions' issued by CTU and Central Electricity Regulatory Commission (Open Access in Inter-State Transmission) Regulations 2008, as amended from time to time.

TIME	DETAILS
10.00 AM to 12.00 PM	Bid - Call session
By 11.00 AM	<ul style="list-style-type: none"> Funds pay out pertaining to previous days transaction, margin refund request (if any) NLDC to inform list of interfaces/control areas/ regional transmission system on which unconstrained flows are required.
By 12:20 PM	<ul style="list-style-type: none"> Exchange to determine MCP /ACP & determining provisional obligations of the Members
By 1.00 PM	<ul style="list-style-type: none"> Communication of unconstrained solution to NLDC. Communication to bank to confirm & block the funds pay in from Buyer Members; settlement account. Exchange will issue to Members PROVISIONAL OBLIGATION
By 2.00 PM	<ul style="list-style-type: none"> NLDC to confirm available limit for scheduling. Exchange will receive confirmation from bank for availability & blocking of clear balance along with a note on shortages.
By 2.30 PM	<ul style="list-style-type: none"> Interaction with Members to ensure availability of funds. Exchange to determine MCP/ACP based on final funds status & final ATC
By 2.45 PM	<ul style="list-style-type: none"> Exchange will issue to Members FINAL OBLIGATION
At 3.00 PM	<ul style="list-style-type: none"> Exchange submits the requisition to the NLDC File to be sent by Exchange to banks for actual debits

The Exchange may change the above timings depending on the experience gained during the operations. It may also revise the time-line in consultation with NLDC according to market feedback.

11. Delivery procedure

- 11.1 After finalization of successful trades, the Exchange will send its requisition to the NLDC and respective State Load Dispatch Centers as per Detailed Procedure issued by the CTU.
- 11.2 NLDC will include these requisitions in their final schedules after adjusting for transmission losses as per the Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008, , Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 and detailed procedure issued by the CTU as amended from time to time.
- 11.3 The quantity of power scheduled by respective NLDC/SLDCs, in respect of Exchange traded Contracts, shall be deemed to have been delivered. The scheduling procedure will be as per the Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008, as amended from time to time and detailed procedure issued by the CTU thereunder.

Transmission charges and losses shall be in accordance with the Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008, and, Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 as amended from time to time, detailed procedures issued by the CTU thereunder and rate of Transmission Losses as determined by the NLDC for ISTS and as prescribed by the concerned SERC / SLDC for use of intra-state network.

- 11.4 Any shortage or excess delivery of electricity from the total schedule, including schedule for Contracts traded on the Exchange of the grid connected entity will be settled by them under UI mechanism as per the procedure laid down by the CERC or any other settlement system as prescribed by concerned SERC.
- 11.5 Taxes, duties, cess and other levies: The price of all the Contracts shall be quoted on the basis of actual value of the electricity Contract excluding the transmission charges, losses, scheduling and system operation charges, taxes, duties, cess and other levies and the same shall be borne by the Buyers or Sellers as applicable.
- 11.6 Metering of electricity: Arrangement for metering shall be made by the Seller/Buyer at the point of injection and the point of off-take from the GRID should conform to the provisions of Indian Electricity Grid Code (IEGC) and Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008, as amended from time to time. The Members and the relevant authority shall be responsible to resolve the issues related to metering of electricity. The Members shall indemnify and keep indemnified the Exchange from any disputes related to metering.
- 11.7 Transmission Charges of STU or State transmission licensees and Scheduling and Operation Charges of State Load Dispatch Centre shall be recovered from the Members and shall be paid to the STU / SLDCs respectively as per CERC's / SERC's regulations by the Exchange.

12. Risk management system

- 12.1 A Member or the Client, as applicable, is allowed to trade only when it maintains the higher of the following margin deposit:
 - i) The margin deposited by the Member or the Client, as applicable, is at least or equivalent to the average value of trades done by it for last seven (7) days; or
 - ii) The initial margins prescribed by the Exchange for any Member or the Client, as applicable,.
- 12.2 After receiving the Available Transfer Capability (ATC) for the Exchange from the NLDC and after ensuring availability of funds in the Settlement Account of buyer Members or the Clients, as applicable, then the Exchange processes the final bid matching solution. During this process, the Exchange has the right to reject the bid of the Buyers, who do not have sufficient balance in their account. The Exchange has the right to impose penalty on defaulting Member or the Client, as applicable, as decided from time to time.
- 12.3 An Exchange Member or the Client, as applicable, can pay Additional Margin by depositing funds in its Settlement Account and inform the Exchange through fax or email any time during the trading session. Thereafter, based on the instruction received, the Exchange will collect the funds from the Settlement Account and increase the margin deposit of the Member or the Client, as applicable,. In case a Member or the Client, as applicable, fails to bring in any additional margin at beginning of the trading session, such Members or the Clients, as applicable, will not be allowed to put orders till Margins are brought in or its orders would not be accepted for matching or if matched then the trades would not be scheduled. The decisions of the Exchange shall be final and binding on the Members or the Clients, as applicable.

- 12.4 In case a Member or the Client, as applicable, fails to pay to the Exchange any amount towards its final pay in, the Exchange will be at liberty and has the power and discretion to cancel the allocation of its trades and initiate appropriate action against such Member or the Client, as applicable,. The Exchange in such circumstances will revise the trade allocation by incorporating other bidders at lower price and who have sufficient balance in their accounts. Any loss arising out of such instructions by the Exchange shall be borne by the defaulting Member or the Client, as applicable, The Exchange may also impose penalty on such defaulting member or the Client, as applicable,

13. Surveillance

- 13.1 **Validation of orders:** Members are required to ensure that bids and offers are in conformity with relevant regulatory provisions. In order to avoid any abnormal orders being put by the Exchange Members like high bid or offer rate, bids quantity or offer quantity submitted higher than the declared capacity/demand by the Member, or the maximum quantity of purchase or sale as allowed in the Standing Clearance, the Exchange will validate such orders either through software or manually on a daily basis, wherever possible. Further, the order value of the Member will also be compared with the available limits of such Member for any over utilization.
- 13.2 **Price movement:** The Exchange will observe any variation in prices as compared to past data. Further, the price movement in the Exchange shall be correlated with that of the bilateral markets that is available with the Exchange.
- 13.3 **Market behavior:** The Exchange shall compare the trend in other national or bilateral markets with that of the Exchange. Any unwarranted change in the price pattern or order trend in this will be brought under the notice of the Exchange management.
- 13.4 **Correlation with Unscheduled Interchange (UI):** The trend in the UI rate and the prices in the Exchange shall be compared for any major differences. In case of individual Member its trend of trading on the Exchange shall also be compared with his UI obligations.
- 13.5 **Price rigging, concentration, price manipulation and other market abuses:** The Exchange will monitor concentration, price rigging, price manipulation and other market abuses and take suitable actions whenever such practices are identified.

Day-Ahead Market 15 minute contract specifications

1.	Product definition	96 separate fifteen-minute time blocks throughout the following delivery day (D).
2.	Trading system	IEX (Leased Line)
3.	Auction timings	10:00 AM to 12:00 PM of previous day (D-1)
4.	Fixing times	15:00 hrs of D-1 (dispute settlement period: 30 min.)
5.	Minimum volume	<p>0.5 MW (Minimum allowable quantity for buy/ sell in the standing clearance, it should not be less than this quantity)</p> <p>However, grid connected entity in the state of Uttarakhand on non independent feeders with connected load of less than 0.5 MW and up to the limit specified in state regulations for allowing open access, for which the NOC has been issued by concerned SLDC, will be allowed to transact on the Exchange. All other entities on the same feeder should have received the NOC for same period. Complying with the conditions laid down in State regulations, including the condition of rostering restriction, and simultaneous scheduling of all entities on the one feeder etc. shall be the responsibility of respective grid connected entities.</p> <p>The Exchange Members shall indemnify the Exchange against any implications on account of the State regulations, in particular for the consequences when other entities on a mixed feeder are not allowed to draw power for reason of inability, for any reason whatsoever, of any one of such entities on the mixed feeder to buy power.</p>
6.	Minimum volume step	0.1 MW
7.	Minimum quotation step	Rs. 1 per MWh
8.	Quotation method	Double sided close bid auction with uniform Market Clearing Price for all buyers and sellers.
9.	Order wording	Trader's ID, instrument, quantity/price combination
10.	Delivery point	Periphery of Regional Transmission System in which the grid-connected entity is located.
11.	Settlement	Daily settlement at ACP x volume traded in MWh (by the Client or Member as the case may be). Final settlement adjusted for any force majeure deviations.
12.	Transmission charges	<p>a) Regional Transmission System: As Per Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008 and Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 as amended from time to time.</p> <p>b) State Transmission System: As per the concerned State Electricity Regulatory Commission's Regulations/ CERC (Open access in ISTS) Regulations, 2008, as amended from time to time.</p>
13.	Transmission losses	Payable in kind from delivery point to its grid connection point.

Methodology of market splitting

As per Rule 18.3. (g), in case of transmission congestion a solution is to be worked out on the basis of market splitting. In this document a concept of market splitting is explained along with suitable examples.

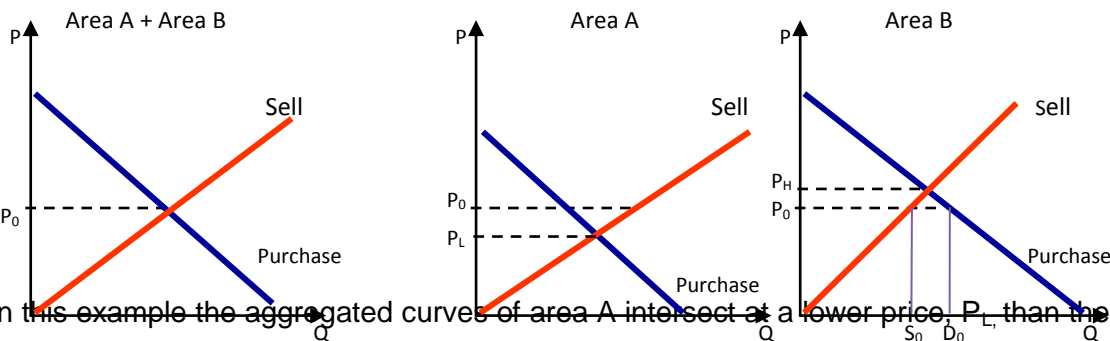
Market Splitting:

Market splitting is an evolved form of implicit auctioning wherein energy component and corresponding transmission capacity between bid areas are traded simultaneously. In the market splitting methodology areas on either side of congested corridor are identified separately and initially both are cleared as if there is no interconnection between the areas, and then the area which has highest price, draws electricity from the area with the lower price just as much as the capacity of the congested line will allow. Allowing this flow into higher price area will reduce prices in the higher price bid area and would increase prices in the lower price bid area depending upon the bid prices in the respective areas.

For a simple situation involving only two areas A and B is illustrated as under:

In the first step, all bids from both areas are aggregated together, similar to the System Price calculation. The common price, P_0 , for both areas are established.

The bids are then aggregated in the area A and B separately. The aggregated curves could then look like this:



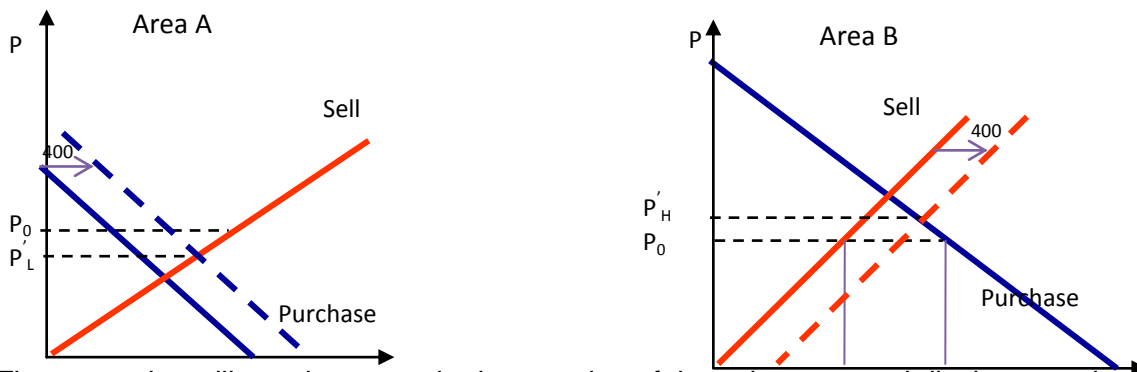
In this example the aggregated curves of area A intersect at a lower price, P_L , than the common price, P_0 . Applying P_0 in area A show that the sale at P_0 is greater than the purchase at P_0 . Thus area A is surplus area. On the contrary, the aggregated curves of area B intersect at a higher price, P_H , than the common price P_0 . Applying P_0 in area B show that the purchase at P_0 is greater than the sale at P_0 . Thus, area B is a deficit area.

At this step, the transmission capacity is introduced in the Area Price calculation process. The power flow will always be from the surplus area to the deficit area, thus the transmission capacity from A to B will be used. The needed capacity is simply the difference between sale S_0

Indian Energy Exchange Ltd.

and purchase D_o at price P_o in the deficit area. Assume that $S_o=2000$ and $D_o=2600$, giving a difference of 600. If the available capacity from A to B is 600 or higher, the resulting area prices in both A and B will be P_o .

If the available capacity from A to B is 0, the area prices will be P_L in area A and P_H in area B. If the available capacity is anywhere between 0 to 600, e.g. 400, the available capacity is added to the purchase curve in the surplus area (A) and to the sale curve in the deficit area (B). This results in a parallel displacement of these curves, as shown below:



The area price will now be set at the intersection of the sale curve and displaced purchase curve in area A, and at the intersection of the displaced sale curve and the purchase curve in area B. The transmission capacity is utilized so that the power flow exactly equals the available capacity. As a consequence of this, the area prices in A and B are leveled as much as possible. P'_H , P'_L are the new intersection points on movement of demand / supply curves. The difference between P_H and P_L is now lesser than it otherwise would have been if no power flow is possible between area A and area B. In case there is no constraint, price in area A and area B will be equal,

The Area Price calculation is now complete, including the congestion management described above. The main objective of the concept is fulfilled:

- All grid constraints are relieved
- The available capacities are fully utilized
- The sale-purchase balance requirement is satisfied in both areas (at different price levels).

SCHEDULE B : TERM-AHEAD MARKET (TAM) SEGMENT

This market segment will cover all electricity contracts except those mentioned in the Day Ahead Market segment. This will cover market timeframes of intra-day, day-ahead contingency, daily, weekly etc. as allowed by the Commission. The Term Ahead Market will operate in accordance with the procedures issued by CTU for 'Scheduling of Bilateral Transactions'. All terms and conditions of the contracts including trading sessions, matching rules, margin requirement and delivery procedure etc, will be as per specific rules mentioned herein.

1. Contracts

The Exchange shall make the contracts as specified in this section available for trading as per the trading calendar. These contracts will be traded in accordance with provisions of trading as specified in the respective Contract Specification. The trade sessions, matching rules applied in each trade session for concluding the contracts, risk management and settlement for such contracts will be as per specific contract specifications provided herein. The delivery of such contracts will be in accordance with CERC (Open Access in Inter-State Transmission) Regulations, 2008, as amended from time to time and relevant procedures issued by CTU and by Open Access Regulations of concerned State. The Exchange holds the right to modify all other parameters except those specified in regulation 7 of CERC (Power Market) Regulation, 2010.

These contracts will be further differentiated on time of day basis (Peak and Off-Peak basis), day-of-the week basis (weekday, week-end and holiday).

Following contracts shall be available for trading in Term-Ahead Market:

1.1 Day-Ahead Contingency Contracts

The Exchange shall make the 24-hourly contracts available for trading on day-ahead basis for 00:00 hours to 24:00 hours of next day. The Exchange will carry out trading in such contracts either through 'Uniform Price Step Auction' or 'Continuous Trade' sessions or a combination of both depending on market feedback. The timeline for trade matching sessions will be specified in Contract Specifications. They will be sent for scheduling in accordance with CERC (Open Access in Inter-State Transmission) Regulation, 2008, as amended from time to time and relevant procedures issued by CTU as specified in the contract specifications. The Exchange holds the right to modify parameters as specified by CERC. The contract specifications are given at **Annexure- B1**.

1.2 Intra-Day Contracts

The Exchange shall make the Intra Day contracts available for trading hourly contracts on same day or previous day on rolling hour basis till some hour prior to the delivery of electricity as specified in the contract specification. The Exchange will carry out trading in such contracts through 'Continuous Trade' The timeline for trade matching sessions will be specified in Contract Specifications. They will be sent for scheduling in accordance with CERC (Open Access in Inter-State Transmission) Regulation, 2008, as amended from time to time and relevant procedures issued by CTU as specified in the contract specifications.

The Exchange holds the right to modify parameters as specified by CERC. The contract specifications are given at **Annexure- B2**.

1.3 Daily Contracts

The Exchange shall make the daily contracts available for trading upto a period specified by CERC for delivery of electricity for defined blocks of hours of the day. The Exchange will carry out trading in such contracts either through 'Uniform Price Step Auction' or 'Continuous Trade' sessions or a combination of both depending on market feedback. The timeline for trade matching sessions will be specified in Contract Specifications. They will be sent for scheduling in accordance with CERC (Open Access in Inter-State Transmission) Regulation, 2008, as amended from time to time and relevant procedures issued by CTU as specified in the contract specifications. The contracts may contain provisions allowing quantity variation in delivery. The Exchange holds the right to modify parameters as specified by CERC. The contract specifications are given at **Annexure- B3**.

1.4 Weekly Contracts

The Exchange shall make the weekly contracts available for trading maximum upto a period specified by CERC for delivery of electricity for defined blocks of hours on all defined weekdays and/or weekends of the week. The Exchange will carry out trading in such contracts through 'Uniform Price Step Auction' or 'Continuous Trade' sessions or a combination of both as approved by CERC. The timeline for trade matching sessions will be specified in Contract Specifications. They will be sent for scheduling in accordance with CERC (Open Access in Inter-State Transmission) Regulation, 2008, as amended from time to time and relevant procedures issued by CTU as specified in the contract specifications. The contracts may contain provisions allowing quantity variation in delivery. The Exchange holds the right to modify parameters as specified by CERC. The contract specifications are given at **Annexure- B4**.

2. Trading Days and trading hours

The Exchange shall operate this segment on all days except Exchange specified holidays. The Exchange shall declare trading calendar indicating trading sessions and trading days for each of Contracts on quarterly basis. The Exchange may extend, advance or reduce trading hours by notifying the Members as and when it deems fit and necessary.

3. Matching Methodologies

The matching of contracts will employ different matching methodologies. The two matching methodologies are explained below.

A. Uniform Price Step Auction

In such trading session, the participants submit their orders for sale and buy during the call auction phase. Such orders are automatically stored in the order book without giving rise to Contracts. After the end of the call auction phase, there is a call auction freeze phase. Until the call auction freeze phrase, members can enter new orders (or quotes) or modify their existing orders. Execution of trade takes place after the call auction freeze phase is over. The matching of orders takes place in accordance with matching rules given in subsequent sections. All trades are effected at uniform price known as Equilibrium Price (EP). All orders that have prices that are better than the equilibrium price are executed, and the ones that have a price equal to the equilibrium price are executed according to a First In First Out (FIFO) algorithm. The algorithm for determining Equilibrium Price is given in the matching rules.

In such auction, the transmission network constraints are not considered implicitly while matching the orders.

One of the following two auction methodologies will be adopted at any point of time.

1. **Closed uniform price auction:** In closed auction, the orders are not disclosed to market participants and information regarding the equilibrium price and surplus are informed to market participants only after the call auction phase.
2. **Open uniform price auction:** In the open auction, the participants submit their order for sale and buy during the auction phase. Complete list of order prices and aggregated quantities of buy and sale bids will be displayed to market participants maintaining bidder's anonymity. The participants can modify, delete or enter new orders during call auction period.

B. Continuous Trade Session

In such trading session, the participants shall submit buy and sale offers on a continuous basis during the trading period. The buyers and sellers will be matched on continuous basis with price-time priority. For a specific Contract, the seller with minimum quote and buyer with the maximum quote are considered as best seller and best buyer. Best five buy and sell bids, excluding the details of participants, shall be displayed on the trader's work station (TWS) to all the participants to show the market depth. In case, best buy order is better than or same as best sale order, they will be matched resulting into Contracts. Such matching will continue till the end of trading period. In case, best buy order is worse than the best sale, they will continue to be available in the order book, without resulting into Contracts.

Market depth of best five orders in terms of price shall be displayed to all the participants. Order-depth option displays the best five placed orders in terms of price; whereas Price-depth option displays the best five prices by cumulating the volumes under similarly priced bids.

4. Order Management

The Exchange may launch more than one order book running either parallel or at different time spans.

All Clients shall be assigned unique client ID / Portfolio ID code which may be same or different for different market segments.

The types of order available in different trading sessions are mentioned below.

i. Uniform Price Step Auction Session

Following orders are available in this auction session.

a) Timing Constraints

a. Rest of day

The order will be valid till the end of trading hours of that trading day.

b. Good until expiry

The order will be valid till the expiry of the contract.

c. Timed Order

The order will remain valid till the time specified (while putting the order) by the User.

Indian Energy Exchange Ltd.

d. Good until date

The order will be valid till the date specified (while putting the order) by the user.

b) **Execution Constraints**

Call Auction order

Valid for auction session only.

c) Besides above mentioned orders, a user can also put a stop loss and a local order.

i) Local order

Local order is a order lying in the order book of a member and which can be activated as and when need.

ii) Exchange Can also define any other type of order as per trade requirement.

ii. **Continuous Trade Session**

Following orders are available in the Continuous Trade Session.

(a) **Timing Constraints**

I. Rest of day

The order will be valid till the end of trading hours of that trading day.

II. Good until expiry

The order will be valid till the expiry of the contract.

III. Timed Order

The order will remain valid till the time specified (while putting the order) by the User.

IV. Good until date

The order will be valid till the date specified (while putting the order) by the user.

(b) **Execution constraints**

I. Fill and Kill (FaK)

This order will match as much as possible AND delete the rest of the order.

II. Fill or Kill (FoK)

This order will match the whole order OR delete the whole order.

(c) Besides above mentioned orders, a user can also put a stop loss and a local order.

i) Stop loss order

Gets activated at a particular price, before which it remains local order.

Stop Loss Order provides the facility to the User, of keeping order in inactive state and making it active (placing orders in the market) based on a predefined condition. This is applicable only for instrument in trading and is based on the following conditions

1. Price of any of the other order entering in the order book (available for Continuous as well as Auction phases)
2. Last traded price (available only for continuous trading phase)

Example:

- (1) Stop Loss based on Order Price: A participant placing a buy order on a Day-ahead Contingency instrument (SEP10-H05-D25-RI) for 50MW at a price of Rs 3000/MWh has put a stop loss on an instrument (SEP10-H015-D25-RI) for buy price ≤ 4000 , as shown in table below.

Instrument (Buy Order)	SEP10-H05-D25-RI
Lots (MW)	50
Price (Rs/MWh)	3000
Stop Instrument	SEP10-H015-D25-RI
Condition	Buy \leq
Price (Rs/MWh)	4000

Accordingly, the bid placed for 5th hour will get activated only when an order for 15th hour is received in the system which fulfills the above condition. Till that time, this order for 5th hour will remain local.

- (2) Stop Loss based on Last Trade Price: A participant placing a sell order on an Intra-day instrument (SEP10-H20-I25-RI) for 20 MW at a price of Rs5000/MWh has put a stop loss on the same instrument (SEP10-H20-I25-RI) with the condition of last trade price \geq Rs 4500/MWh, as shown in table below.

Instrument (Sell Order)	SEP10-H20-I25-RI
Lots (MW)	20
Price (Rs/MWh)	5000
Stop Instrument	SEP10-H20-I25-RO
Condition	Last \geq
Price (Rs/MWh)	4500

Order placed in the instrument, SEP10-H20-I25-RI will get activated only when a trade gets executed with the price greater than or equal to Rs 4500 / MWh. Till that time, this order (in instrument SEP10-H20-I25-RI) will remain local. If at the time of placing the stop loss order, the trade price condition is already met then the stop loss will directly assume an active order status

- ii) Local order

Local order is a order lying in the order book of a member and which can be activated as and when need.

5. Matching Rules

Only with prior approval of CERC, the Exchange may modify or change the matching rules relevant to any market or order books. The matching rules for different trading sessions are mentioned below.

A) Uniform Price Step Auction

Terminologies used under this section:-

Candidate Price Levels (CP): Candidate price levels are the exclusive price levels being tendered (bid / offer) by the market participants. A candidate price may or may not be an equilibrium price.

Unbalance (UB): Difference of cumulative buy and cumulative sell at every candidate price level, which can be positive, negative or zero.

Positive Unbalance: Cumulative buy > Cumulative sell at every candidate price.

Negative Unbalance: Cumulative buy < Cumulative sell at every candidate price.

Zero Unbalance: Cumulative buy = Cumulative sell at every candidate price.

Tradable Volume (TV): Minimum of cumulative buy and cumulative sell at every candidate price.

A Matching of the auction will only take place if there are crossing prices (buy price \geq Sell Price) in the order book, that is, if the best bid price is equal to or higher than the best ask price. In that case, the equilibrium price is determined according to the following criteria:

1. Maximum tradable volume: The Equilibrium Price will be the price at which there is maximum tradable volume.
2. Minimum unbalance: If there is more than one price with equal value for maximum tradable volume, the price that leaves the least volume untraded at its level is chosen as Equilibrium Price.

In price determination process, the volume is cumulated at every candidate price level, and the difference between cumulative buy and cumulative sell is calculated at every candidate price level. This gives two values at every candidate price levels i.e. Tradable Volume (minimum of cumulative buy and cumulative sell) and Unbalance (Difference of cumulative buy and cumulative sell, which can be positive, negative or zero. This gives rise to four rules for calculating Equilibrium Price.

Rule 1: If a candidate price level with maximum tradable volume exists, this price is an Equilibrium Price. This rule gives us one or more price levels:

If the maximum tradable volume is zero (no crossing prices), no equilibrium price (EP) is determined.

- If there is only one price level, this is the equilibrium price.
- If there are multiple levels, rule 2 is applied.

Rule 2: If there are several price levels for maximum tradable volume, the levels with minimum Unbalance are singled out as **candidate price levels**.

This rule gives us one or more price levels:

- If there is only one price level, this is the equilibrium price (EP).
- If there are multiple price levels, and the unbalance is not zero, rule 3 is applied.
- If there are multiple price levels, and the unbalance is zero, rule 4 is applied.

Rule 3a: If the sign(+/-) of unbalance is same for all candidate price levels, the price closest to the price at which sign of unbalance has changed (from positive to negative or negative to positive, as the case may be) , is chosen as equilibrium price (EP).

Rule 3b: If the unbalances at candidate price levels have different signs, the highest candidate price level with positive unbalance and the lowest candidate price level with negative unbalance are identified. The equilibrium price is then chosen randomly between these two levels.

Rule 4: If there are two candidate price levels with unbalance = 0, then one of them is chosen randomly as Equilibrium Price.

Examples:

- CB Cumulative Buy
- B Buy Volume
- CP Candidate Price
- S Sell Volume
- CS Cumulative Sell
- TV Maximum Tradable Volume
- UB Unbalance

Rule 0: No Match, since none of the aforementioned cases is getting satisfied.

CB	B	CP	S	CS	TV	UB	1	2	3a	3b	4	Result
0	0	5000	100	100	0	-100						No match
100	100	4000	0	0	0	100						

Rule 1: Candidate price level, 4000 has the maximum tradable volume. Therefore candidate price level of 4000 shall be regarded as Market Clearing Volume.

CB	B	CP	S	CS	TV	UB	1	2	3a	3b	4	Result
0	0	5000	100	200	0	-200						
100	100	4000	50	100	100	0						Max volume at single price
100	0	3500	50	50	50	50						

Rule 2: Candidate price levels, 4000 and 3500 have the maximum tradable volume (i.e. 100) but only 3500 has least (0) unbalance volume, so 3500 shall be regarded as Equilibrium Price.

CB	B	CP	S	CS	TV	UB	1	2	3a	3b	4	Result
0	0	5000	100	250	0	-250						
100	100	4000	50	150	100	-50						
100	0	3500	50	100	100	0						Minimum unbalance
100		3000	50	50	50	50						

Rule 3a: Candidate price levels, 5000, 4000 and 3000 have maximum tradable volume (100) and all the unbalances have same sign (positive in this case) i.e. 50,250 and 350 respectively, so the CP with minimum unbalance volume i.e. 50 shall be regarded as Equilibrium Price.

CB	B	CP	S	CS	TV	UB	1	2	3a	3b	4	Result
150	150	5000	0	100	100	50						TV is same, all the UB have the same sign. So min UB rate (5000) will be selected.
350	200	4000	0	100	100	250						
450	100	3000	100	100	100	350						

Rule 3b: Candidate price levels, 4500, 4000, 3500 and 3000 have maximum tradable volume of 100 and all the unbalance volume at these CPs have different sign i.e. -50, 50, 100 and 200 respectively, so the system will randomly select between highest CP with positive unbalance volume (i.e. 4000) and lowest CP with negative unbalance (i.e. 4500) as Equilibrium Price.

CB	B	CP	S	CS	TV	UB	1	2	3a	3b	4	Result
0	0	5000	50	200	0	-200						
100	100	4500	50	150	100	-50						TV for 4 price level is same. Highest price with +ve UB is 4000, lowest price with -ve UB is 4500. So the price will be chosen randomly between these 2.
150	50	4000	0	100	100	50						
200	50	3500	0	100	100	100						
300	100	3000	100	100	100	200						
350	50	2500	0	0	0	350						

Rule 4: Candidate Price Levels, 4000 and 5000 have maximum tradable volume (i.e. 200) and the both the CP Levels have zero unbalance volume so system will randomly select between 4000 and 3000 as Equilibrium Price.

CB	B	CP	S	CS	TV	UB	1	2	3a	3b	4	Result
100	100	5000	100	300	100	-200						
200	100	4000	0	200	200	0						As at 2 price points TV is max and UB is 0. One of them will be chosen randomly.
200	0	3000	100	200	200	0						
300	100	2000	100	100	100	200						

All orders that have prices that are better than the equilibrium price are executed, and the ones that have a price equal to the equilibrium price are executed according to a First In First Out (FIFO) algorithm.

B) Continuous Trade Session

The order matching rules for this trade session will have the following features

- a) In case of continuous market segment the order is immediately checked if it can be matched.

- b) The Orders are matched based on price and time priority. In case of more than one order having the same price, the order with the earlier time will get the priority in matching.
- c) The best buy order is matched with the best sell order when (buy price \geq Sell Price). For order matching, the best buy order is the one with the highest price and the best sell order is the one with the lowest price.
- d) An order may match partially with another order resulting in multiple trades.

6. Margin Requirement

The Members or the Clients, as applicable, participating in Term Ahead Market segment will have to make available the following types of margins to the Exchange from time to time as described below.

- a) **Initial Margin (Operational limit):** Initial Margins have to be submitted to the Exchange by the Member or the Client, as applicable, before start of their trading. Initial Margins will be computed on the total order value. The percentage of the order value required as initial margins shall be defined in the Contract Specification. This initial margin will be blocked automatically from the total available deposits. The trading system will automatically reject orders in case the initial margin exceeds the balance deposits available. Initial Margins will be released only after such time as defined in the Contract Specification. The release of Margin Funds shall be based on the Members or the Clients, as applicable, request and after adhering to the risk management procedures of the exchange.
- b) **Additional Margin (Basis Margin):** Additional Margin will be computed as a percentage of the traded value as per the risk curve defined and will be collected in different trenches as per the contract specifications. Only the buyer Members or the Client, as applicable, will have to pay the Additional Margin to the exchange based on their trade confirmation. The Member or the Client, as applicable, will have to make available the Additional Margin before the end of the trading day or as may be specified in respective Contract Specification. Unlike Initial Margin which is a pre trade margining system, Additional Margins will be computed on the traded value at client level. This margin will be blocked from the available cash or non cash collaterals and will be released progressively as per the risk curve defined by the exchange. In case if the Member or the Client, as applicable, fails to bring in the additional margin within the specified period then the trades will be cancelled and penalty will be levied to the member. All other forms of margin collected by the exchange till such time may also be impounded.
- c) **Variation Margin:** The Exchange on a pre decided day will compute the Variation Margin of members based on their trades (open position). Variation Margin is levied member wise and computed at client level. It is the difference (loss) between the Settlement price and the traded price where the Settlement price is the average price of the last 'N' number of trades on the trading day or the last traded price of the contract having the same underlying delivery period or as decided by the exchange from time to time. In case if there is a profit for a particular client then it will not be credited to the member, neither will it be adjusted against any other losses at client level or at member level. In case if the Member fails to bring in the variation margin till the next working day then the trades may be cancelled and the Exchange at its

own discretion impose penalty on the member. All other forms of margin collected by the Exchange till such time, may also be impounded.

- d) **Extreme loss Margin:** The Exchange may collect any ad hoc margins from time to time in case if it feels that the available margins collected by the exchange are inadequate due to variation in the prices in the Market. Prior intimation of the same will be provided to the Members or the Clients, as applicable,.
- e) Each of the above namely initial margin, additional margin, variation margin and extreme loss margin as the case may be shall be payable and be paid in cash or such non cash security or collateral as the Exchange may notify from time to time. Refund of Additional Deposit: If there is a surplus deposit lying with the Exchange towards margin, will be refunded to the Member or the Client, as applicable,, on receipt of a written request from the Member for refund.
- f) The Member or the Client, as applicable, will get information regarding additional margin requirement, through file transfer protocol (FTP) at end of the trading session. In case the Member or the Client, as applicable, does not have adequate Cash / Non-cash collaterals, the Member or the Client, as applicable,, at the entire discretion of the Exchange, can be barred from further trading on the Exchange.
- g) The Exchange automatically on its own may not adjust the unutilized additional margin in the DAM segment against the margins applied in TAM segment and vice versa.

7. Risk Management System

- a) At the time of submission of the order, exchange will verify the availability of Initial Margin and the order would be accepted only if sufficient funds are available under this head. Initial Margin shall be in form of cash. Further the orders will not be accepted if earlier calls for additional, variation and extra-ordinary margins, have not been fulfilled. The Members or the Clients, as applicable, will be allowed to take exposure on the initial security deposit as decided by the exchange. Thereby a member can put an order to buy or sell in a contract as per his available exposure with the Exchange.
- b) Additional Margins in the form of cash / non cash collaterals has to be paid by the buyer member or the Client, as applicable, to the exchange as per the Contract Specification and as per the Trading and Delivery Calendar. In case if the member or the Client, as applicable, fails to bring in the required Additional Margin as per the schedule mentioned, then the Exchange can cancel the trade and may impound the available Initial Margin and Additional Margin and also recover penalty from the member or the Client, as applicable,.
- c) During the entire tenure of the contract, Exchange will monitor traded price of a contract with that of the price of the contract with same underlying traded earlier and in case of change in the Prices between two trading sessions, Variation Margins will be worked out and recovered from the members. Exchange will have the right to collect from its members an ad hoc margin during the tenure of the contract to cover any additional risk arising out of Price Movement in the Market.
- d) Types of Financial and delivery defaults and penalties levied thereof:

- 1) Financial defaults can be of two types:
 - i. Margin default
 - ii. Funds pay in default

i. Margin default: In case if the seller member fails to bring in the initial margin after the trade for the difference between the order value and the trade value on the traded day, the exchange will withhold the initial margin available with the exchange and impose penalty for amount equivalent to such difference from the other available margins of the member or the Client, as applicable,. Similarly, the exchange will cancel the trade in case if the member or the Client, as applicable, fails to pay Basis margin or Variation margin as per the schedule. All the margins collected from such member or the Client, as applicable, will be withheld. The non cash collateral will be liquidated and passed on to the counter party. Apart from the above, exchange will also collect difference between the higher of the traded price or the settlement price for that contract on its platform. Similarly in case if a member fails to pay Extreme loss margins demanded by the exchange, the exchange will have the right to take all the above mentioned actions against the member or the Client, as applicable,.

ii. Funds pay in default: In case if the buyer member or the Client, as applicable, fails to make good the funds pay in on any of the pay in day, the Exchange will be at liberty and has the power and discretion to cancel the allocation of its trades and initiate appropriate action against such Member or the Client, as applicable,. The total margins collected till that period will be withheld and sent for liquidation. Apart from the above, exchange will also collect difference between higher of the traded price or the settlement price for that contract on its platform.

- 2) Delivery defaults can be of following types:

Failure to receive SLDC clearance: In case, the exchange does not receive the SLDC clearance as per the scheduled time from the seller member, then 5% of the total trade value or the total settlement value (trade quantity * settlement price), whichever is higher will be collected from the defaulting member. Penalty so collected shall be passed on to the counter party after deducting administrative charges for the exchange which will be 5% of the penalty amount. In case if the member fails to make good the penalty amount in his settlement account, the non cash collateral available with the exchange shall be liquidated.

Failure in Seller's ability to deliver: In case of failure in delivery by Seller, the difference between the traded quantity and actual delivery is settled under UI.

Revision of Schedule: Once the trade has taken place normally no revision of trade shall be allowed. However, if exchange is satisfied that the revision of schedule is necessary because of reasons beyond control and there is no commercial consideration motivating the party requesting for revision, then the following procedure will be adopted:

In case if, a party wants to exit the contract, than he has to deposit amount in cash to the exchange which shall be sum of following elements.

- (i) 125% of the difference between the trade price and the last settlement price of the same underlying.
- (ii) The transmission charges paid by the counter party for the quantum requested for revision.
- (iii) 5% of (i) above, as administrative charges for the exchange subject to minimum of Rs.10,000/- (Rupees Ten Thousand Only).

The affected counter party will be credited the difference and the transmission charges.

Exchange will debit the amount from member's settlement account: The effected counter party will be credited the difference and the transmission charges. The exchange, on receipt of amount based on above formula, shall send request for revision of schedule. In the next trading session when same underlying is traded again, the exchange will check the new settlement price with the amount worked out as at (i) above and make suitable adjustments as under.

Adjustment of amount collected for rescheduling from sellers: In case new settlement price is higher than the previous settlement price and the difference between the earlier collected amount and amount worked out on new settlement price works out to be more than the amount collected as above, and the difference between the earlier collected amount and amount worked out on new settlement price works out to be more than the amount collected as above seller. However, if, the difference works out to be less than the 125 % collected then any excess will be refunded to the seller. But, if the new settlement price is lower than the traded price then entire amount as above will be refunded to the seller. No refund of transmission charges shall be done to the seller will be allowed due to above adjustments.

Adjustment of amount collected for rescheduling from buyers: In case new Settlement Price is lower then previous Settlement Price and is more and the difference between the earlier collected amount and amount worked out on new settlement price works out to be more than the amount collected, then the difference would be additionally collected from the buyer. However if difference works out to be less the 125% collected then any excess will be refunded to the buyer. But, if the new settlement price is higher than the traded price then entire amount will be refunded to the buyer. No refund of transmission charges to the seller will be allowed due to above adjustments.

In case there is no trading session remaining in that underlying before start of delivery then such working shall be based on the prices of daily contracts which are corresponding to days of such weekly contract. Further, in case no daily contract is available for trading before start of delivery then the working shall be done on the basis of average of hourly prices in the day ahead market (collective transactions). Similarly for working out rescheduling charges for Daily Contracts reference would be taken from the same underlying and in absence of this, basis of working shall be hourly prices in the day ahead market (collective transactions).

The Settlement Prices mentioned above shall be for the regions in which the requesting party is located.

- e) Amount for everyday Pay-in and Pay-out shall be on net basis and the member will be responsible for settling funds obligation between its client's pay-in and pay-out.

8. Surveillance

1. In order to ensure market integrity and to avoid market abuses, the Exchange will use various on-line and off-line surveillance tools. The Exchange shall have the right to take appropriate actions in such cases, which are discussed as under.
2. Validation of orders: Members are required to ensure that bids and offers are in conformity with relevant regulatory provisions. In order to avoid any abnormal orders being put by the Exchange Members like high bid price or bid quantity, the Exchange will validate such orders either through software or manually on a daily basis, wherever possible. Further, the order value of the Member will also be compared with the available limits of such Member for any over utilization. Members are required to ensure that the bids are for the quantity registered with the Exchange for trading which shall be on the basis of their capacity to arrange open access from their respective SLDC. In case the quantity is beyond the above limits, then Exchange will have right to cancel or modify one or more order.
3. **Price movement:** The Exchange will observe any variation in prices as compared to past data. Further, the price movement in the Exchange shall be correlated with that of the bilateral markets that is available with the Exchange.
4. **Market behavior:** The Exchange shall compare the trend in other national or bilateral markets with that of the Exchange. Any unwarranted change in the price pattern or order trend in this will be brought under the notice of the Exchange management.
5. **Correlation with Unscheduled Interchange (UI):** The trend in the UI rate and the prices in the Exchange shall be compared for any major differences. In case of individual Member its trend of trading on the Exchange shall also be compared with his UI obligations.
6. **Price rigging, concentration, price manipulation and other market abuses:** The Exchange will monitor concentration, price rigging, price manipulation and other market abuses and take suitable actions whenever such practices are identified.

9. Delivery procedure

Delivery procedure will be different for National and Regional Contracts.

National and Regional Contracts

- i. All Contracts (trades) shall be for delivery of power as per the requisition submitted by the Exchange and scheduled by NLDC / RLDCs / SLDCs.
- ii. Delivery Point: The delivery point of all the contracts shall be at the Seller's Regional Periphery as per Procedure for Scheduling of Bilateral Transaction and Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 as amended from time to time..
- iii. After finalization of successful trades, the exchange will send details to both the counter parties to obtain concurrence from their respective SLDC. The participants would be required to submit these concurrences in the prescribed Format in accordance with the 'Procedure for Scheduling of Bilateral Transactions' and as specified in the Calendar. Exchange will make application for transmission capacity reservation and advance scheduling as per the schedule mentioned in the Calendar. In case if the "Concurrence from SLDC" received from both the parties does not match with each other, the

- Exchange will consider the minimum of the quantity mentioned for sending the application for scheduling only if the quantity is same for all the traded hours. In all other cases where there is mismatch in hours and / or in quantity cleared in the SLDC concurrences, the contract will be liable to made void.
- iv. The Buyer shall accept the decision on routes that may be available to carry the power without any reservation. Buyer will be deemed to have consented for all possible routes for delivery of the power, however, they can give preference amongst the possible routes along with the concurrence. In absence of any preference from the buyer, the Exchange at its absolute discretion, can decide the route through which application is to be made and also the alternate routes to be mentioned in such application.
 - v. Nodal RLDC's acceptance for scheduling will be binding on both buyers and sellers. In case of anticipated congestion in one or more transmission corridor, the Exchange will have the right to participate in the electronic bid on behalf of the Members as per the guidelines laid down in the 'Procedure for Scheduling of Bilateral Transactions'. Trade once executed shall not be revised except as provided in the Contract Specification and shall be sent for reservation of transmission capacity and advance scheduling as per the Trading and Delivery Calendar. The schedule shall not be revised during the delivery period except as provided in the Contract Specification.
 - vi. Any shortage or excess delivery of electricity from the total schedule will be settled by the respective participants under UI mechanism as per the procedure laid down by the CERC or any other settlement system as prescribed by concerned SERC.
 - vii. Taxes, duties, cess and other levies: The price of all the Contracts shall be quoted at delivery point excluding the transmission charges, losses, scheduling and system operation charges, taxes, duties, cess, surcharge and other levies and the same shall be borne by the Buyers or Sellers as applicable.
 - viii. Metering of electricity: Arrangement for metering shall be made by the Seller/Buyer as per the requirements of respective SLDC / RLDC. Members and the relevant authority shall be responsible to resolve the issues related to metering of electricity. Members shall indemnify and keep indemnified the Exchange from any disputes related to metering.
 - ix. Transmission Losses: Seller shall bear in kind the transmission/ distribution losses from its own interface up to the delivery point. Buyer shall be required to bear in kind all the transmission/ distribution losses from the delivery point up to its own interface. Transmission loss percentage for the respective transmission system as applicable at the time of actual delivery shall be applied for deriving scheduled quantities at various points in the transmission route in accordance with the Procedure for Scheduling of Bilateral Transaction and Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 as amended from time to time.
 - x. Transmission Charges: All the transmission charges shall be calculated on the total quantum of power scheduled at seller's Regional Periphery. Seller shall pay for the transmission charges and Wheeling Charges (wherever applicable) up-to the point of delivery and Buyer shall bear all the charges for enroute regional transmission system and also the transmission and wheeling charges (wherever applicable) for its respective State grid in accordance with the Procedure for Scheduling of Bilateral Transaction and Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 as amended from time to time..
 - xi. Scheduling and Operating charges: Seller will pay for the Scheduling and Operating charges upto delivery point i.e. for the concerned RLDCs /SLDCs /ALDCs involved in transaction. Buyer will bear all the Scheduling and Operating charges from its interface upto delivery point i.e. for the concerned RLDCs /SLDCs /ALDCs involved in transaction. Application fees for the Nodal RLDC will be paid by the buyer.

Indian Energy Exchange Ltd.

- xii. All Transmission, Wheeling charges, Scheduling, Operating charges and application fees will be paid to the Nodal RLDC as per advice received from them and the same will be recovered from the buyers and sellers.
- xiii. The Application fee for processing the 'Concurrence from SLDC' shall be paid by Buyer and Seller for their respective SLDCs.
- xiv. **E bidding consent:** In the event, it is reiterated that the implementation of the contract finalized between the Buyer and the Seller through Power Exchange shall be subject to the availability of the transmission capacity and constraints in the system. In the event of anticipated congestion in one or more transmission corridor and a need for participating in the e-bidding for securing transmission corridor as per the guidelines laid down in the procedure for scheduling of bilateral transaction, the following shall apply:
 - a) The Exchange will have the right to participate in the e-bidding on behalf of the Members as per the above guidelines for bilateral transactions;
 - b) In case of more than one transaction contracted through the Exchange, the Exchange will have the right to participate in the e-bidding for both the transactions;
 - c) Each of the Buyer participating in the transaction through the Exchange shall notify to the Exchange the maximum transmission charges for which the Exchange can bid on his behalf.
 - d) In case any of the Buyer participating in the Exchange is not willing to give consent for e-bidding, there will be an automatic reduction in the contracted quantity for such Buyer and the schedule for dispatch of the related quantum affected by the anticipated congestion may not be implemented, although the Exchange will forward to the concerned RLDC the request for scheduling subject to the availability of the transmission capacity;
 - e) In case the Buyer notifies the maximum transmission charges to which they are agreeing to pay, the Exchange will participate on behalf of the respective Buyer in the e-bidding up to the same limit;
 - f) The decision on the person entitled to the transmission corridor based on e-bidding taken by the concerned RLDC shall be binding on the parties.

10. Transaction fees

The Exchange will charge a transaction fee, as may be specified by the Exchange from time to time, on the transactions carried through the Exchange. Such transaction fee will be computed on value basis or volume basis, as may be decided from time to time, which will be computed on both purchases and sales separately.

11. Reports

- I. After end of trading session, the Exchange will download the reports to the Members which consist of Trade file Report, Provisional Obligation Report, Final Obligation Report and other relevant matters.
- II. Based on the Exchange's Reports, the Members can inform their Clients about their successful trades along with their obligation.

Annexure B1**Contract Specification: - Regional Day Ahead Contingency Contracts (RDACC)**

Sr No.	Item	Details
1	Contract Name*	Region wise Day-Ahead Contingency Contracts
2	Regions	Regional contracts one each for each electrical region will be available for trading i.e. for Northern Region (NR), Eastern Region (ER), Western Region (WR), Southern Region (SR) and North East Region (NER)
3	Contract Code*	<p>“Month Year-‘H’ Hour-‘D’ Delivery Day</p> <p>(e.g. MAR11-H21-D15-NR))</p> <p>Where,</p> <p>Month: Month of delivery day.</p> <p>Year: Year of delivery day</p> <p>Hour: Hour of delivery</p> <p>Delivery Day : Delivery Day</p> <p>‘NR: Northern Region’</p>
4	Contract Type	Delivery Option - Firm Delivery
5	Contract available for Trading	Hourly contracts from 1 st Hour to 24 th Hour i.e. 24 contracts of one hour each.
6	Trading day*	A day before delivery day or as per trading calendar declared in advance.
7	Trading Session*	On each trading day, one continuous trading session will be made available to the members for bidding.
8	Bidding process	Seller will submit bid for the contract of that region to which he belongs. Whereas a buyer can buy any regional contract. Netting off (square off) of positions will not be allowed.
9	Matching of Bids	Continuous trade session. Details in clause 5 (B) of Schedule B of Business Rules. Each trade will be sent for scheduling, on trade to trade basis.
10	Trading Hours*	Continuous trade session: 03.00 PM to 05.00 PM on trading day i.e. one day before delivery date or as per trading calendar
11	Minimum Volume quotation*	1 MW
12	Minimum Volume Step*	1 MW
13	Lot size	1 MW * 1 Hour
14	Maximum bid size*	Bids should not be more than the allowed MW in any of Concurrence/Clearance issued by its SLDC to the Members/Clients at any time. It will be the responsibility of the Member to adhere to this rule.
15	Price Quote Basis	Rs. per MWh (excluding all fees, charges, taxes, if applicable)
16	Price Tick*	Rs. 1 per MWh
17	Volume Tick size	1 MWh
18	Quantity Variation	Zero quantity variation allowed.

19	Settlement	Traded price * Quantity scheduled by RLDC at delivery point.
20	Initial Margins (Operational Limit)*	100% margin from buyers of the total order value should be available in cash with the exchange at the time of bidding for continuous trading sessions.
21	Variation Margin*	NA
22	Extreme Loss Margin*	NA
23	Transaction Fees*	Fees payable by buyer and seller to Exchange for the quantity approved by nodal RLDC at delivery point as specified by the exchange from time to time.

Trading Cycle*

	Time	Details
24	15:00 – 17:00	Continuous Trade Session (Daily)
25	17:30	SLDC Clearance and Declaration Form sent to Members
26	17:30	Funds blocked including Application, Transmission & Operating charges.
27	As Specified in Trading and Delivery Calendar	Submission of SLDC Clearance to the Exchange by the Member
28	22:00	Submission of Application to Nodal RLDC ⁽¹⁾
29	22:30	Approval from nodal RLDC
	11:00	Payin on T basis where T is the trading day
	12:00 noon	Payout on T+2 basis where T is the trading day
	15:00	Payment of charges to Nodal RLDC on T+2 basis.
⁽¹⁾ Application for Scheduling will be sent only when the SLDC Clearances from buyer and seller are received by the Exchange. In case, the SLDC approval is not received from SLDCs of buyer/ seller as per specified in Trading and Delivery Calendar, then it will be considered as default by buyer/seller		

Delivery Procedure

30	Delivery	Trade once executed shall not be revised and shall be sent for scheduling, and at no point of time during the contract period shall be allowed to be revised. The quantity shall be deliverable as per the schedule issued by the respective RLDC. .
31	Delivery period	Delivery for each hour.
32	Delivery point	The delivery point shall be at Seller's Regional Periphery as per Procedure for Scheduling of Bilateral Transaction and Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 as amended from time to time.
33	Application for Scheduling	Application for Scheduling will be Submitted to Nodal RLDC on Contingency basis as per the "Procedure for Scheduling of bilateral transactions"
34	SLDC Clearance	After trading on the exchange, the buyer and seller will have to take a concurrence from their respective SLDCs. This concurrence has to be submitted as per the timelines specified in the Trading and Delivery Calendar.

35	Application fees, Operating and Transmission Charges and Losses	Seller will bear all the Transmission, Scheduling & Operating charges and Transmission Losses (in kind) up to the delivery point and Buyer shall bear all the Transmission, Scheduling & Operating charges including Application Fees and Transmission Losses from delivery point up to their point of drawl . The charges shall be applied on the quantum of power scheduled at seller's Regional Periphery.
36	Alternate route	Unless preference is specified by the buyer, he will be deemed to have consented for all possible transmission corridors from seller's injection point till drawal point.
37	Force majeure	In case of force majeure, the Exchange will settle the contract as per final schedule issued by RLDCs.
38	Fines & penalties*	As decided by the Exchange from time to time and informed through circular.

Settlement procedure*

39	Payment of Application fees, Transmission & Operating Charges by Members	Application fees will be collected from buyer on date of application to Nodal RLDC. Transmission and Operating Charges as applicable on quantum scheduled at the delivery point and payable to the Nodal RLDC, will be recovered from the buyer and seller members on the next day of receiving the acceptance from the nodal RLDC.
40	Funds pay in by Members	Exchange will debit the funds pay-in on the trading day at 06:30 pm from buyer's member's settlement account. In case if the RLDC acceptance is not received till 6.30 pm then the pay in collected will be provisional in nature and the difference amount will be collected/refunded on the delivery day at 11.00 am.
41	Funds pay out to Members	Exchange will credit the funds pay out in seller's member's settlement account on D+1 basis at 12.00 noon for each delivery day subject to confirmation of delivery pay in by the seller. Pay-outs and refund of Margins shall not be allowed to the Clients of the Professional Members before expiry of fifteen (15) working days from the date the Pay-out has become due under these Business Rules.

* Exchange may modify these parameters from time to time with prior intimation to its Members.

Contract Specification:- Regional Intra-Day Contract

Sr No.	Topic	Details
1	Contract Name*	Regional Intra Day Contracts
2	Regions	Regional contracts one each for each electrical region will be available for trading i.e. for Northern Region (NR), Eastern Region (ER), Western Region (WR), Southern Region (SR) and North East Region (NER)
3	Contract Code*	Month Year-'H' Hour-'I' Delivery Day (e.g. MAR11-H21-I15-NR) Where, Month: Month of delivery day. Year: Year of delivery day Hour: Hour of delivery Delivery Day : Delivery Day NR: Northern Region
4	Contract Type	Delivery Option - Firm Delivery
5	Contract available for Trading	Hourly contracts of one hour each for consecutive hours on same day or next day will be available for trading (presently hourly contracts from 18:00 hrs to 24:00 hrs are available for trading).
6	Trading day*	Every calendar day of the year for same delivery date.
7	Trading Session*	One Continuous Trading session will be made available to the members for bidding.
8	Bidding process	Seller will submit bid for the contract of that region to which he belongs. Whereas a buyer can buy any regional contract. Netting off (square off) of positions will not be allowed.
9	Matching of Bids	Continuous trade session: Details in clause no. 5 (B) of Schedule B of Business Rules. Each trade will be sent for scheduling, on trade to trade basis.
10	Trading Hours*	Continuous trade session: 12:00 hrs to 17:00 hrs on trading days
11	Minimum Volume Quotation*	1 MW
12	Minimum Volume Step*	1 MW
13	Lot size	1 MWh
14	Maximum bid size*	Bids should not be more than the allowed MW in any of Concurrence/clearance issued by its SLDC to the members/clients at any time. It will be the responsibility of the member to adhere to this rule.
15	Price Quote Basis	Rs. per MWh (excluding all fees, charges, taxes, if applicable)
16	Price Tick*	Rs. 1 per MWh
17	Quantity Variation	Zero quantity variation allowed.
18	Settlement	Traded price * Quantity scheduled by RLDC at delivery point.
19	Initial Margins (Operational Limit)*	100% margin from buyers of the total order value should be available in cash with the exchange at the time of bidding for continuous trading sessions.

20	Variation Margin*	NA
21	Transaction Fees*	Fees payable by buyer and seller to Exchange for the quantity approved by nodal RLDC at delivery point as specified by the exchange from time to time.

Trading Cycle*

	Time	Details
22	12:00 – 17:00	Continuous Trade Session (Daily)
23	17:30	SLDC Clearance and Declaration Form sent to Members
24	17.30	Funds blocked including Application, Transmission & Operating charges.
25	As per specified in Trading and Delivery Calendar	Submission of SLDC Clearance to the Exchange by the Member
26	22:00	Submission of Application to Nodal RLDC ⁽¹⁾
27	22:30	Approval from nodal RLDC
28	11:00	Payin on T basis where T is the trading day
29	12:00 noon	Payout on T+2 basis where T is the trading day
30	15:00	Payment of charges to Nodal RLDC on T+2 basis
	⁽¹⁾ Application for Scheduling will be sent only when the SLDC Clearances from buyer and seller are received by the Exchange. In case, the SLDC approval is not received from SLDCs of buyer/ seller as per specified in Trading and Delivery Contract, then it will be treated as default.	

Delivery Procedure

31	Delivery	Trade once executed shall not be revised and shall be sent for scheduling, and at no point of time during the contract period shall be allowed to be revised. The quantity shall be deliverable as per the schedule issued by the respective RLDC.
32	Delivery period	Delivery for each hour.
33	Delivery point	The delivery point shall be at Seller's Regional Periphery as per Procedure for Scheduling of Bilateral Transaction and Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 as amended from time to time.
34	Application for Scheduling	Application for Scheduling will be Submitted to Nodal RLDC on Contingency basis as per the "Procedure for Scheduling of bilateral transactions".
35	SLDC Clearance	After trading on the exchange, the buyer and seller will have to take a concurrence of their respective SLDCs. This concurrence has to be submitted to the Exchange as per the timelines specified in the Trading and Delivery Calendar.
36	Application fees, and Operating and Transmission	Seller will bear all the Transmission, Scheduling & Operating charges and Transmission Losses (in kind) up to the delivery point and Buyer shall bear all the

	Charges and Losses	Transmission, Scheduling & Operating charges including Application Fees and Transmission Losses from delivery point up to their point of drawl . The charges shall be applied on the quantum of power scheduled at seller's Regional Periphery.
37	Alternate route	The buyer will be deemed to have consented for all possible routes; however, they can give preference amongst the possible routes.
38	Force majeure	In case of force majeure, the Exchange will settle the contract as per final schedule issued by RLDCs.
39	Fines & penalties	As decided by the Exchange from time to time and informed through circular.

Settlement procedure*

40	Payment of Application fees, Transmission & Operating Charges by Members	Application fees will be collected from buyer on date of application to Nodal RLDC. Transmission and Operating Charges as applicable on quantum scheduled at the delivery point and payable to the Nodal RLDC will be recovered from the buyer and seller members on the next day of receiving the acceptance from the nodal RLDC.
41	Funds pay in by Members	Exchange will debit the funds pay-in on the trading day at 06:30 pm from buyer member's settlement account. In case if the RLDC acceptance is not received till 6.30 pm then the pay in collected will be provisional in nature and the difference amount will be collected/refunded on the delivery day at 11.00 am.
42	Funds pay out to Members	Amount equivalent to total obligation will be credited at 12.00 noon on T+2 basis (where T stands for Trading day.)

* Exchange may modify these parameters from time to time with prior intimation to its Members.

Contract Specification: Regional Daily Contracts

Sr. No.	Item	Details
1	Contract Name*	Daily Contracts
2	Regions	Regional contracts one each for each electrical region will be available for trading i.e. for Northern Region (NR), Eastern Region (ER), Western Region (WR), Southern Region (SR) and North East Region (NER)
3	Contract Code*	<p>“Month Year-Block of Hours-Delivery Day-‘RI’” (e.g. MAR11-FBA-D03-NR) Where Month: Month of delivery day. Year: Year of delivery day Block of Hour: FBA : Firm base load power for the entire 24 hours FNT : Firm night power of 8 hours time block starting from 00.00 hrs in night till 07.00 hrs and from 23.00 hrs till 24.00 hrs. FDY : Firm day power for 11 hours time block starting 07.00 till 18.00 hrs. FPK : Firm evening power for 5 hours time block starting 18.00 hrs till 23.00 hrs. Delivery Day : Delivery Day NR: Northern Region</p>
4	Contract Type	Delivery Option - Firm Delivery
5	Firm Daily Contract	The daily contracts for trading will be available on a rolling basis i.e. everyday seven daily contracts of the following week.
6	Trading day*	Trading will be available on all days or as per trading calendar declared in advance
7	Trading Session*	On each trading day, one continuous trading session will be made available to the members for bidding.
8	Order Management*	The Exchange Members will be able to submit orders as per Clause No. 34 of Business Rules. A Member shall be permitted to modify or cancel his orders, during the trading hours. Orders and bids entered into the Trading System shall be subject to various validation requirements as prescribed by the Exchange including price and quantity restrictions as decided by the Exchange. Orders that do not meet the validation checks will not be accepted by the Exchange. The Exchange shall specify from time to time price steps (tick size) in which orders shall be entered on the trading system of the Exchange.
9	Bidding process	<p>Seller will submit bid for the contract of that region to which he belongs. Whereas a buyer can buy any regional contract. Netting off (square off) of positions will not be allowed.</p>
10	Matching of Bids	Continuous trade session: Details as per clause no. 5 (B) of Schedule B of Business Rules. Each trade will be sent for scheduling, on trade to trade basis.

11	Trading Hours*	Continuous trade session: 12.00 noon to 3.00 PM on trading days
12	Minimum Volume Quotation*	1 MW
13	Minimum Volume Step*	1 MW
14	Lot size	Base or RTC Contract (FBA): 1 lot = 1 MW * 24 Hours Night Off-peak Contract (FNT) : 1 lot = 1MW * 8 Hours Day Contract (FDY) : 1 lot = 1MW * 11 Hours Day Peak Contract (FPK) : 1 lot = 1 MW * 5 Hours
15	Maximum bid size*	Bids should not be more than the allowed MW in any of Concurrence/Clearance issued by its SLDC to the members/clients at any time. It will be the responsibility of the member to adhere to this rule.
16	Price Quote Basis	Rs. per MWH (excluding all fees, charges and taxes, if applicable)
17	Price Tick*	Rs. 1 per MWh
18	Quantity Variation	Zero quantity variation allowed.
19	Settlement	Traded price * Quantity scheduled by RLDC at delivery point.
20	Initial Margins (Operational Limit)*	5% margin of the total order value should be available in cash/non cash with the exchange at the time of bidding for continuous trading sessions.
21	Additional Margins (Basis Margin)*	Additional Margin will be based on a risk curve defined by the Exchange for each contract. Exchange will have the right to define and modify the risk curves from time to time. Additional Margin could be in the form of collaterals (Bank Guarantee or FDR) or bank limit.
22	Variation Margin*	Variation Margin may be collected from buyer Members only. Variation Margin is the difference in the Value of the contract based on the Trade price and the Settlement price. In case the Settlement price is less than the trade price, the difference in the value is collected from the buyers however at any point the sum of Basis Margin collected upto that day and Variation Margin will not exceed the trade value. Variation Margin will be computed at the end of each available trading day for a specific contract and will be collected from the member on the same day in the form of collaterals. Variation Margin will be applied at client level.
23	Extreme Loss Margin*	Exchange can impose Extreme Loss Margin, which the exchange can apply any time during the life of the contract.
24	Transaction Fees*	Fees payable by buyer and seller to Exchange for the quantity approved by nodal RLDC at delivery point as specified by the exchange from time to time.

Trading Cycle.*

Sr. No.	Time	Details
25	12:00 – 15:00	Continuous Trade Session
	15:30	SLDC Clearance and Declaration Form sent to Members.
	16.30	Calculation of Additional Margin of the buyer's member
26	17:00	Blocking of the Additional Margin from the available cash/non cash collateral of the buyer's Member provided to

		the exchange. In case if there is any deficit, call for the deficit additional margins.
27	As per the Trading & Delivery Calendar	SLDC Clearance from Members and fulfillment of additional margin requirement call, if any.
		On completion of formality and receipt of adequate additional margin, application on 'First Come First Serve' or 'Day-Ahead Bilateral' basis will be sent to Nodal RLDC.
		Acceptance for Scheduling from Nodal RLDC.
		Receipt of Transmission/Operating Charges and Application Fees from the members.
		Payment of Charges to Nodal RLDC.
		Pay-in ; equivalent to one day's obligation collected on D-1 basis , where D=Delivery day.
		Payout; Equivalent to one day's obligation credited on D+1 basis, till the contract delivery ends
¹⁾ Application for Scheduling will be sent only when the SLDC Clearances from buyer and seller are received by the Exchange. In case, the SLDC approval is not received from SLDCs of buyer/ seller as per the timeline specified in the Trading and Delivery Calendar then it will be treated as default by concerned buyer or seller.		

Delivery Procedure

28	Delivery	Trade once executed shall not be revised and shall be sent for scheduling, The quantity shall be deliverable as per the schedule issued by the RLDC
29	Delivery period	As mentioned under item no.2
30	Delivery point	The delivery point shall be at Seller's Regional Periphery as per Procedure for Scheduling of Bilateral Transaction and Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 as amended from time to time.
31	SLDC Clearance	After trading on the exchange, the buyer and seller will have to take a concurrence of their respective SLDCs. This concurrence has to be submitted to the exchange as per the timelines specified in the trading and delivery calendar.
32	Application for Scheduling	Application for Scheduling will be Submitted to Nodal RLDC as specified in the Trading Calendar and as per the "Procedure for scheduling of bilateral transactions".
33	Delivery Process	Application for Scheduling, as specified in the trading and delivery Calendar, shall be sent to the Nodal RLDC, on FCFS basis as per the "Procedure for scheduling of bilateral transactions".
34	Application fees, Operating and Transmission Charges and Losses	Seller will bear all the Transmission, Scheduling & Operating charges and Transmission Losses (in kind) up to the delivery point and Buyer shall bear all the Transmission, Scheduling & Operating charges including Application Fees and Transmission Losses from delivery point up to their point of drawl . The charges shall be applied on the quantum of power scheduled at seller's Regional Periphery.
35	Alternate route	Unless preference is specified by the buyer, it will be

		deemed to have consented for all possible transmission corridors from seller's injection point till drawal point.
36	Force majeure	In case of force majeure the Exchange will settle the contract as per final schedule issued by RLDCs.
37	Fines & penalties*	As decided by the Exchange from time to time and informed through circular.

Settlement procedure*

38	Payment of Application fees, Transmission & Operating Charges by Members	Application fees will be collected from buyer on date of application to Nodal RLDC. Transmission and Operating Charges as applicable on quantum scheduled at seller's periphery and payable to the Nodal RLDC, will be recovered from the buyer and seller members on the next day of receiving the acceptance from the nodal RLDC.
39	Funds pay in by Members	Exchange will debit the funds pay-in on each D-1 basis at 11.00 am from buyer's member's settlement account.
40	Funds pay out to Members	Exchange will credit the funds pay-out in seller's member's settlement account on D+1 basis at 12.00 noon subject to confirmation of delivery pay in by the seller.

* Exchange may modify these parameters from time to time with prior intimation to its Members.

Contract Specification:- Regional Weekly Contracts

Sr. No.	Item	Details
1	Contract Name*	Regional Weekly Contracts
2	Regions	Regional contracts one each for each electrical region will be available for trading i.e. for Northern Region (NR), Eastern Region (ER), Western Region (WR), Southern Region (SR) and North East Region (NER)
3	Contract Code*	<p>“Month Year-Block of Hours-Delivery Week-RI” (e.g. MAR11-FBA-W14-NR) Where, Month: Month of delivery day. Year: Year of delivery day Block of Hour: FBA : Firm base load power for the entire 24 hours FNT : Firm night power of 8 hours time block starting from 00.00 hrs in night till 07.00 hrs and from 23.00 hrs till 24.00 hrs. FDY : Firm day power for 11 hours time block starting 07.00 till 18.00 hrs. FPK : Firm evening power for 5 hours time block starting 18.00 hrs till 23.00 hrs. Delivery Week : Week of delivery NR: Northern Region</p>
4	Contract Type	Delivery Option – Firm Delivery
5	Firm Weekly Contract	The weekly contracts for trading will be available as per the trading and settlement calendar for various calendar weeks starting on Monday and ending on Sunday.
6	Trading day*	Please refer to trading and settlement calendar for more details. Exchange can also hold multiple trading sessions on specified trading days or other days to minimize unmatched volume.
7	Trading session*	<p>On each trading day, one session will be made available to the members for bidding</p> <p>a) Call Auction session</p> <p>Details of trading session are given in trading cycle.</p>
8	Order Management	The Exchange Members will be able to submit orders as per Clause no. 34 of Business Rules. A Member shall be permitted to modify or cancel his orders, during the trading hours. Orders and bids entered into the Trading System shall be subject to various validation requirements as prescribed by the Exchange including price and quantity restrictions as decided by the Exchange. Orders that do not meet the validation checks will not be accepted by the Exchange. The Exchange shall specify from time to time price steps (tick size) in which orders shall be entered on the trading system of the Exchange.
9	Bidding process	Seller will submit bid for the contract of that region to which he belongs. Whereas a buyer can buy any regional contract.

		Netting off (square off) of positions will not be allowed.
10	Matching of Bids	Uniform Price Step Auction can be closed or open as specified in Exchange circular issued from time to time. Details of closed or open auction are mentioned in Clause no. 5 (A) Schedule B of Business Rules.
11	Trading Hours*	As specified in Exchange circular from time to time.
12	Minimum Volume quotation*	1 MW
13	Minimum Volume Step*	1MW
14	Lot size	Base or RTC Contract (FBA): 1 lot =1 MW*24*7 Hours Night Off-peak Contract (FNT): 1 lot= 1MW*8*7 Hours Day Contract (FDY): 1 lot = 1MW *11*7 Hours Day Peak Contract (FPK): 1 lot = 1 MW*5*7 Hours
15	Maximum bid size*	Bids should not be more than the allowed MW in any of Concurrence/Clearance issued by its SLDC to the members/clients at any time. It will be the responsibility of the member to adhere to this rule.
16	Price Quote Basis	Rs. per MWH (excluding all fees ,charges, taxes etc)
17	Tick size*	Rs. 1 per MWH
18	Quantity Variation	Zero quantity variation allowed.
19	Settlement	Traded price * Quantity scheduled by RLDC at delivery point.
20	Initial Margins (Operational Limit)*	5% margin of the total order value should be available in cash/non cash with the exchange at the time of bidding by buyer.
21	Additional Margins (Basis Margin)*	Where the difference between the trading day and the start of delivery day is as follows: <ul style="list-style-type: none"> ➤ ≤ 10 days but > 4 days : 30% (on trading day) + 20% (on Trade + 1 day).. 5% of the last trench of will be collected in cash. ➤ ≤ 4 days: 50% (on trading day). 5% of the last trench of will be collected in cash.
22	Variation Margin*	Variation Margin may be collected from buyer Members only. Variation Margin is the difference in the Value of the contract based on the Trade price and the Settlement price. In case the Settlement price is less then the trade price, the difference in the value is collected from the buyers however at any point the sum of Basis Margin collected upto that day and Variation Margin will not exceed the trade value. Variation Margin will be computed at the end of each available trading day for a specific contract and will be collected from the member on the same day in the form of collaterals. Variation Margin will be applied at client level.
23	Extreme Loss Margin*	Exchange can impose Extreme Loss Margin, which the exchange can apply any time during the life of the contract.
24	Transaction Fees*	Fees payable by buyer and seller to Exchange for the quantity approved by nodal RLDC at delivery point as specified by the exchange from time to time.

Trading Cycle*

Sr No.	Time	Details
25	12:00 – 16:00	Auction Trade Session
	16:00	Publish results.
	16.30	SLDC clearance and Declaration form sent to Members through FTP.
26	17:00	Blocking of the Additional Margin from the available cash/non cash collateral of the Buyer Member provided to the exchange. In case if there is any deficit, call for the deficit additional margins.
27	As per the Trading & Delivery Calendar	SLDC Clearance from Members and fulfillment of additional margin requirement call, if any.
		On completion of formality and receipt of adequate additional margin, application on 'First-Come-First-Serve' or 'Day-Ahead Bilateral' basis will be sent to Nodal RLDC.
		Acceptance for Scheduling from Nodal RLDC.
		Receipt of Transmission/Operating Charges and Application Fees from the members.
		Payment of Charges to Nodal RLDC.
		Pay-in ; equivalent to one day's obligation collected on D-1 basis , till the contract delivery ends
		Pay-out; Equivalent to one day's obligation credited on D+1 basis, till the contract delivery ends
¹⁾ Application for Scheduling will be sent only when the SLDC Clearances from buyer and seller are received by the Exchange. In case, the SLDC approval is not received from SLDCs of buyer/ seller as per the timeline specified in the Trading and Delivery Calendar then it will be treated as default by concerned buyer or seller.		

D = Delivery Day

Delivery Procedure

28	Delivery	Trade once executed shall not be revised and shall be sent for scheduling. The quantity shall be deliverable as per the schedule issued by the RLDC.
29	Delivery period	As mentioned under point no. 2
30	Delivery point	The delivery point shall be at Seller's Regional Periphery as per Procedure for Scheduling of Bilateral Transaction and Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 as amended from time to time.
31	Application for Scheduling	Application for Scheduling will be submitted to nodal RLDC as specified in the Trading and Delivery Calendar and as per the "Procedure for Scheduling of bilateral transactions".
32	SLDC Clearance	After trading on the exchange, the buyer and seller will have to take a concurrence of their respective SLDCs. This concurrence has to be submitted to the exchange as per the date and time specified in the trading and delivery calendar.
33	Delivery Process	Application for Scheduling, as specified in the trading and delivery Calendar, shall be sent to the Nodal RLDC, on the first available date after trading, as per the "Procedure for scheduling of bilateral transactions".

34	Application fees, and Operating Transmission Charges and Losses	Seller will bear all the Transmission, Scheduling & Operating charges and Transmission Losses (in kind) up to the delivery point and Buyer shall bear all the Transmission, Scheduling & Operating charges including Application Fees and Transmission Losses from delivery point up to their point of drawl . The charges shall be applied on the quantum of power scheduled at seller's Regional Periphery.
35	Alternate route	Unless preference is specified by the buyer, he will be deemed to have consented for all possible transmission corridors from seller's injection point till drawal point.
36	Force majeure	In case of force majeure the Exchange will have the power to settle the contract independently and/or as deemed fit by the Exchange.
37	Fines & penalties*	As decided by the Exchange from time to time and informed through circular.

Settlement procedure*

39	Payment of Application Fees by Members	Application fees will be collected from buyer on date of application to Nodal RLDC. Transmission and Operating Charges as applicable on quantum scheduled at the delivery point and payable to the Nodal RLDC, will be recovered from the buyer and seller members on the next day of receiving the acceptance from the nodal RLDC.
40	Funds pay in by Members	Exchange will debit the funds pay-in on D-1 basis at 11.00 am from buyer member settlement account.
41	Funds pay out to Members	Exchange will credit the funds pay out in seller's member's settlement account on D+1 basis at 12.00 noon for each delivery day subject to confirmation of delivery pay in by the seller. Pay-outs and refund of Margins shall not be allowed to the Clients of the Professional Members before expiry of fifteen (15) working days from the date the Pay-out has become due under these Business Rules.

* Exchange may modify these parameters from time to time with prior intimation to its Members.

SCHEDULE C : RENEWABLE ENERGY CERTIFICATE (REC) MARKET

1. Introduction

This market segment will cover Renewable Energy Certificate contracts in accordance with CERC (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 as amended from time to time.

- 1.1 REC Market will operate in accordance with the procedures issued by Central Agency for trading of RECs.
- 1.2 This market segment will typically cover two categories of certificates, solar certificates and non-solar certificates which are issued to eligible entities for generation of electricity Based on solar and non solar renewable energy sources.
- 1.3 All terms and conditions of the contracts including trading sessions, matching rules, margin requirement and delivery procedure etc, will be as per specific rules mentioned herein.

2. Membership

- 2.1 All the existing Members and Clients of the Exchange are eligible to trade RECs at the Exchange Platform. However, a separate category of membership termed as 'REC Member' is introduced for the participants who want to trade only Renewable Energy Certificates at the Exchange. The different terms and conditions for Members of the Exchange is defined in the Rules. REC Member shall be governed by Regulation 26 of CERC (Power Market) Regulation,2010. Additional eligibility conditions, if any, for REC Member will be notified by the Exchange from time to time through circulars.
- 2.2 Rules and Bye-laws as applicable to other Members shall apply to such Members except those mentioned herein or notified separately through circulars from time to time.

3. Client

- 3.1 A separate category of Client is introduced for the participants who wish to trade only RECs at the Exchange. A Professional Member or an REC Member, trading for his own account or on behalf his Clients, shall pay the Exchange, Annual Client Fees, as decided by the Exchange, for each Central Agency registered entity, which gives the Member or the Client the right to purchase and sell RECs, and shall receive a registration identification code from the Exchange provided that he complies with all the other requirements prescribed by the Exchange from time to time. This fees shall be payable for each financial year.

4. Fees

- 4.1 IEX may charge the following fees to the REC Member
 - a) Admission Fee;
 - b) Annual Subscription Fee;

Indian Energy Exchange Ltd.

- c) Transaction fee; and
 - d) as the case may be, a single set up Fee.
- 4.2 The admission fee is one-time fee for admission to the IEX-REC. The admission fee is non-refundable.
- 4.3 A Member is required to pay annual subscription fee in accordance with his category of membership at the latest by 30th day of April every year in advance.
- 4.4 The transaction fee is due per traded volume of certificates and as specified by the Exchange from time to time.
- 4.5 The Member shall pay such fees and charges as decided by the Exchange from time to time.

5. Trading Days

- 5.1 The Exchange shall operate on days as notified by the Exchange in advance for each calendar year In accordance with detailed procedure issued by the Central Agency.

6. Trading hours

- 6.1 Trading hours shall be as per approved detailed procedure issued by the Central Agency.

7. Market Operations

- 7.1 REC Market segment will operate in accordance with the procedures issued by Central Agency for trading of RECs. The REC market operations and the exact time schedule relating to pay in and pay out activities shall be adhered by all the Exchange Members in order to have smooth and orderly operations of the Exchange.
- 7.2 Summary of terms and conditions of the contract is as specified in Contract Specifications at **Annexure C1**.

8. Trading phases

8.1 Pre-trade phase

The Exchange will validate available margins of the Buying participants required as per contracts specifications. Members will be allowed to place orders upto the available margins.

8.2 Order accumulation phase (Bidding phase)

Bidding session also referred to as the Order call period will start from 13.00 Hrs to 15.00 Hrs on the trading days specified as per the REC Trading calendar published from time to time. Orders entered by the direct access clients shall be treated as orders entered by Members. The orders collected during the order accumulation phase will not be visible to the market participants.

8.3 Order matching and trade finalization phase

At the end of the bidding phase, the trading platform will seek to match orders. During this matching process, orders cannot be entered into the trading platform, and orders already entered cannot be cancelled or modified. A report of all offers received by the exchange shall be prepared in the format approved by the Central Agency and would be sent to the Central Agency. Central Agency will verify availability of sufficient number of certificates in the sellers account and confirm the same to the exchange. In case, based on the report received from the Central Agency it is found that sufficient number of certificates are not available in the account of the seller, his offer shall be rejected. All bids and offers (after rejecting offers as mentioned above) are aggregated and Market Clearing Price and Market Clearing Volume shall be determined by 16.30 Hrs.

After the final market clearing price and volume determination phase is concluded by 16.30 Hrs, Members, whose orders have been executed, will be provided all relevant trade information regarding final trade on the trading platform. The Exchange shall also inform the Central Agency about the same by 17.00 Hrs.

8.4 Obligation determination process (Settlement Phase)

After end of the order matching and trade finalization phase, an obligation report will be generated by the Exchange at 17.00 Hrs, which will provide the quantity and amount of pay in / pay out and transaction fee payable etc. The Exchange will advise the Clearing Banks for transfer of pay-in at 17.00 hrs and pay-out at 11.00 hrs of next bank working day to / from Member's accounts. In case a professional or REC Member does not hold a Trading License from the CERC, then such Members will be governed by Regulation 26(ii) of Central Electricity Regulatory Commission (Power Market) Regulations, 2010. Accordingly the pay-in / pay-out shall take place in accordance with this regulation.

8.5 Delivery phase

On the basis of trade finalized, Central Agency shall extinguish the requisitioned number of RECs from the respective seller's account by 18.00 Hrs of the trade day. Information would be sent to the Central Agency as per the agreed data interchange formats. The Exchange shall also send a written invoice to all the successful buyers and sellers by 17.30 Hrs stating the total number of RECs purchased / sold by them along with the unique identification code for each transaction.

8.6 The information regarding Market Clearing Price and Market Clearing Volume shall be posted on the website by 18.00 Hrs.

8.7 The Exchange shall issue an electronically printable certificate as per format prescribed by CERC at **Annexure C2**, along with the REC account statement pertaining to such certificate, to the Buyers within five days of trading.

8.8 The Exchange timelines are as under. They are subject to change as per procedure specified by the Central Agency towards implementation of REC mechanism as approved by CERC and Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010.

TIME on TRADE DAY	DETAILS
Pre-trade Phase:	
By 12.00 Hrs	Exchange to check initial margin check for Members
Order Accumulation phase (Bidding)	
13.00 Hrs to 15.00 Hrs	Order Accumulation
Order matching and trade finalization	
By 15.30 Hrs	<ul style="list-style-type: none"> Exchange to send details of maximum offer placed by Sellers to Central Agency
By 16.00 Hrs	<ul style="list-style-type: none"> Central Agency to send report confirming valid RECs with Eligible Entities
By 16.30 Hrs	<ul style="list-style-type: none"> Finalization of trade results after removal of defaulters' orders Exchange to inform participants about trade results
By 17.00 Hrs	<ul style="list-style-type: none"> Exchange to inform Central Agency the details of buyers and sellers
Settlement Phase	
By 17.00 Hrs	<ul style="list-style-type: none"> Files to be sent by Exchange to banks for actual debits/credits (Pay-in & Pay-out)
By 11.00 Hrs (next bank working day)	<ul style="list-style-type: none"> Files to be sent by Exchange to banks for actual credits (Pay-out)
Delivery Phase	
By 18.00 Hrs	<ul style="list-style-type: none"> Central Agency to extinguish RECs in Seller's Account
	<ul style="list-style-type: none"> Exchange to raise invoices to each participant as proof of transfer of RECs.

The above timelines shall be subject to change as per approved detailed procedure issued by the Central Agency.

9. Order management

9.1 Order types

The Exchange Members will be able to submit the following types of orders:

- a. **Single bid:** Single order will specify the price and quantity of RECs to be traded.

9.2 Modification and cancellation of orders:

A Member shall be permitted to modify or cancel his orders, during the trading hours.

9.3 Order validation

Orders entered into the Trading System shall be subject to various validation requirements as prescribed by the Exchange including price and quantity restrictions as decided by the Exchange. Orders that do not meet the validation checks will not be accepted by the Exchange. The Exchange shall specify from time to time price steps (tick size) in which orders shall be entered on the trading system of the Exchange.

10. Matching rules

10.1 All the Clients shall be assigned unique ID / Portfolio ID. The Exchange may launch more than one order book running either parallel or at different time spans. Subject to the approval of the CERC, the Exchange is also entitled to modify or change the matching rules relevant to any market or order books any time where it is necessary to do so.

10.2 Uniform Price Auction for Renewable Energy Certificates

The matching of bids will be done through Uniform Price Auction. The methodology used is described as below.

Terminologies used under this section:-

Candidate Price Levels (CP): Candidate price levels are the exclusive price levels being tendered (order / offer) by the market participants. A candidate price may or may not be an equilibrium price.

Unbalance (UB): Difference of cumulative buy and cumulative sell at every candidate price level, which can be positive, negative or zero.

Positive Unbalance: Cumulative buy > Cumulative sell at every candidate price.

Negative Unbalance: Cumulative buy < Cumulative sell at every candidate price.

Zero Unbalance: Cumulative buy = Cumulative sell at every candidate price.

Tradable Volume (TV): Minimum of cumulative buy and cumulative sell at every candidate price.

A Matching of the auction will only take place if there are crossing prices (buy price \geq Sell Price) in the order book, that is, if the best order price is equal to or higher than the best ask price. In that case, the equilibrium price is determined according to the following criteria:

1. Maximum tradable volume: The Equilibrium Price will be the price at which there is maximum tradable volume.
2. Minimum unbalance: If there is more than one price with equal value for maximum tradable volume, the price that leaves the least volume untraded at its level is chosen as Equilibrium Price.

In price determination process, the volume is cumulated at every candidate price level, and the difference between cumulative buy and cumulative sell is calculated at every candidate price level. This gives two values at every candidate price levels i.e. Tradable Volume (minimum of cumulative buy and cumulative sell) and Unbalance (Difference of cumulative buy and cumulative sell, which can be positive, negative or zero). This gives rise to four rules for calculating Equilibrium Price.

Rule 1: If a candidate price level with maximum tradable volume exists, this price is an Equilibrium Price. This rule gives us one or more price levels:

If the maximum tradable volume is zero (no crossing prices), no equilibrium price (EP) is determined.

- If there is only one price level, this is the equilibrium price.

- If there are multiple levels, rule 2 is applied.

Rule 2: If there are several price levels for maximum tradable volume, the levels with minimum Unbalance are singled out as **candidate price levels**.

This rule gives us one or more price levels:

- If there is only one price level, this is the equilibrium price (EP).
- If there are multiple price levels, and the unbalance is not zero, rule 3 is applied.
- If there are multiple price levels, and the unbalance is zero, rule 4 is applied.

Rule 3a: If the sign(+/-) of unbalance is same for all candidate price levels, the price closest to the price at which sign of unbalance has changed (from positive to negative or negative to positive, as the case may be) , is chosen as equilibrium price (EP).

Rule 3b: If the unbalances at candidate price levels have different signs, the highest candidate price level with positive unbalance and the lowest candidate price level with negative unbalance are identified. The equilibrium price is then chosen randomly between these two levels.

Rule 4: If there are two candidate price levels with unbalance = 0, then one of them is chosen randomly as Equilibrium Price.

Examples:

- CB Cumulative Buy
- B Buy Volume
- CP Candidate Price
- S Sell Volume
- CS Cumulative Sell
- TV Maximum Tradable Volume
- UB Unbalance

Rule 0: No Match, since none of the aforementioned cases is getting satisfied.

CB	B	CP	S	CS	TV	UB	1	2	3a	3b	4	Result
0	0	5000	100	100	0	-100						No match
100	100	4000	0	0	0	100						

Rule 1: Candidate price level, 4000 has the maximum tradable volume. Therefore candidate price level of 4000 shall be regarded as Market Clearing Volume.

CB	B	CP	S	CS	TV	UB	1	2	3a	3b	4	Result
0	0	5000	100	200	0	-200						
100	100	4000	50	100	100	0						Max volume at single price
100	0	3500	50	50	50	50						

Rule 2: Candidate price levels, 4000 and 3500 have the maximum tradable volume (i.e. 100) but only 3500 has least (0) unbalance volume, so 3500 shall be regarded as Equilibrium Price.

CB	B	CP	S	CS	TV	UB	1	2	3a	3b	4	Result
0	0	5000	100	250	0	-250						
100	100	4000	50	150	100	-50						

100	0	3500	50	100	100	0							Minimum unbalance
100		3000	50	50	50	50							

Rule 3a: Candidate price levels, 5000, 4000 and 3000 have maximum tradable volume (100) and all the unbalances have same sign (positive in this case) i.e. 50,250 and 350 respectively, so the CP with minimum unbalance volume i.e. 50 shall be regarded as Equilibrium Price.

CB	B	CP	S	CS	TV	UB	1	2	3a	3b	4	Result
150	150	5000	0	100	100	50						TV is same, all the UB have the same sign. So min UB rate (5000) will be selected.
350	200	4000	0	100	100	250						
450	100	3000	100	100	100	350						

Rule 3b: Candidate price levels, 4500, 4000, 3500 and 3000 have maximum tradable volume of 100 and all the unbalance volume at these CPs have different sign i.e. -50, 50,100 and 200 respectively, so the system will randomly select between highest CP with positive unbalance volume (i.e. 4000) and lowest CP with negative unbalance (i.e. 4500) as Equilibrium Price.

CB	B	CP	S	CS	TV	UB	1	2	3a	3b	4	Result
0	0	5000	50	200	0	-200						
100	100	4500	50	150	100	-50						TV for 4 price level is same. Highest price with +ve UB is 4000, lowest price with -ve UB is 4500. So the price will be chosen randomly between these 2.
150	50	4000	0	100	100	50						
200	50	3500	0	100	100	100						
300	100	3000	100	100	100	200						
350	50	2500	0	0	0	350						

Rule 4: Candidate Price Levels, 4000 and 5000 have maximum tradable volume (i.e. 200) and the both the CP Levels have zero unbalance volume so system will randomly select between 4000 and 3000 as Equilibrium Price.

CB	B	CP	S	CS	TV	UB	1	2	3a	3b	4	Result
100	100	5000	100	300	100	-200						
200	100	4000	0	200	200	0						As at 2 price points TV is max and UB is 0. One of them will be chosen randomly.
200	0	3000	100	200	200	0						
300	100	2000	100	100	100	200						

All orders that have prices that are better than the equilibrium price are executed, and the ones that have a price equal to the equilibrium price are executed according to a First In First Out (FIFO) algorithm.

11. Margin requirements

- 11.1 Initial Deposit: The initial security deposit paid by a Member will be considered as his initial margin deposit, which shall be the minimum Margins required.

11.2 The Member will be allowed to place a purchase order against cash amount made available, equivalent to 100% of the order value. Funds in the Settlement Account of the Member will be blocked to provide exposure for the purchase orders.

11.3 Special Margin: The Exchange may levy additional margin on Member(s) or across the market for covering any enhanced risk.

12. Deposits

12.1 All the Members who wish to buy RECs from the Exchange are required to deposit the cash amount as a security deposit to their settlement account to the extent they wish to buy RECs from the Exchange. For example, if a Member wants to buy 100 RECs from the Exchange at Rs. 2300/REC, he is required to maintain Rs. 2,30,000/- in his settlement account before the trade begins at the Exchange. The Member will not be allowed to put Buy orders exceeding the total amount available into his settlement account.

No security deposit is required for the members who wish to sell RECs on the Exchange. However, the Exchange may from time to time revise the security deposit requirements of members buying or selling RECs on the Exchange.

13. Risk management system

13.1 The Member will be allowed to place a purchase order against cash amount made available, equivalent to 100% of the order value.

13.2 After receiving confirmation about availability of RECs in the depository account of Eligible Entity, then the Exchange processes the final bid matching solution. While processing bid matching solution, the bids of the Sellers for whom the balance in the depository account with the central agency is reported short, shall not be considered. The Exchange has the right to impose penalty on defaulting Member as decided from time to time.

14. Surveillance

14.1 In order to ensure market integrity and to avoid market abuses, the Exchange will use various on-line and off-line surveillance tools. The Exchange shall have the right to take appropriate actions in such cases.

14.2 Validation of orders: Members are required to ensure that bids and offers are in conformity with relevant regulatory provisions. In order to avoid any abnormal orders being put by the Exchange Members like high bid or offer rate, the Exchange will validate such orders either through software or manually on every trading day, wherever possible.

14.3 Price movement: The Exchange will observe any variation in prices as compared to past data.

14.4 Market behavior: Any unwarranted change in the price pattern or order trend shall be brought to the notice of the Exchange management.

14.5 Price rigging, concentration, price manipulation and other market abuses: The Exchange will monitor concentration, price rigging, price manipulation and other market abuses and take suitable actions whenever such practices are identified.

15. Transaction fees

- 15.1 The Exchange will charge a transaction fee on the transactions carried through the Exchange in this market segment. Such transaction fee will be computed on volume basis, as may be decided from time to time, which will be applied on both purchases and sales separately. This will be billed separately on periodic basis and will be recovered from the settlement account of the Member.

16. Reports

- 16.1 After end of trading session, the Exchange will download the reports to the Members which consist of Trade file Report, Final Obligation Report and other relevant matters.
- 16.2 Based on the Exchange's Reports, the Members can inform their Clients about their successful trades along with their obligation.
- 16.3 Exchange shall also report trade details to the CERC / Central Agency as well as the State Nodal Agency.

REC Contract Specifications**1. General Terms**

Name of the Tradable Instrument:	Renewable Energy Certificate
Underlying	Green Attributes of 1MWh of electricity generated by eligible Renewable Generator allowed in CERC (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010
Instrument Types	Solar RECs & Non-Solar RECs
Price Quotation	INR/REC
Price tick:	1 INR
Volume tick:	1 REC
Price Limits	
Minimum Order price limit:	Floor Price notified by CERC
Maximum Order price limit:	Forbearance price notified by CERC
Minimum Order volume limit:	1 REC
Transaction Fee	Fees payable by REC buyer and seller to Exchange for the quantity approved by Central Agency as specified by the exchange from time to time.

2. Trading Methodology, its phases and associated schedules

Trading Method	Closed double-sided uniform price auction
Trading System	IEX Trading System
Pre-trade phase	By 12.00 Hrs
Order Accumulation or Bidding phase	Between 13.00 Hrs and 15:00 Hrs of the Trading Day
Order matching and trade finalization phase	Between 15:00 Hrs and 17:00 of the Trading Day
Settlement and Delivery phase:	Between 17:00 Hrs and 18:00 of the Trading Day
Post-auction phase:	Between 17.00 and 18:00 Hrs of the Trading Day
Order Types	As defined in Schedule C of IEX Business Rules

3. Collateral and Margining

IEX requires Purchasing Participants to make funds available equivalent to their order value. Sellers shall submit orders only upto number of RECs available in their account held with Central Agency. In case of violation, the Sellers will be liable for penalties as specified in the 'Procedures for redemption of Renewable Energy Certificate issued by Central Agency.

4. Delivery of RECs

Delivery of RECs shall be as per the procedure issued by Central Agency in pursuance to CERC (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010.

5. Exchange may modify the terms and conditions of contract subject to CERC (Power market) Regulations, 2010 as amended from time to time.

Certificate of Purchase of REC(s)



Certificate of Purchase of REC(s)

Number C-[Certificate No.]

Issued On-[DD-MMM-YYYY]

Serial No.-[.....]

[NAME OF CORPORATION]

A [] Corporation

[#Issued] Certificates

REC Type [Solar / Non Solar]

Session ID

This certifies that [REC Buyer] is the holder of [Number Issued] [Solar / Non Solar] non transferable Renewable energy certificate(s) bought on _____ day of _____ , 20 , through **Indian Energy Exchange Limited.**

This certificate represented hereby is issued and shall be held subject to all the provisions of the regulations of Honorable CERC as amended from time to time and the Bye-laws, Rules and Business Rules of name of **Indian Energy Exchange Limited.**

This is a computer generated statement hence doesn't require signature.

Version Control

Version	Date of Submission	Modifications
1.	06.05.2010	Compliance of CERC(Power Market) Regulations,2010
2.	04.10.2010	Compliance of the directions and observations made in CERC order dated 26.08.2010, except the observation at Ser No. 53 of the tabular statement attached to the said order.
3.	04.11.2010	Compliance of the CERC order dated 17.9.2010. Incorporated Schedule 'C' to the Business Rules regarding REC Market Segment.
4.	01.08.2011	In compliance of CERC order dated 03.06.2010 in Petition No. 26/2010.
5.	28.11.2011	1) Modification made to comply with CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010. 2) Modifications regarding revision of transaction fee.
6.	14.03.2012	Amendments with respect to modification of Time block for bidding from one hour to fifteen minutes.

Power Exchange India Limited
(**Annexure –II**)

BUSINESS RULES OF POWER EXCHANGE INDIA LIMITED

These rules and the bye-laws, including the business rules have been approved by the Central Electricity Regulatory Commission. However, as observed by the Commission, notwithstanding the approval of the rules and bye-laws by the Commission, the persons enrolling themselves as Members or clients of the power Exchange or transacting trade on the power Exchange shall do so after satisfying themselves of all the commercial aspects including the fees and charges leviable under the rules and bye-laws, uninfluenced by the fact that the Commission has approved them since these are the matters exclusively between the parties

PHYSICAL MARKET SEGMENT - BUSINESS RULES

ARRANGEMENT OF CHAPTERS

1. MEMBERSHIP	4
2. DEPOSITS & MARGINS	7
3. TRADING SYSTEM AND CONNECTIVITY	9
4. DEALINGS ON THE EXCHANGE	12
5. CLEARING AND SETTLEMENT OF FUNDS	26
6. MEMBER CLIENT RELATIONSHIP	31
7. SURVEILLANCE.....	36
8. INSPECTION.....	38
9. FORCE MAJEURE.....	42
10. CONFLICT BETWEEN RULES, BYE LAWS AND BUSINESS RULES.....	43

1. **MEMBERSHIP**

1.1. **Categories of Members**

The Exchange shall have following categories of Members:

1.1.1. **Trading and Self Clearing Member (TSCM):**

TSCM shall be the Members admitted as such by the Exchange who shall be entitled to trade on Exchange on their own account and shall also be bound to clear and settle all such trade done by them unless responsibility to clear and settle is expressly accepted by a Trading cum Clearing Member in the manner Prescribed by the Relevant Authority and with the prior approval of the Relevant Authority.

1.1.2. **Trading and Self Clearing Member- Plus (TSCM - P):**

Shall be the Members admitted as such by the Exchange who shall be entitled to trade on Exchange on their own account and shall also be bound to clear and settle all such trade done by them . However, the responsibility for dealing on the Exchange shall be assigned by them to an Advisory Member in the manner Prescribed by the Relevant authority.

1.1.3. **Trading cum Clearing Member (TCM):**

TCM shall be the Members admitted as such by the Exchange who shall be entitled to trade on Exchange on behalf of their Clients or on their own account and shall also be bound to clear and settle all such trades done by them unless responsibility to clear and settle is expressly accepted by another Trading cum Clearing member in the manner Prescribed by the Relevant Authority and with the prior approval of the Relevant Authority.

1.1.4. **Advisory Member (AM):**

AM shall be the Members admitted as such by the Exchange who shall be entitled to provide Support Services which will include all services as permitted to be provided by such member and as explained in regulation 26 (i) (c) under the topic 'Membership in Power Exchange' in the Power Market Regulations 2010, and as amended from time to time which currently reads as under:

"Member who is neither an Electricity Trader nor distribution licensee including deemed distribution licensee nor a grid connected entity can only provide the following services to its clients:-

- (a) IT infrastructure for bidding on electronic Exchange platform or skilled personnel
- (b) Advisory services related to power prices and the follow on bidding strategy (e.g. weather related information, demand supply position etc)
- (c) Facilitation of procedures on behalf of his client for delivery of power (e.g. State Load Despatch Centre standing clearances, coordination with National Load Despatch Centre etc)

In no case, such a member shall provide any credit or financing or working capital facility to their clients."

- 1.2.** The rights and privileges of a Member shall be subject to the Rules and Bye Laws of the Exchange.
- 1.3.** All Members of the Exchange shall have to register themselves with the Exchange prior to commencing operations on the Exchange.
- 1.4.** The Relevant Authority may define other categories of Members and may specify different norms including eligibility, admission and cessation of membership.
- 1.5.** The Relevant Authority may specify pre-requisites, conditions, formats and procedures for application for admission, termination, re-admission, etc. of different categories of Members and eligibility criteria for Trading / Clearing. The Relevant Authority may, at its absolute discretion, refuse permission to any applicant to be admitted as Member.
- 1.6.** Such fees, security deposit, contribution and other money as are Prescribed by the Relevant Authority would be payable on or before admission as Member and for continued admittance thereof.
- 1.7.** The Relevant Authority may define different membership criteria including membership fee structure etc. for different categories of products as may be

available for Trading on the Exchange. Such criteria would be applicable on Members as notified by the Exchange from time to time.

2. DEPOSITS & MARGINS

2.1. Initial Security Deposit

The Exchange Members are required to pay the Exchange such security deposits as in accordance with “Admission rules” for various segments as may be decided by the Relevant Authority from time to time. This deposit when Prescribed would be payable by way of demand draft or Cheque drawn in favor of ‘Power Exchange India Limited.’

2.2. Margins

Margins would need to be brought in by Members to secure their trades on a day to day basis. The Members may provide margins by themselves or with assistance from Clearing Banks, Banks, Financial Institutions (FIs), Public Financial Institutions (PFIs), Non-Banking Financial Company (NBFC) fulfilling the Prescribed eligibility criteria in any of the following forms:

2.2.1. Cash :

In case the member opts to place margins in the form of cash, Member shall arrange margins with its Clearing Bank. The Clearing Bank shall transfer funds from Member’s settlement account to Exchange’s margin account as per the Member’s instruction.

2.2.2. Guarantee:

The Exchange shall accept irrevocable Guarantees issued by the approved Banks or FIs. PFIs only in formats Prescribed by the Exchange. The list of approved banks, FIs, PFIs, format and other particulars of Guarantee and the process of submission shall be Prescribed by the Exchange from time to time. The Member other than Advisory member shall however be responsible for his own trades and/ or trades executed on behalf of his Clients on the Exchange.

2.2.3. Fixed Deposit Receipt:

The Exchange shall accept Fixed Deposit Receipts (“FDR”) issued by the approved banks only in formats Prescribed by the Exchange. The list of approved banks, format and other particulars of the FDR(s), and the process of submission shall be Prescribed by the Exchange from time to time.

2.2.4. Credit limit:

Members may have working capital / credit limit with the Clearing Banks or their local banks or FIs, PFIs, NBFCs. Local banks can have an arrangement with Clearing Bank, FIs/PFIs/NBFCs through which the available credit limit shall be intimated by the Clearing Bank to the Exchange and if found suitable by the Exchange, these credit limits shall form part of Trading Margins available for Trading. Financial Institutions, PFIs, Non-Banking Finance Company(s) can provide credit limit to members and intimate the credit limit to the Exchange and if found suitable by the Exchange, these credit limits shall form part of Trading Margins available for Trading. The Member other than Advisory member shall however be responsible for his own trades and/ or trades executed on behalf of his Clients on the Exchange.

The Exchange may prescribe any other form of Margins from time to time. While computing Margins, the Exchange may also take into account the initial security deposit lying with the Exchange.

2.3. Release of Margins

Members can withdraw any unutilized margins, other than the initial security deposit, which are in any of the forms as Prescribed by the Exchange by placing a release request to the Exchange. Release request shall be processed by the Exchange in the manner as may be Prescribed by the Relevant Authority from time to time.

However, the initial security deposit would only be refunded on the surrender/ termination of Membership subject to clearance of all Member dues and provided that the Member has not traded in the last six months.

3. TRADING SYSTEM AND CONNECTIVITY

3.1. TRADING SYSTEM

- 3.1.1.** The Exchange shall provide an automated trading facility through a Trading System for Trading on all the Contracts admitted as applicable for a Member with such rights as the Exchange may permit.
- 3.1.2.** Trading on the Exchange shall be allowed only through Workstation(s) located at Member office(s) as approved by the Exchange. If workstation is connected on a LAN addition of any new trading workstation will require to be approved in advance by the Exchange.
- 3.1.3.** Each Member shall have a unique member code (hereinafter “Member Code”) which shall be provided by the Exchange at the time of enrollment of the Member and which shall be used to log on (sign on) to the Trading System.
- 3.1.4.** A Member shall have a non-exclusive permission to use the Trading System, as provided by the Exchange, in the ordinary course of business as a Member of the Exchange.
- 3.1.5.** A Member shall not have any title, rights or interest whatsoever with respect to the Trading System, its facilities, software and the information provided by the Trading System.
- 3.1.6.** The Exchange will provide the application software for installation of the Trading system to the Member. The Member will pay to the Exchange, charges for installation and support as may be Prescribed by the Exchange from time to time. The Exchange will upgrade/modify the application software to include additional features and functionalities, new products as may be required and provide the same to the Members, charges for the same will be paid by the Member as may be Prescribed by the Exchange from time to time.
- 3.1.7.** Access to the Trading System may be withdrawn or restricted by the Relevant Authority at any time without assigning any reason at its absolute

discretion. The Member shall, at its own costs, install and use such equipment and software as specified by the Exchange from time to time for the purpose of accessing the Trading System.

- 3.1.8.** A Member shall not, either by himself or through any other person(s):
- 3.1.8.1.1.** use the software provided by the Exchange for any purpose other than the purpose as approved and specified by the Exchange
 - 3.1.8.1.2.** use the software provided by the Exchange on any equipment other than the workstation approved by the Exchange
 - 3.1.8.1.3.** copy, alter, modify or make available to any other person the software provided by the Exchange
 - 3.1.8.1.4.** use the software in any manner other than the manner as specified by the Exchange
 - 3.1.8.1.5.** attempt directly or indirectly to de-compile, disassemble or reverse engineer the same.
- 3.1.9.** A Member shall not, either by itself or through any other persons on his behalf, publish, supply, show or make available to any other person or reprocess, retransmit, store or use the facilities of the Trading System or the information provided by the Trading System except with the explicit approval of the Exchange or in the ordinary course of business to complete the transactions on the Exchange.
- 3.1.10.** The Exchange shall provide its services on a best effort basis. However the Exchange shall not be liable for failure or malfunctioning of the Trading System or any other support systems and or for any loss, damage, or other costs arising thereupon and/or on account of and in any way out of:
- 3.1.10.1.** Failure of telecom network or systems including failure of ancillary or associated systems, or fluctuation of power, or other environmental conditions; or

- 3.1.10.2.** accident, loss/damage arising due to transportation, neglect, misuse, errors, frauds of the Member or its Authorized Users or the agents or any third party; or
- 3.1.10.3.** any fault in any attachments, system or equipments (either supplied by the Exchange or approved by the Exchange) which forms or does not form part of the Trading workstation installation; or
- 3.1.10.4.** acts of God, fire, flood, war, act of violence, or any other similar occurrence or for any reason beyond the control of Exchange; or
- 3.1.10.5.** any incidental, special or consequential damages
- 3.1.11.** No Member shall deal on or access the Trading System or related facilities through another Member or on behalf of another Member, unless the prior approval of the Exchange in writing is obtained in this regard.
- 3.1.12.** Member end connectivity requirements and requirement for other IT infrastructure will be Prescribed by the Exchange from time to time. In order to connect with the Trading System, the Members shall ensure compliance with the Circulars. Members shall also ensure that diversity in workstations and connectivity is provided at their end to safeguard against any unforeseen eventualities. There is no restriction, unless specified otherwise by the Exchange, on the number of terminals that the Member can install. For enabling each terminal, an application in the Prescribed format shall be made to the Exchange for its approval.

4. DEALINGS ON THE EXCHANGE

4.1. MEMBERS AND USERS

- 4.1.1.** Members shall only be entitled to appoint, (subject to such terms and conditions, as may be Prescribed by the Relevant Authority) from time to time Approved Users to use the Trading System. An Approved User shall mean, subject to these Business Rules, Bye Laws and Rules, a user of the Trading System and shall include a Member, a Client of the Member or an Advisory Member and/or authorized representatives of any of them.
- 4.1.2.** Members will issue a unique User login and a password to each of its Approved Users through which the Approved User shall have access to the Trading System. To enable the Approved User the Member would have to send the details of the Approved User in the required format to the Exchange. This format would be Prescribed by the Exchange from time to time. The Approved User will be asked to change his password when he signs on to the Trading System for the first time.
- 4.1.3.** A Member or its Approved Users thereof shall maintain complete secrecy of their password(s).
- 4.1.4.** Any trade or transaction undertaken by the use of a password of an Approved User, shall be deemed to be undertaken by an Approved User and shall be binding on such Member.
- 4.1.5.** The Approved User shall be required to change his password at the end of the password expiry period. The Exchange shall prescribe the password expiry period and/or other security features from time to time.

4.2. CONTRACTS

All the Contracts as detailed herein below are based on extant regulations and may change from time to time, as Prescribed by the Exchange, with any change in the Applicable Laws.

4.2.1. Day Ahead Market - Operations

4.2.1.1. TRADING DAYS

The Exchange shall operate on all days except Exchange specified holidays. A list of holidays for each calendar year will be notified by the Exchange in advance. In case of holidays, the Exchange shall run the Order books whereby a Member can put his quotes for such holidays.

4.2.1.2. AUCTION TRADE SESSION

Auction Trade Sessions are specific times within the Trading Days during which the Day Ahead Contracts would be available for Trading on the Exchange. The Auction Trade Session timings would be notified to the Members by the Exchange from time to time.

The Exchange may extend, advance or reduce Trading hours by notifying the Members as and when it deems fit and necessary.

4.2.1.3. TRADING CYCLE

Trading Cycle of the Exchange would be as per the "Procedure for Collective Exchange Transactions" issued by the CTU. The various steps in the Trading Cycle would be intimated to the Members by the Exchange from time to time.

4.2.1.4. TRADING PARAMETERS

4.2.1.4.1. Contract Specifications:

For the Day-ahead market the detailed Contract specifications are given in 'Annexure IA'. These Contract Specifications will form an integral part of these Business Rules and shall be binding on all Members and their Clients Trading on the Exchange. Any Contract entered into in violation of these norms or not conforming to the specifications laid down by the Exchange shall be considered as void.

4.2.1.4.2. Delivery Date:

The Delivery in the present Contracts would be on a Day-Ahead basis, based on the application submitted by the Exchange to NLDC and scheduled by NLDC/RLDCs/SLDCs.

4.2.1.4.3. Delivery Point:

Delivery point is the regional periphery of regional transmission system in which the grid connected entity is located.

4.2.1.4.4. Traded Schedule Vs Actual Schedule:

For the purpose of the Contract in the Day Ahead market, the trade schedule shall be reckoned at the Delivery Point as defined in clause 4.2.1.4.3. The actual schedule at various seams including that of grid connected entities shall be worked out after incorporation of transmission losses in kind.

4.2.1.4.5. Transmission Charges:

The transmission charges to be paid by the buyers and sellers for Exchange transactions would be as laid down under the Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008 and as amended from time to time and would be payable to the Exchange in cash.

4.2.1.4.6. Transmission Losses:

The losses would be handled as per the procedures issued by CTU for 'Scheduling of Collective Transactions' as approved by CERC.

4.2.1.4.7. Scheduling and System Operation Charges:

Scheduling and System operational charges for respective LDCs shall be payable by the Exchange in accordance with the Procedures issued by CTU for 'Scheduling of Collective Transactions' as approved by CERC. Such charges shall be recovered by the Exchange and socialized amongst all Buyers and Sellers.

4.2.1.4.8. Fulfillment of Contractual liability

This contract is for physical delivery only. Members can fulfill their contractual liabilities through physical delivery/off-take and by meeting all financial obligations arising out of such physical delivery/off-take.

4.2.1.4.9. Invalidation of a Traded Contract

The Exchange may invalidate a matched Contract if according to the Exchange a Member has attempted to conclude the transaction in

violation of the Rules, Bye-laws and/ or Business Rules of the Exchange or with an intention of indulging in price manipulation, price rigging or price distortion or violation of any Applicable Law.

4.2.1.4.10. Settlement Guarantee

Subject to the Bye-Laws, Rules and these Business Rules, the Exchange shall guarantee the settlement of all the trades done on the Exchange in accordance with the Bye-Laws of the Exchange. The settlement guarantee of the Exchange shall be confined to the extent as may be Prescribed in the Applicable laws from time to time.

4.2.1.4.11. Governing law & Jurisdiction

Every Contract executed as per Rules, Bye-laws and Business Rules of the Exchange shall take effect as a Contract made in Mumbai and shall be governed by the laws of India under the jurisdiction of the Courts of Mumbai.

4.2.1.4.12. Types of Orders

The Members through their Approved Users can place the following types of Orders on the Exchange through the Trading System:

- **Normal Orders:** The Members would be able to put multiple price-quantity orders for each Contract (i.e. each timeslot).
- **Block Orders:** Block Order will specify one price and one quantity for a combination of continuous time slots i.e. same quantity, at one particular price for multiple time slots, as may be notified by the exchange from time to time. A Block order would consist of orders for eight contiguous time slots (i.e. 8 time slots of 15 minutes each) and in further multiples of 4 time slots, or as notified by Exchange from time to time.
- **Other Orders:** The Exchange shall introduce other types of orders as per the requirement of the market. Details of such other possible orders shall be notified by the Exchange from time to time.

4.2.1.4.13. Order Validation

The bids and offers entered by the Approved Users into the Trading System would be validated by the Exchange as per various parameters of

price/quantity/margins etc decided from time to time. Only after successful validation, the Orders would be accepted by the Exchange. Members shall be solely responsible for the accuracy of details of Orders entered into the Trading System including Orders entered on behalf of their Clients or entered by Approved Users on their behalf.

4.2.1.4.14. Matching Rules

Matching Rules would be as per Annexure V to the Business Rules. The Exchange also reserves its right to modify or change the matching rules as per any of the methodology Prescribed in Annexure V to the Business Rules as would be felt relevant and necessary to do so, subject to the approval of the CERC.

4.2.1.4.15. Reports

During and at the end of a Trading Session, the Exchange will give various reports to the Members including the Provisional Obligation Report, Final Obligation Report and other relevant matters. Based on the Exchange's Reports, the Members can inform their Clients about their successful trades along with their obligation

4.2.1.4.16. Settlement

Based on the application made by the Exchange, NLDC would arrange to schedule the cleared trades which would reflect in the day-ahead schedules of the respective RLDCs/SLDCs.

4.2.2. Day Ahead Contingency (DAC) Market – Operations

4.2.2.1. TRADING DAYS

The Exchange shall operate on various days as may be Prescribed by Exchange from time to time, called the Trading Day, which shall abide by the requirements of Central Electricity Regulatory Commission (Open Access in Inter-State Transmission) Regulations, 2008, as amended from time to time, for open access and scheduling procedure. The same will be intimated to the Members by the Exchange from time to time.

4.2.2.2. AUCTION TRADE SESSION

Auction Trade Sessions are specific times within the Trading Days during which the Day Ahead Contingency Contracts would be available for Trading on the Exchange. The Auction Trade Session timings would be notified to the Members by the Exchange from time to time.

The Exchange may extend, advance or reduce Trading hours by notifying the Members as and when it deems fit and necessary.

4.2.2.3. TRADING CYCLE

Trading Cycle of the Exchange would be in accordance with relevant provisions of the Central Electricity Regulatory Commission (Open Access in Inter-state Transmission) Regulations, 2008 as amended from time to time for open access and scheduling procedure. The various steps in the Trading Cycle would be intimated to the Members by the Exchange from time to time.

4.2.2.4. TRADING PARAMETERS

4.2.2.4.1. Contract Specifications:

For the DAC market the detailed Contract specifications are given in 'Annexure IB'. These Contract Specifications will form an integral part of these Business Rules and shall be binding on all Members and their Clients Trading on the Exchange. Any Contract entered into in violation of these norms or not conforming to the specifications laid down by the Exchange shall be considered as void.

4.2.2.4.2. Delivery Date:

The Delivery in the present Contracts would be on a Day-Ahead basis, based on the application submitted by the Exchange to RLDC and scheduled by RLDCs/SLDCs.

4.2.2.4.3. Delivery Point:

The delivery point shall be on the state/regional periphery of the selling entity. Seller intending to sell Contract of particular region will have to deliver Electricity on the periphery of its state/region and buyer has to take delivery on this periphery. The seller will have to bear all transmission charges and losses up to the periphery of the Contract

region from its injection point. The buyer will bear transmission charges and losses from the periphery of the Contract region to his point of drawl and also transmission losses and charges for the Contract region.

Sellers will deliver the power to their point of regional interconnection. In case of State embedded entity, they will deliver it to the state periphery where the State gets connected to the regional interconnection. In case of regional embedded entity, they will deliver it to their connection with the Regional grid.

4.2.2.4.4. Traded Schedule Vs Actual Schedule:

For the purpose of the Contract in the DAC Market, the trade schedule shall be reckoned at the Delivery Point. The actual schedule at various seams including that of grid connected entities shall be worked out after incorporation of transmission losses in kind.

4.2.2.4.5. Transmission Losses:

The losses would be handled as per the Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008 as amended from time to time, for open access and scheduling procedure.

- i. Buyer bears the Transmission Losses for regions and states involved beyond the Delivery Point.
- ii. Seller bears the charges till the Delivery Point.

4.2.2.4.6. Transmission Charges:

The transmission charges to be paid by the buyers and sellers for Exchange transactions would be as laid down under the Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008 and would be payable to the Exchange in cash.

- i. Buyer bears the charges for Regions and States involved beyond the Delivery Point.
- ii. Seller bears the charges till the Delivery Point.

4.2.2.4.7. Scheduling and System Operation Charges:

Scheduling and System operational charges for respective RLDCs shall be payable by the Exchange in accordance with the Procedures of Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008 as amended from time to time, for open access and scheduling procedure.

- i. Buyer bears the charges for regions and states involved beyond the delivery point.
- ii. Seller bears the charges till the Delivery Point.

4.2.2.4.8. Fulfillment of Contractual liability

This contract is for physical delivery only. Members can fulfill their contractual liabilities through physical delivery/off-take and by meeting all financial obligations arising out of such physical delivery/off-take.

4.2.2.4.9. Invalidation of a Traded Contract

The Exchange may invalidate a matched Contract if according to the Exchange, a Member has attempted to conclude the transaction in violation of the Bye-laws of the Exchange or with an intention of price manipulation, price rigging or price distortion or invalidation of any Applicable Laws.

4.2.2.4.10. Settlement Guarantee

Subject to the Bye-Laws, the Exchange shall guarantee the Settlement of all the trades done on the Exchange in accordance with the Bye-Laws of the Exchange. The Settlement guarantee of the Exchange shall be confined to the extent as may be Prescribed in the Applicable laws from time to time.

4.2.2.4.11. Governing law & Jurisdiction

Every Contract executed as per Bye-laws of the Exchange shall take effect as a Contract made in Mumbai and shall be governed by the laws of India under the jurisdiction of the Courts of Mumbai.

4.2.2.4.12. Types of Orders

The Members through their Approved Users can place the following types of Orders on the Exchange through the Trading System:

- **Unmatched bids from Day Ahead Spot Market** – Members will be given an option to revive the unmatched Orders from the Day Ahead Spot Market. Orders not revived will not be matched in the DAC. Revived Orders will by default be for the region in which the Buyer or Seller exists. On revival, Buying Members will have the option of changing the Region, Price and Quantity and Selling Members will have the option of changing the Price and Quantity
- **Normal Bids:** The Approved Users would be able to put multiple price-quantity bids for each Contract (i.e each hourly time block).
- **Other bids:** The Exchange shall introduce other types of bids as per the requirement of the market. Details of such other possible bids shall be notified by the Exchange from time to time.

4.2.2.4.13. Order Validation

The bids and offers entered by the Approved Users into the Trading System would be validated by the Exchange as per various parameters of price/quantity/margins etc decided from time to time. Only after successful validation the Orders would be accepted by the Exchange.

Members shall be solely responsible for the accuracy of details of Orders entered into the Trading System including Orders entered on behalf of their Clients or entered by Approved Users on their behalf.

4.2.2.4.14. Matching Rules

Matching Rules would be as per Annexure V to the Business Rules. The Exchange also reserves its right to modify or change the matching rules as per any of the methodology Prescribed in Annexure V to the Business Rules as would be felt relevant and necessary to do so, subject to the approval of the CERC.

4.2.2.4.15. Reports

During and at the end of Trading Session, the Exchange will give various reports to the Members including the Provisional Obligation Report, Final Obligation Report and other relevant matters. Based on the Exchange's Reports, the Members can inform their Clients about their successful trades along with their obligation

4.2.2.4.16. Settlement

Based on the application made by the Exchange, RLDC would arrange to schedule the cleared trades which would reflect in the day-ahead schedules of the respective RLDCs/SLDCs.

4.2.3. Weekly Market - Operations

4.2.3.1. CONTRACT CALENDAR/ PERIOD

The Exchange shall operate week- ahead Contracts as would be Prescribed in the Trading Calendar from time to time.

4.2.3.2. TRADING DAYS

The Exchange shall operate on various days as may be Prescribed by the Exchange from time to time, called the Trading Day, which shall abide by the requirements of Central Electricity Regulatory Commission (Open Access in Inter-State Transmission) Regulations, 2008, as amended from time to time, for open access and scheduling procedure .

Trading Days would be Prescribed in the Trading Calendar and would be intimated to the Members by the Exchange from time to time.

4.2.3.3. AUCTION TRADE SESSION

Auction Trade Sessions are specific times within the Trading Days during which the Weekly Contracts would be available for Trading on the Exchange. The Auction Trade Session timings would be notified to the Members through the Trading Calendar by the Exchange from time to time.

The Exchange may extend, advance or reduce the Auction Trade Session timings as and when it deems fit and necessary by notifying the Members.

4.2.3.4. TRADING CYCLE

Trading Cycle of the Exchange would be in accordance with relevant provisions of the Central Electricity Regulatory Commission (Open Access in Inter-state Transmission) Regulations, 2008 as amended from time to time for open access and scheduling procedure. The various steps in the Trading Cycle would be intimated to the Members by the Exchange from time to time.

4.2.3.5. TRADING PARAMETERS

4.2.3.5.1. Contract Specifications:

For the Weekly market the detailed Contract specifications are given in 'Annexure IC'. These Contract Specifications will form an integral part of these Business Rules and shall be binding on all Members and their Clients Trading on the Exchange. Any Contract entered into in violation of these norms or not conforming to the specifications laid down by the Exchange shall be considered as void.

4.2.3.5.2. Delivery Days:

The Delivery would be for the Contract period specified above, based on the application submitted by the Exchange and approved by the Nodal RLDC and scheduled by RLDCs/SLDCs.

4.2.3.5.3. Delivery Period:

The Delivery Period will equally spread over the Trading Hour Slot, as detailed in the Contract Specifications at **Annexure IC**, from the first day of the Contract Period till the last day of the Contract Period, including both days that has been contracted.

4.2.3.5.4. Delivery Point:

The delivery point shall be on the state/regional periphery of the selling entity. Seller intending to sell Contract of particular region will have to deliver Electricity on the periphery of its State and buyer has to take delivery on this periphery. The seller will have to bear all transmission charges and losses up to the periphery of the Contract region from its injection point. The buyer will bear transmission charges and losses from the periphery of the Contract region to his point of drawl and also transmission losses and charges for the Contract region.

Sellers will deliver the power to their point of Regional interconnection. In case of State embedded entity, they will deliver it to the State periphery where the State gets connected to the Regional interconnection. In case of Regional embedded entity, they will deliver it to their connection with the Regional grid.

4.2.3.5.5. Traded Schedule Vs Actual Schedule:

For the purpose of the Contract in the Weekly market, the actual schedule shall be worked out after incorporation of transmission losses in kind on the traded schedule.

4.2.3.5.6. Transmission Losses:

The losses would be handled as per the Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008 as amended from time to time, for open access and scheduling procedure.

- i. Buyer bears the Transmission Losses for Regions and States involved beyond the Delivery Point.
- ii. Seller bears the charges till the Delivery Point.

4.2.3.5.7. Transmission Charges:

The transmission charges to be paid by the buyers and sellers for Exchange transactions would be as laid down under the Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008 and would be payable to the Exchange in cash.

- i. Buyer bears the charges for Regions and States involved beyond the Delivery Point.
- ii. Seller bears the charges till the Delivery Point.

4.2.3.5.8. Scheduling and System Operation Charges:

Scheduling and System operational charges for respective RLDCs shall be payable by the Exchange in accordance with the Procedures of Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008.as amended from time to time, for open access and scheduling procedure

- i. Buyer bears the charges for regions and states involved beyond the Delivery Point.
- ii. Seller bears the charges till the Delivery Point.

4.2.3.5.9. Fulfillment of Contractual liability

This contract is for physical delivery only. Members can fulfill their contractual liabilities through physical delivery/off-take and by meeting all financial obligations arising out of such physical delivery/off-take.

4.2.3.5.10. Invalidation of a Traded Contract

The Exchange may invalidate a matched Contract if according to the Exchange; a Member has attempted to conclude the transaction in violation of the Bye-laws of the Exchange or with an intention of price manipulation, price rigging or price distortion.

4.2.3.5.11. Settlement Guarantee

Subject to the Bye-Laws, the Exchange shall guarantee the Settlement of all the trades done on the Exchange in accordance with the Bye-Laws of the Exchange. The Settlement guarantee of the Exchange shall be confined to the extent as may be Prescribed in the Applicable laws from time to time.

4.2.3.5.12. Governing law & Jurisdiction

Every Contract executed as per Bye-laws of the Exchange shall take effect as a Contract made in Mumbai and shall be governed by the laws of India under the jurisdiction of the Courts of Mumbai.

4.2.3.5.13. Types of Orders

The Members through their Approved Users can place the following types of Orders on the Exchange through the Trading System:

- **Normal Bids:** The Approved Users would be able put multiple price-quantity bids for each Contract (i.e. each Trading Hour Slot as defined in the Contract Specifications at Annexure IC).
- **Block Bids:** Block bid will specify one price and one quantity for a combination of continuous hourly time blocks i.e. same quantity, at one particular price for multiple time slots.
- **Other bids:** The Exchange shall introduce other types of bids as per the requirement of the market. Details of such other possible bids shall be notified by the Exchange from time to time.

4.2.3.5.14. Order Validation

The bids and offers entered by the Approved Users into the Trading System would be validated by the Exchange as per various parameters of price/quantity/margins etc decided from time to time. Only after successful validation the Orders would be accepted by the Exchange.

Members shall be solely responsible for the accuracy of details of Orders entered into the Trading System including Orders entered on behalf of their Clients or entered by Approved Users on their behalf.

4.2.3.5.15. Matching Rules

Matching Rules would be as per Annexure V to the Business Rules. The Exchange also reserves its right to modify or change the matching rules as per any of the methodology Prescribed in Annexure V to the Business Rules as would be felt relevant and necessary to do so, subject to the approval of the CERC.

4.2.3.5.16. Reports

During and at the end of Trading Session, the Exchange will give various reports to the Members including the Provisional Obligation Report, Final Obligation Report and other relevant matters. Based on the Exchange's Reports, the Members can inform their Clients about their successful trades along with their obligation

4.2.3.5.17. Settlement

Based on the application made by the Exchange, RLDC would arrange to schedule the cleared trades which would reflect in the day-ahead schedules of the respective RLDCs/SLDCs.

5. Clearing and Settlement of Funds

5.1. Clearing Banks

The Exchange shall designate banks as Clearing Banks for transfer of funds between Members and the Exchange. Exchange reserves right to include or exclude any banks as Clearing Bank.

The empanelled Clearing Bank(s) shall act as an agent of the Exchange or Clearing Agency for collection and payment of funds towards Settlement obligations, margins and such other dues.

5.2. Members accounts with Clearing banks

Members eligible for Clearing shall open a Settlement account and Client Account with any of the designated Clearing Banks.

In addition to the above accounts such Members are also advised to open a Proprietary (own) account with the same Clearing Bank.

5.3. Settlement account

Members shall open Settlement account with any of the approved Clearing Banks. Members shall operate this account only for the purpose of Settlement of Contracts done on the Exchange, payment of margin and for any other purpose as Prescribed by the Relevant Authority. Cheque book facility will not be available to the Members for issuing cheques to any third party or outsiders. Member can transfer money from this account only to himself or his clients. Members shall authorize Clearing Banks to access their Settlement accounts for debiting and/or crediting their accounts electronically, on the instructions of the Exchange or Clearing Agency. Exchange will send direct debit instructions to the Clearing Bank advising them to debit the Settlement account of the respective Member by an amount which is inclusive of all Pay-in, Margins, operating charges, transmission charges, taxes, duties, surcharge, cess and other levy applicable from time to time. The Members shall authorize the banks to block the funds in the Settlement account to the extent of the pay in obligation of the Member till the time the obligation has been fulfilled by the Member. The Clearing Bank shall debit or credit the Member's Settlement account as per the instructions received from the Exchange.

5.4. Client Account

In addition to the Settlement Account, Clearing Member will have to open a Client Account in the same bank as that of the Settlement Account. The Clearing Member can deposit all cheques, cash, and other payments received from the Client and from this account it should issue cheques to its Clients towards their receivable amount. The Clearing Member may have cheque book facility in this account and it may also be entitled to issue transfer instructions to the bank for transferring money from this account to the Settlement account to meet its pay in or Margin obligations.

5.5. Exchange's account with Clearing Banks

The Exchange shall maintain its Settlement account and margin account with all the Clearing Banks and all the monies received from the Members towards payin and margin, shall be used appropriately for Settlement and/or margin enhancement.

5.6. Change in Clearing Banks

In case a Clearing Member wants to close a Settlement account with one designated Clearing Bank and to open a Settlement account with another designated Clearing Bank the Member shall follow procedure as per the circular issued by the Exchange.

5.7. Clearing holiday

The Exchange shall notify the Clearing holidays from time to time.

5.8. Clearing House

Clearing House means the Entity identified and approved by Exchange for facilitating Settlement of trades and all functions incidental to Clearing of trades done or executed on the Exchange and shall mean the Exchange if function of such Settlement or Clearing of trades is performed by the Exchange itself or through its agency.

5.9. Functions of Clearing House

The Clearing House will collect deposits from the Members, effect pay in and pay out and monitor Settlement process. For carrying out such activities, it may appoint various agencies as its agents and may delegate such activities and responsibilities to such agencies, as it may desire. Save as except if it is scheduled otherwise by the Exchange funds Settlement shall be carried out as per timeliness specified by the Exchange.

5.10. Lien on Member's Deposits & Margins

A Member is liable to clear all the dues against its membership and Trading liability irrespective of whether such liability is generated on its own account or on behalf of its Clients. When a Member defaults in making such payment to the Clearing House all deposits, Margins, funds payout and other assets of such defaulter Member lying with the Exchange shall be under lien and first charge of the Exchange, irrespective of the fact whether such assets or deposits belong to the Member or its Clients. No Client or any other person shall have any claim any charge or right on any such deposit, margins under any circumstances.

5.11. Notices and directions

All Members shall comply with the instructions, resolutions, orders, notices, directions and decisions of the Relevant Authority in all matters connected with the operations of the Clearing House.

5.12. Liability of the Clearing House

The only obligation of the Clearing House in this matter shall be to facilitate payment in respect of the Contracts for purchase /and sale of Contracts made available by Exchange from time to time.

5.13. Liability of the Exchange

Notwithstanding to the provisions of the Bye-Laws, no liability shall attach either to the Exchange, its officials, or to any of the Committees or any Member of the Committees by reason of anything done or omitted to be done by the Clearing House in the course of its operations.

5.14. False or misleading statements

The Exchange may fine, suspend or expel a Member who makes any false or misleading statement in any communication required to be submitted in conformity with these Business Rules or any resolutions, orders, notices, directions and decisions of the Clearing House.

5.15. Bank holiday

Bank holidays shall be informed by the Exchange based on the RBI guidelines.

5.16. Pay-in from the Buying Members

Pay-in from the Buying Members as per the final obligation report shall be carried out as per the timelines specified by the Exchange. Clearing Members shall instruct their Clearing Bank to provide sufficient funds in their Settlement account towards their pay-in obligation including operating charges, transmission charges, taxes, duties, surcharge, cess and other levy applicable from time to time.

If there is any shortage in meeting monetary obligations by a Clearing Member relating to debits into a Settlement account, the Clearing Bank shall forthwith report such instances of shortage to the officer of the Exchange or Clearing Agency designated for the purpose in a mutually agreed mode of communication.

Non-fulfillment of either the whole or part of the Settlement obligations will be treated as a violation of the Rules, Bye-Laws and Business Rules and will attract penal charges as stipulated by Exchange from time to time.

Clearing Member shall also pay transmission and Operating charges to the Exchange as per the Procedure Prescribed by the Exchange from time to time.

5.17. Payout to the Selling Members

Payout as per the final obligation report shall be carried out as per the timeliness specified by the Exchange. As per Exchange's instruction the Clearing Bank shall credit the Selling Member's Settlement account after deducting various charges including but not limited to transmission charges, operating charges, taxes, duties, surcharge, cess and other levy applicable from time to time.

In case of unwinding of trade, the buyer Member shall be refunded amount towards trade value net of any charges which may have been incurred by the Exchange .

5.18. Exchange Fees

The Exchange shall charge a transaction fee on the transactions registered with the Exchange. Such transaction fee will be computed on value basis or volume basis, as may be decided from time to time, which will be computed on both purchases and sales separately. Transaction fees will be exclusive of all taxes, duties, surcharge, cess and any other levy applicable from time to time. Such taxes, duties, surcharge, cess and any other levy if applicable will be billed separately either on periodic basis or on daily basis and will be recovered from the Settlement account of the Member.

Any fees, tax or levy if applicable, may be collected with retrospective effect or from the date as may be directed by the Relevant Authority and/or Applicable Laws from time to time.

5.19. Risk Management

Approved Users would be allowed to put in bids only if their Members have sufficient Margins with the Exchange. The Exchange Trading System shall check the availability of sufficient margins before allowing the Member to place bids on the Exchange. Members can bring in the required margins in their Settlement Accounts and inform the same to the Exchange. Exchange would check for the Trading Margin for allowing the Approved Users of the Member to put in the bids.

6. MEMBER CLIENT RELATIONSHIP

- 6.1.** The Member Client obligations detailed herein will apply mutatis – mutandis to different categories of Members as may be applicable in relation to their rights and responsibilities as permitted or Prescribed by the Relevant Authority or Applicable Laws from time to time.
- 6.2.** Every Member shall allocate a unique Client Code for each of its Clients and send to the Exchange the relevant details in a specified format as given in the relevant Circular issued by the Exchange. The Exchange would enable the Clients after receiving all the necessary details in the required format. If the Member wants to trade on his own behalf he would have to allocate a unique Client Code to himself and send the details in the required format to the Exchange for enablement.
- 6.3.** Every Member shall enter into an agreement with its Clients as specified in Annexure II before allocating the Client Code. Such agreement shall include clauses specified by the Exchange from time to time based on the categorization of Clients made by the Exchange from time to time. A Member intending to trade on its own account as Client need not sign such agreement.
- 6.4.** The Member's responsibility shall not in any way be reduced due to non-execution of agreement with the Client. The Member will be free to add more clauses in the specified agreement; however, no additional clause should in any way dilute the content or purpose of the clause stated in the specified agreement by the Exchange.
- 6.5.** When establishing a relationship with a new Client, Trading Members must take reasonable steps to assess the background, genuineness, financial soundness and Trading objectives of such Client.
- 6.6.** The Member shall obtain
- From all Corporate Clients an approved copy of the Board resolution permitting Trading in Electricity Contracts

- A copy of Power Purchase or Sale Agreement(s) with a grid connected entity from Trader Clients.
- Any other relevant documents

6.7. Member shall make the Clients aware of the precise nature of the Member's liability for business to be conducted, including any limitations on that liability and the capacity in which the Member acts and the Client's liability thereon.

6.8. The Member shall make the Client aware of the risk associated with the business in Electricity Trading including any limitations on the liability and the capacity in which the Member acts and the Client's liability thereon by issuing to the Client a copy of the Risk Disclosure Document as specified in the Annexure III. The Risk Disclosure Document shall be duly signed by the Client and maintained and retained by the Member in its records for such period as the Exchange may specify.

6.9. The Member shall provide extracts of relevant provisions governing the rights and obligations of Clients as Clients of Trading Members as Prescribed in the Bye-laws, Rules and Business Rules, relevant manuals, notifications, circulars, any additions or amendments thereto etc. of the Exchange, or of any Applicable laws, to the extent it governs the relationship between Members and Clients at no extra cost to Clients.

6.10. The Member shall also bring to the notice of his Clients any indictments, penalties etc. imposed on him by the Exchange or any other regulatory authority.

6.11. No Member or person associated with the Member shall guarantee a Client against a loss in any Trading on the Exchange affected by the Member with or for such Client.

6.12. The Member shall not recommend to the Client a sale or purchase Electricity Contracts traded on the Exchange, unless he has reasonable grounds to believe that such recommendation is suitable for the Client on the basis of the facts, if any, disclosed by the Client, whether in writing or orally, with regard to the Clients' financial soundness and Trading objectives.

- 6.13.** The Member shall make adequate disclosures of relevant material information in dealing with the Client including the latest System/ Bid Area Prices or any relevant announcement from the Exchange relating to margin, Trading restrictions as to price, quantity or where the Member is the counter party to a trade executed on the Trading system with the Client.
- 6.14.** The Member shall not furnish any false or misleading information or advice with a view to inducing the Clients to do business on the Exchange and which will enable the Trading Member to gain thereby.
- 6.15.** The Member shall explain the Trading System and Order matching process to the Client.
- 6.16.** The Trading Member shall provide the Client with a Contract Note or such other transaction details/notes for the trade executed in the specified format as per Annexure- IV or in such format as Prescribed by the Exchange from time to time.
- 6.17.** The Member shall at all times keep the monies of the Client in the Client Account maintained with the Clearing bank. The Member shall not use this money for its own transactions or for transactions of such other Client or for any purpose other than Margin and pay in relating to transactions entered into by such Client paying the margin. In case, Member is Client of its own, it does not need to maintain a separate account.
- 6.18.** It will be responsibility of the Members to inform their Clients about the successful trades and their physical and financial obligations, based on the Exchange's reports received by them.
- 6.19. Access to the Trading System**
- 6.19.1.** Every Client can take a direct access to the Trading System by becoming an Approved User of that Member and take the unique Trader Code (to be used as login id) and a password from their Member and get it enabled from the Exchange.
- 6.19.2.** The Exchange will allocate financial limits to each of the Members based on the deposits and margins placed by the respective Members or arranged

to be placed on behalf of such Member with the Exchange. These limits would determine the total value of Orders which Member and its Clients can place through the Trading System.

6.19.3. The Members in turn will allocate financial limits to their Clients, if any, on which basis such Clients would be allowed to put in Orders in the Trading System. Members should allocate the limits based on the deposits made by the Client with the Member.

6.20. Client Authorisation to the Member for Putting in Trades

6.20.1. The Member should take an undertaking from the Client in the specified format, issued through a Circular, if the Client desires the Member to submit Orders on his behalf.

6.20.2. If the Member is placing the Orders on behalf of the Client and where the Client requires an Order to be placed or any of his Order to be modified after the Order has entered the system but before the end of Auction Trade Session, the Member may, if it so desires, obtain Order placement/modification details in writing from the Client. The Member shall accordingly provide the Client with the relevant Order confirmation/modification slip or copy thereof, forthwith, if so required by the Client. Similarly where the Client requires any of his Orders to be cancelled after the Order has been entered in the system but before the end of Auction Trade Session, the Member may, if it so desires, obtain the Order cancellation details in writing from the Client. The Member shall accordingly provide the Client with the relevant Order cancellation details, forthwith, if so required by the Client.

6.20.3. The Member shall not accumulate Client's Orders. The Member shall place forthwith all Orders on the Trading System

6.20.4. The Member shall act promptly in accordance with instructions provided by the Client unless it has discretion as to timing, in which case it must exercise its judgment as to the best moment.

6.20.5. The Member shall collect adequate deposits from its Client before entertaining any Order from it.

7. SURVEILLANCE

- 7.1.** The Exchange shall constitute a Market Surveillance Committee, the constitution, duties, rights and functions of which shall be in lines with the Power Market Regulations and/or Applicable laws as modified / altered by the Commission from time to time
- 7.2.** The Exchange shall have the right to take appropriate actions in such cases to ensure market integrity and to avoid market abuses; the Exchange will use various on-line and off-line surveillance tools including but not limited to recording of all conversations through telephone lines with the personnel of the Exchange.
- 7.3.** CERC shall have the right to carry out checks at any time to ensure that the surveillance mechanism at the Exchange is in effective operation and pass appropriate Orders.
- 7.4.** The Exchange will monitor bid movement, market behaviour, bid rigging, bid manipulation and other market abuses. Any unwarranted change in bid pattern or trend will be brought under the notice of the Relevant Authority and suitable action as required in the public interest will be taken.

7.5. Validation of Orders

Members are required to ensure that bids and offers are in conformity with relevant regulatory provisions. In order to avoid any abnormal Orders being put by the Exchange Members like high bid or offer rate, bids quantity or offer quantity submitted higher than the declared capacity/demand by the Member, or the maximum quantity of purchase or sale as allowed in the Standing Clearance issued by SLDCs under CERC Regulations, the Exchange will validate such Orders either through software or manually on a daily basis, wherever possible. Further, the Order value of the Member will also be compared with the available limits of such Member for any over utilization.

7.6. Correlation with Unscheduled Interchange (U.I.)

The trend in the U.I. rate and the prices in the Exchange may be compared for any major differences. In case of individual Member, its trend of Trading on the

Exchange may also be compared with his U.I. obligations. Further, in case of continuous and heavy default on U.I. payment by any Member, the Exchange has authority and discretion to suspend the Member, and /or impose any additional penalties that the Exchange may consider fit to impose, among other things. Any entity or the principal or subsidiary or sister concern of an entity defaulting in payment of the transmission charges, UI charges, and the fees and charges for the National Load Despatch Centre, Regional Load Despatch Centres and ULD&C schemes may be barred by the Commission from selling through the Exchange.

8. INSPECTION

8.1. Inspection Authority

8.1.1. Where it appears to the Exchange so to do, it may appoint one or more persons as inspecting authority to undertake inspection of books of accounts, other records and documents of the Members for any of the purposes

- a) The Inspecting authority appointed by the Exchange may be either its own officials or outside professionals.
- b) When the Exchange appoints outside professionals as an inspecting authority, it shall notify the Member the names and addresses of the professionals or firms so appointed as an inspecting authority at the time of inspection.
- c) When outside professionals are appointed as an inspecting authority in respect of a Member and such professionals are already related in any other capacity with the Member then such Member shall forthwith inform the Exchange of such relationship.
- d) Where after appointment of any outside professional as an inspecting authority in respect of a Member, the Member or any of its associates engages the inspecting authority for its services in any other capacity, the inspecting authority shall not engage itself in such other professional capacity with the Member or any of its associates without prior consent of the Exchange.

8.1.2. The purposes of the inspection could be, namely :

- a) to ensure that the books of accounts and other books are being maintained in the manner required;
- b) to ensure that the provisions of Applicable law thereunder are being complied with;
- c) to ensure that various provisions of Rules, Bye Laws, Business Rules and any other Circulars of the Exchange issued thereunder are being complied with;

- d) to investigate into the complaints received from Clients, other Members of the Exchange or any other person on any matter having a bearing on the activities of the Member;
- e) to investigate suo-motu, for any reason where circumstances so warrant an inspection into the affairs of the Member in public interest;
- f) to examine whether any notices, circulars, instructions or orders issued by the Exchange from time to time relating to Trading and other activities of Members are being complied with;
- g) to comply with any of the directives issued in this behalf by any regulating authority including Government of India.

8.2. Notice

8.2.1. Before undertaking any inspection, the Exchange shall give a reasonable notice to the Member for that purpose.

8.2.2. Notwithstanding anything contained herein, where the Exchange is of the opinion that no such notice should be given, it may direct in writing that the inspection of the affairs of the Member be taken up without such notice.

8.2.3. Exchange officials or the inspecting authority who is directed by the Exchange to undertake the inspection, shall undertake the inspection and the Member against whom an inspection is being carried out shall be bound to discharge his obligations as provided by the Exchange from time to time.

8.3. Obligations of a Member on Inspection

8.3.1. It shall be the duty of every director, officer and employee of the Member, who is being inspected, to produce to the inspecting authority such books, accounts and other documents in his custody or control or arrange to produce where such books, accounts and other documents when they are in any other person's custody or control and furnish him such statements and information within such time as the said inspection authority may require.

8.3.2. The Member shall allow the inspecting authority to have reasonable access to the premises occupied by him or by any other person on his

behalf and also extend reasonable facilities for examining any books, records, documents and computerised data in his possession or any other person and also provide copies of documents or other materials which in the opinion of the inspecting authority are relevant.

8.3.3. The inspecting authority, in the course of inspection shall be entitled to examine or record statements of any Member, director, officer and employee of the Member or of any associate of such Member.

8.3.4. It shall be the duty of every director, officer and employee of the Member or where an associate is examined, such associate to give to the inspecting authority all assistance in connection with the inspection which the Member may be reasonably expected to give.

8.3.5. The inspecting authority shall be entitled to examine the records relating to the Member's financial affairs held with its bankers or any other agency which the inspecting authority may find it relevant.

8.3.6. The inspecting authority shall have access to accounts and other records relating to the Member or such access as authorised by the Exchange to accounts and other records relating to any associate of the Member as are within the power of the Member to provide.

8.4. Submission of Report

8.4.1. The inspecting authority shall, as soon as possible submit an inspection report to the Exchange.

8.4.2. All documents, papers, returns or their copies submitted to the inspecting authority may be retained by it on behalf of the Exchange. It shall maintain complete confidentiality thereof and no disclosure of any information contained therein shall be made to any person, firm, company or authority unless required by any law for the time being in force and without approval of the Exchange in this regard.

a) The Exchange shall after consideration of the inspection report communicate the findings to the Member to give him an opportunity of being heard before

any action is taken by the Exchange on the findings of the inspecting authority.

- b) On receipt of the explanation, if any, from the Member the Exchange may call upon Member to take such measures as the Exchange may deem fit in public interest.
- c) Notwithstanding anything contained herein, where the Exchange is of the opinion that no such hearing should be provided in certain circumstances, it may take action forthwith without giving an opportunity of being heard.

8.5. Collection and Dissemination of Information

8.5.1. The Exchange may call upon the Members to furnish such information and /or explanation with regard to any constitution, dealings, Settlement, account and/or other related matters.

8.5.2. The Exchange shall maintain the details of the clients of the Members in confidence and that it shall not disclose to any person/ entity such details of the client as mentioned in the client registration form or any other information pertaining to the client except as required under the law or by any authority.

8.5.3. Notwithstanding anything contained in any of the regulations, the Exchange may at its discretion disseminate to other Exchanges or regulatory authorities or to the general public, any information including information relating to any trades, dealings, Settlement of dealings, accounting, disciplinary action initiated/taken against Members and/or other matters relevant for enforcement or regulatory purposes.

9. Force Majeure

- 9.1.** The Exchange shall be absolved from and shall not be liable for any failure to perform its obligations in case of Force Majeure event arising from acts of nature (including fire, flood, earthquake, storm, hurricane or other natural disaster), war, invasion, act of foreign enemies, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation, terrorist activities, nationalisation, government sanction, blockage, embargo, labour dispute, strike, lockout or interruption/failure of Electricity or interruption/failure of any communication services/links [including telephone, internet, Vsat etc], or any other circumstances beyond its control.
- 9.2.** The Exchange including its buyers and sellers, shall keep each of the National Load Despatch Centre, Regional Load Despatch Centres and State Load Despatch Centres indemnified at all times and shall undertake to indemnify, defend and save the National Load Despatch Centre, Regional Load Despatch Centres and State Load Despatch Centres against any claim for damages, losses, and actions, including those relating to injury to or death of any person or damage to property of any person, demands, suits, recoveries, costs and expenses, attorney fees, against the third parties, arising out of or resulting from or attributable to the transactions at the Exchange.
- 9.3.** The Exchange, including its buyers and sellers, shall keep each of the National Load Despatch Centre, Regional Load Despatch Centres and State Load Despatch Centres indemnified at all times and shall undertake to indemnify, defend and save the National Load Despatch Centre, Regional Load Despatch Centres and State Load Despatch Centres harmless from any and all damages, losses, claims and actions arising out of disputes among buyers and sellers, as well as with power Exchange inclusive of confidentiality issues.

10. Conflict between Rules, Bye Laws and Business Rules

In event of any conflict between Business Rules and Bye Laws, the contents of Bye Laws shall supersede and in the event of any conflict between Rules and Bye Laws or Rules and Business Rules, the Rules shall supersede. Without prejudice to the generality of above, in case of any ambiguity or any confusion with regard to any of the provisions of Business Rules, the clarification given by Exchange shall be binding.

Annexure I – Contract Specifications

Annexure IA

PXIL Day Ahead Electricity Market Contract Specifications

Type of Market	Day Ahead
Trading System	PXIL
Trading Methodology	Double Sided closed bid auction with uniform market clearing price (Refer to Annexure V-I)
Auction Timings	10.00 am to 12.00 noon (DayT)
No. of Contracts per day	96 Contracts (15 minutes time slot each) for next day delivery (Day T+1)
Minimum Bid Volume	1 MW or as allowed by CERC from time to time
Minimum Volume Quotation Step	0.01 MW
Minimum Value Quotation step	Rs. 10 per MWh
Delivery Point	Periphery of Regional Transmission System in which the grid-connected Exchange entity, is located.
Transmission charges	<ol style="list-style-type: none"> Inter-State Transmission System: As Per Central Electricity Regulatory Commission (Open Access in inter-State Transmission (Collective Transaction)) Regulations, 2008 and subsequent (Amendment) Regulations, 2009, as amended from time to time. State Transmission System: As per the concerned State Electricity Regulatory Commission's Regulations/ CERC (Open access) Regulations, 2008, as amended from time to time.
Transmission Losses	Payable in kind from delivery point to its grid connection point.
Settlement Price(s)	The Market Clearing prices of the respective Bid Zones

Trading Cycle for Day Ahead Market

Day – T (Day of Trading)

- 1. Time 10.00 am to 12.00 noon - Auction Trade Session:** The Auction Trade Session would run from 10.00 am to 12.00 noon on all seven (7) days of the week except for the Exchange declared holidays. During this session Members (through their Approved Users) would be allowed to place bids for buying or selling of Electricity on the Trading System. The quantum of Orders would depend upon the Trading Margins the Member has placed with the Exchange and these would be blocked by the Exchange as per the value of the bids of the Members. The Trading Margins of the Members should cover the following:
For Buying Members
 - Value of the bid
 - Transmission charges
 - Operation/scheduling charges
 - Any other charges/margins as levied by the Exchange from time to timeFor Selling Members
 - Transmission charges
 - Operation/scheduling charges
 - Any other charges/margins as levied by the Exchange from time to time
- 2. Time 12.00 noon to 1.00 pm - Provisional Trade Matching:** No fresh bids or revision of bids would be allowed by the system after the gate closure at 12.00 noon. The received bids would then be matched by the Exchange for each Contract (each hour) by aggregating the supply and demand bids and finding out the Unconstrained Market Clearing Price (MCP) and the Unconstrained Market Clearing Volume (MCV) Based on this matching
- 3. Time 1.00 pm to 2.00 pm – NLDC Verification:** The Exchange would send the details of the Electricity Flows (as obtained through the unconstrained market solution) on various corridors as specified by NLDC. NLDC would check the flows provided by the Exchange and in case of congested corridors, if any, convey to the Exchange the revised Available Transmission Capacity (ATC) on these corridors.

4. **Time 2.00 pm to 3.00 pm – Application to NLDC:** The Exchange would send the Application for Scheduling to NLDC after re-working the market solution based on the constraints provided by NLDC. In case NLDC does not give any constraints then the Unconstrained Market Solution would be treated as the final solution and would form the basis of the application to NLDC. The Exchange shall issue the Provisional Obligation Report to the Members by 2.30 pm and based on it, make the application to NLDC by 3.00 pm.
5. **Time 5:30 pm –** NLDC would confirm the Final Schedules to the Exchange and the Exchange would issue the Final Obligation Report at 6.00 pm.

“The clearance/curtailment advice issued by National Load Despatch Centre to the Exchange at 1400 hrs shall be on good faith basis. The clearance/curtailment advice by the National Load Despatch Centre shall not be binding and Central Transmission Utility, National Load Despatch Centre, Regional Load Despatch Centres and State Load Despatch Centres shall not have any financial liability on account of inability, for any reason whatsoever, to achieve the complete matching between the advice of National Load Despatch Centre issued at 1400 hrs and the final schedules issued at 1800 hours.

Pay-in Day –

The Exchange may prescribe the pay in and pay out timings for Settlement of trades done on the Exchange from time to time.

1. **Pay-in of Funds by Buying Members:** Buying Member would have to bring in funds by the pay in time, specified by the Exchange/Clearing Corporation, as per the final obligation report for the respective value of trades cleared on Day T. Final obligations for the buyer Member shall include trade value, operating charges, transmission charges, taxes, duties, surcharge, cess and other levy applicable from time to time. Upon doing the Pay-in on Pay-in day, the blocked margins of the buying Members would be unblocked .i.e. would be available as Trading margins.

Pay-out Day –

1. **Pay-out of Funds to the Selling Members:** On the Pay-out Day the Exchange would pay-out funds to the Selling Members as per the Final Obligation Report for the respective value of trades cleared on Day T. Pay-out will be made after

deducting transmission charges, operating charges, taxes, duties, surcharge, cess and other levy applicable from time to time.

Operational Timelines	
Day 'T'	
10.00 AM to 12.00 PM	Auction Trade Session
By 11.00 AM	NLDC to inform list of interfaces/control areas/ regional transmission system on which unconstrained flows are required.
By 12:30 PM	Exchange to determine unconstrained MCP & determining provisional obligations of the Members
By 1.00 PM	Communication of unconstrained solution to NLDC.
By 2.00 PM	NLDC to confirm available limit for scheduling.
By 2.30 PM	Exchange to determine Market Solution based on final ATC
By 2.45 PM	Exchange will issue to Members Provisional Obligation Report
By 3.00 PM	Exchange submits the requisition to the NLDC
By 5.30 PM	NLDC confirms the final schedules to the Exchange
By 6.00 PM	Exchange issues the Final Obligation Report
Pay-in Day (T+1)	
By 11.00 A.M	Pay-in of Funds by Buying Members
Pay-out Day (T+2)	
By 11.00 A.M	Pay-out of Funds by the Exchange to Selling Members

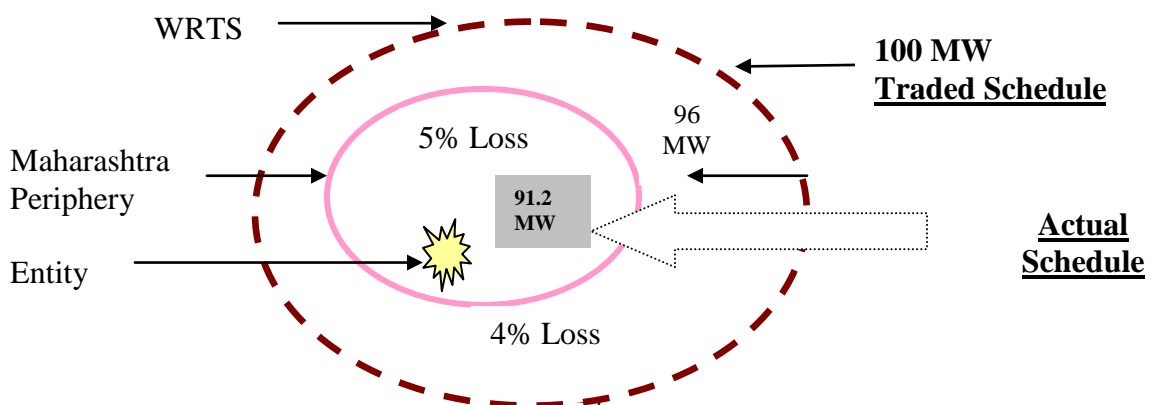
Traded Schedule vs Actual Schedule

Illustration

Case 1 – Buying Entity

Location – Maharashtra

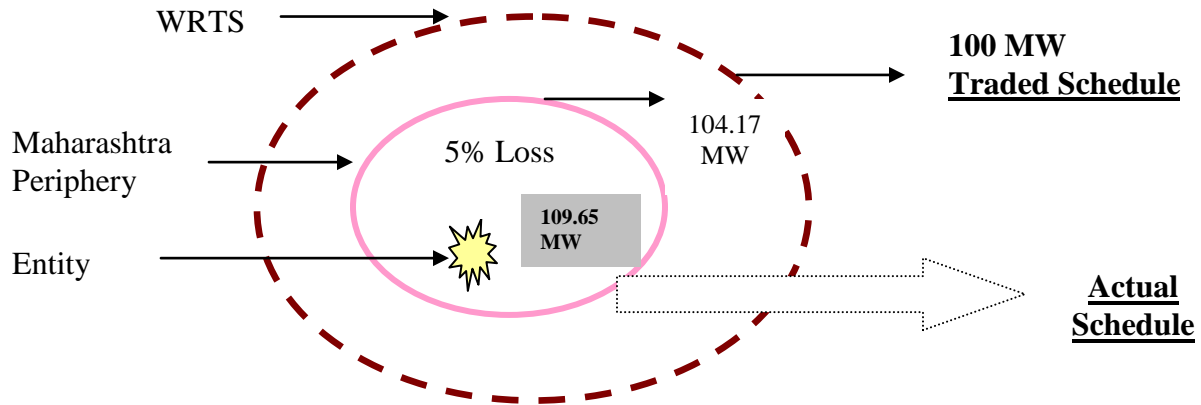
Quantum of Purchase on the Exchange – 100 MW



Case 2 – Selling Entity

Location – Maharashtra

Quantum of Sale on the Exchange – 100 MW



Penalty for contractual obligation:

Any default in providing the requisite margin by the buyer within the scheduled time shall be treated as termination of Contract and will have the following effects.

- The Transmission corridor booked for the Contract shall be cancelled by PXIL
- The Seller will be compensated by an amount equivalent to the bid security put up by Buyer discounting application fee to nodal RLDC and Penalty as at
- Exchange shall levy penalties on the Buyers for default in provision of margin to the extent as specified by the Relevant Authority from time to time.

Annexure IB

PXIL Day Ahead Contingency Electricity Market Contract Specifications

1. Basic Contract Specifications

Type of Market	Day Ahead Contingency
Trading System	PXIL
Trading Methodology	Discriminatory price - Double sided Auction (Refer to Annexure V-II)
Auction Timings	04.00 pm to 05.00 pm (Day D)
No. of Contracts per day	24 hourly Contracts for next day delivery (Day D+1)
Minimum Bid Volume	1 MW or as allowed by CERC from time to time
Minimum Volume Quotation Step	0.01 MW/10 kW
Minimum Value Quotation step	Rs. 10 per MWh
Delivery Point	The delivery point shall be on the state/regional periphery of the selling entity
Transmission charges	<p>The transmission charges to be paid by the buyers and sellers for Exchange transactions would be as laid down under the Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008, as amended from time to time and would be payable to the Exchange in cash.</p> <ol style="list-style-type: none">1. Buyer bears the charges for regions and states involved beyond the Delivery Point.2. Seller bears the charges till the Delivery Point
Transmission Losses	The losses would be handled as per the Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008, as amended from time to time.

	<ul style="list-style-type: none"> i. Buyer bears the Transmission Losses for regions and states involved beyond the delivery point. i. Seller bears the charges till the Delivery Point.
Settlement Price(s)	As per Matching Rules of Exchange – Mid-point of Buyer's and Seller's Price for each transaction

2. Auction Trade Session

The Auction Trade Session timings would be notified to the Members by the Exchange from time to time.

3. Margin

Buyer will do a daily Settlement. The payment security mechanism shall be as follows:-

Members will have to make available the full Margins before submission of bids. For the unmatched trades, the margin will be carried forward from the Day Ahead Market.

The Contract will be cancelled in case sufficient margins are not maintained by the Members and appropriate penalty will be levied as determined by Exchange from time to time. In case of default in payment Margins placed with the Exchange will be invoked to make good the default in payment. All other forms of margin collected by the Exchange till such time may also be impounded. Exchange reserves its right to change the margin requirements from time to time as felt necessary.

4. Settlement

There would be a Daily Billing Cycle and Daily Payment. Buyer will make the payment on the delivery day and the Seller will receive payment one day after the delivery day for all the products. Exchange reserves its right to change the Settlement cycle from time to time as felt necessary.

5. Validity and Tenure

The Contract Period and validity will be notified by the Exchange from time to time.

6. Open Access from relevant LDCs

Both the Buyer and Seller agree to provide all the details or enter into any agreement as may be required by the concerned RLDC for providing Open Access.

7. NOC from SLDC

Buyer and Seller shall obtain necessary Concurrence from SLDC and or SEB for undertaking third party sale of power, if necessary. In case, the Member doesn't receive SLDC concurrence or receives concurrence for part of the quantity, the balance quantity will get closed out and Exchange will seek explanation from the Member. Exchange also reserves its right to levy penalty on the said Member, in case explanation is not found satisfactory.

8. Transaction Fee

To start with Transaction Fee for Longer Tenure Products will be kept at 1 paise per unit. Any modification regarding the same will be notified by Exchange through subsequent circulars. Transaction fee for the whole tenure of the product will be collected in advance alongwith the Open Access Charges to be paid to RLDCs.

9. Open Access Surrender & Penalty

In case Buyer surrenders Open Access application on request of Seller then all the penalties, damages, Trading margin and Open Access Charges, application fees, processing fees shall be borne by Seller and vice versa. Exchange reserves its right to change the Settlement cycle from time to time as felt necessary.

10. Default in Payment

In case of Default in payment by Member the Exchange will have the right to cancel the allocation of its trades and initiate appropriate action against such Member. The Exchange in such circumstance may levy penalty and will send application for revision of schedule as allowed in the "procedure of scheduling of bilateral transactions" and also may auction the quantity to other buyers. Loss arising shall be borne by the defaulting Member.

11. UI Charges

The Schedule and Despatch of power shall be coordinated with respective RLDCs/ SLDCs as per the relevant provisions of Indian Electricity Grid Code, various statutory regulations/orders of RLDCs and RPCs. In the event SELLER does not adhere to the schedule prepared and adopted by various Regional Load Despatch Centers/ State Load Despatch Centers (with the consent of SELLER and BUYER at

the time of scheduling), and the non adherence to the adopted schedule results in Unscheduled Interchange (U.I.) of power which results into any U. I. Charges, the same shall be borne by SELLER for that respective Matched Trade. BUYER shall pay to SELLER for the energy based on the implemented (final) schedule.

12. Power Supply & Scheduling

The evacuation of power is subject to technical and transmission corridor constraints and Force Majeure conditions. Scheduling and despatch of the power shall be coordinated by the Exchange with the respective RLDC/SLDC as per relevant provisions of IEGC and the decision of RLDC's & RPC's.

13. Liability and Default Compensation

The purchase of electrical energy by Buyer from Seller is with "Take or pay liabilities on either side" and as intimated by the Exchange from time to time.

14. Force Majeure

The supply of power from Seller to Buyer shall be subject to "Force Majeure" conditions, as defined in clause below.

"Force Majeure" means any event or circumstance or combination of events or circumstances, direct and/or indirect, which is or are beyond the control of a Party and that results in or causes the failure of that Party (the "non-performing party") to perform any of its obligations under this Agreement, and includes: -

- (a) Act of strike, war, invasion, armed conflict, blockade, revolution, riot, insurrection or civil commotion, terrorism, sabotage, fire, explosion or criminal damage;
- (b) Act of God, including lightning, cyclone, typhoon, flood, tidal wave, earthquake, landslide, epidemic or similar cataclysmic event;
- (c) The expropriation or compulsory acquisition by any Government or Governmental agency of the Bulk Supply Business of Buyer;
- (d) Any curtailment/suspension/non availability of transmission capacity by intervening SLDCs and/or RLDCs
- (e) Change of Law
- (f) Regulatory intervention in the matter of power Trading as also orders from CERC/ SERCs/ Appellate Tribunal of Electricity/ High Courts/ Supreme Court or any other Statutory Authority particularly related to rates at which power can be sold/

purchased/traded and also open access rules & grid codes. This will also include regulations / orders already issued but yet to be conclusively enforced.

Where a non-performing party is unable to perform its obligations under this Agreement by reason of Force Majeure, the non-performing party shall notify the other party as soon as practicable of the occurrence of Force Majeure, identifying the nature of the event or circumstance of Force Majeure, the expected duration of such Force Majeure, the particular obligations of the non-performing party which are affected by such Force Majeure and the period for which such obligations are expected to be so affected.

The obligations of the Parties under this Agreement shall be suspended only to the extent that:

- a) Such suspension is of no greater scope and no longer duration than is required by the effects of the relevant event or circumstance of Force Majeure; and
- b) The non-performing Party uses all reasonable efforts to remedy, as soon as practicable, its inability to perform the affected obligations.

Force Majeure conditions for minimum Prescribed period of time as may be agreed by the Exchange in consultation with Regulator and NLDC.

15. Indemnification

Each Party shall indemnify, defend and hold harmless the other, its directors, Members of the Board, partners, assigns, trustees, agents, officers and employees, against all claims, demand, judgments and associated costs and expense, related to property damage, bodily injuries or death suffered by third parties resulting from breach of its obligation by such Party under this Agreement except to the extent that any such claim has arisen due to a negligent act or omission, breach of Contract or breach of statutory duty on the part of the other Party, its contractors, servants or agents.

Both the Parties agree to indemnify PXIL, NLDC, RLDCs, SLDCs against any claim for damages, losses and actions, including those relating to any injury to or to death of any person or damage to any property of any person demands, suits, recoveries, costs and expenses, attorney fees, against the third parties, arising out of or resulting from or attributable to the transactions on the Exchange.

16. Dispute Resolution

If any dispute or difference of any kind whatsoever (“Dispute”) shall arise between the Parties in connection with or arising out of this Agreement or out of the breach, termination or invalidity of the Agreement hereof, the Parties shall resolve them by resort to the following in the order so mentioned:

(a) Parties shall attempt to resolve the dispute or difference through mutual discussions within 15 days.

(b) In case both the parties are unable to resolve the issue of dispute or difference, the matter will be referred to the Arbitration panel of PXIL. The following provisions shall then apply:

1. the rights and obligations of the Parties shall remain effective during the arbitration proceedings and the Parties shall continue to perform ;
2. the place of arbitration shall be Mumbai, India;
3. the language of the arbitration shall be English;
4. any Dispute submitted to arbitration shall be considered by three arbitrators from the Arbitration Panel of PXIL, two of whom shall be nominated by either party. If within 30 days of the receipt of a Party’s notification of the appointment of an arbitrator, the other Party has not notified the first Party of the arbitrator it has appointed, the first party may apply for the appointment of the second arbitrator in accordance with the Arbitration Act. The third arbitrator will be nominated by the two existing arbitrators or, failing such nomination within 30 days of the appointment of the second arbitrator, shall be appointed in accordance with the Arbitration Act.
5. each party shall bear its own costs pursuant to Arbitration. The costs and fees payable to the arbitrators shall be equally shared by the Parties unless decided otherwise by the arbitrators pursuant to the award of Arbitration.

Notwithstanding the existence of any Dispute, whether referred to arbitration or not, the Parties hereto shall continue to perform their respective obligations under this Agreement throughout the Term of the Product.

17. Termination of Agreement

In case Buyer doesn’t make timely payment, Seller shall have right to terminate prevailing arrangement without prejudice to all the rights to recover the amounts due to Seller.

18. Notices and Correspondence

All notices for billing, load dispatch and correspondence must be delivered personally, by registered or certified mail or facsimile to Exchange at the following addresses mentioned: ***Exchange Plaza, 'B' Wing 3rd Floor, Bandra Kurla Complex, Bandra (W), Mumbai – 400051***

19. Authority

Both Parties agree, that they have all the legal power and authority to execute this Agreement and carry out the terms, conditions, provisions and covenants hereof.

20. Survival

The expiry or termination of this Agreement shall not affect any right of the party to receive payment as per the terms of this Agreement.

21. No Consequential or Indirect Loss

The liability of the Buyer and Seller shall be limited to that explicitly provided in this Agreement. Notwithstanding anything contained in this Agreement, under no event shall Buyer or the Seller claim from one another any indirect or consequential losses or damages.

22. No Waiver

No failure or neglect on the part of either Party to exercise any right or remedies under this Agreement and no single or partial exercise thereof shall preclude any further or other exercise of such rights and obligations. Further any delay or omission by either Party to exercise any right or power arising from any breach or default by the other Party in any of the terms and conditions or provisions of this Agreement shall not be construed to be a waiver of such breach or default or subsequent default of the same or other terms, conditions, provisions and covenants.

23. Governing Law

This Agreement shall be governed by and construed in accordance with laws of India.

Annexure IC

PXIL Weekly Electricity Market Contract Specifications

1. Basic Contract Specifications

Type of Market	Weekly
Trading System	PXIL
Trading Methodology	Discriminatory price - Double sided Auction (Refer to Annexure V-II)
Auction Timings	10.00 am to 04.00 pm (Day D)
Minimum Bid Volume	1 MW or as allowed by CERC from time to time
Minimum Volume Quotation Step	0.01 MW/10 kW
Minimum Value Quotation step	Rs. 10 per MWh
Delivery Point	The delivery point shall be on the state/regional periphery of the selling entity
Transmission charges	<p>The transmission charges to be paid by the buyers and sellers for Exchange transactions would be as laid down under the Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008, as amended from time to time and would be payable to the Exchange in cash.</p> <ol style="list-style-type: none">1. Buyer bears the charges for regions and states involved beyond the delivery point.2. Seller bears the charges till the Delivery Point
Transmission Losses	<p>The losses would be handled as per the Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008, as amended from time to time.</p> <ol style="list-style-type: none">i. Buyer bears the Transmission Losses for regions and states involved beyond the delivery point.

	ii. Seller bears the charges till the Delivery Point.
Settlement Price(s)	As per Matching Rules of Exchange – Mid-point of Buyer’s and Seller’s Price for each transaction

2. Trading Hour slots and Auction Trade Session

The Trading Hour slots are those time periods during which the contracted quantity has to be delivered for the entire Contract Period. The Weekly product can be traded over any or all of the Trading Hour slots. The Trading Hour slots and Auction Trade session will be notified by Exchange through Trading Calendar.

Trading Hour slots

Slot	Hours
Round the Clock	00 to 24 Hours
Morning Peak	6 to 10 Hours
Evening Peak	18 to 22 Hours
Day off Peak	10 to 18 Hours
Night off Peak	00 to 6 hours and 22 to 24 hours
The Time Slots would be Prescribed by the Exchange from Time to Time	

Auction Trade Session

The Weekly Auction Trade session for the operational day of the Exchange shall be notified from time to time

3. Margin

Buyer will do a daily Settlement. The payment security mechanism shall be as follows:-

Daily Payment - Buyer will furnish Guarantee, FD, Cash, Credit Limit, or any other such instrument as may be notified by the Exchange from time to time. The above instruments shall cover an amount equal to daily scheduled payment and

other payments as per the Margin requirements of the Exchange. The Margin requirement will be notified by the Exchange from time to time.

4. Penalties

The Contract is a physical delivery Contract between specific entities. To deter default motivated by commercial considerations of participants due to market price variation a stringent Penalty structure will be put into place. Sanctity of Contract needs to be maintained and hence Penalty will be levied for willful default in payment or delivery to profit from better price in other markets or any action contrary to the Rules of the Exchange or any other law / regulation in force.

Penalty structure will be intimated to the Members by the Exchange from time to time. Exchange reserves its right to modify the penalty from time to time as felt necessary.

5. Settlement

There would be a Daily Billing Cycle and Daily Payment. Buyer will make the payment on the delivery day and the Seller will receive payment one day after the delivery day for all the products. The detailed Settlement cycle will be notified by the Exchange from time to time.

Exchange reserves its right to change the Settlement cycle from time to time as felt necessary.

6. Validity and Tenure

The Contract Period and validity will be notified by the Exchange from time to time.

7. Open Access from relevant LDCs

Both the Buyer and Seller agree to provide all the details or enter into any agreement as may be required by the concerned RLDC for providing Open Access.

8. NOC from SLDC

Buyer and Seller shall obtain necessary Concurrence from SLDC and or SEB for undertaking third party sale of power, if necessary. In case, the Member doesn't

receive SLDC concurrence or receives concurrence for part of the quantity, the balance quantity will get closed out and Exchange will seek explanation from the Member. Exchange also reserves its right to levy penalty on the said Member, in case explanation is not found satisfactory.

9. E-Bidding

The Exchange reserves its right to participate in E-bidding as per the existing "Procedure for Scheduling of Bilateral Transaction" or any amendment made from time to time. The Exchange will have the right to participate in the e-bidding on behalf of the Members subject to the maximum transmission charges as may be notified by the Member

10. Transaction Fee

To start with Transaction Fee for Longer Tenure Products will be kept at 1 paise per unit. Any modification regarding the same will be notified by the Exchange through subsequent circulars. Transaction fee for the whole tenure of the product will be collected in advance alongwith the Open Access Charges to be paid to RLDCs

11. Revision Charges

Members have to submit request for Revision of Schedule in case it is required. Every request has to be accompanied with a Revision request charge as may be notified by the Exchange from time to time without which the same will not be processed and forwarded to RLDC. The Revision requests will be accepted by the Exchange in accordance with the procedure as notified by the Exchange from time to time. In case both the parties request for revision then minimum of the two requests will be forwarded to Nodal RLDC after taking confirmation from the counter party. Revision charges will be at the discretion of Exchange and are subject to change which will be intimated to Members from time to time.

12. Open Access Surrender & Penalty

In case Buyer surrenders Open Access application on request of Seller then all the penalties, damages, Trading margin and Open Access Charges, application fees, processing fees shall be borne by Seller and vice versa. Exchange

reserves its right to change the Settlement cycle from time to time as felt necessary.

13. Default in Payment

In case of Default in payment by Member the Exchange will have the right to cancel the allocation of its trades and initiate appropriate action against such Member. The Exchange in such circumstance may also levy a penalty and will send application for revision of schedule as allowed in the “procedure of scheduling of bilateral transactions” and also may auction the quantity to other buyers. Loss arising shall be borne by the defaulting Member.

14. UI Charges

The Schedule and Despatch of power shall be coordinated with respective RLDCs/ SLDCs as per the relevant provisions of Indian Electricity Grid Code, various statutory regulations/orders of RLDCs and RPCs. In the event SELLER does not adhere to the schedule prepared and adopted by various Regional Load Despatch Centers/ State Load Despatch Centers (with the consent of SELLER and BUYER at the time of scheduling), and the non adherence to the adopted schedule results in Unscheduled Interchange (U.I.) of power which results into any U. I. Charges, the same shall be borne by SELLER for that respective Matched Trade. BUYER shall pay to SELLER for the energy based on the implemented (final) schedule.

15. Power Supply & Scheduling

The evacuation of power is subject to technical and transmission corridor constraints and Force Majeure conditions. Scheduling and despatch of the power shall be coordinated by Exchange with the respective RLDC/SLDC as per relevant provisions of IEGC and the decision of RLDC's & RPC's.

16. Liability and Default Compensation

The purchase of electrical energy by Buyer from Seller is with “Take or pay liabilities on either side” as detailed in Section 4 above and as intimated by the Exchange from time to time.

17. Force Majeure

The supply of power from Seller to Buyer shall be subject to “Force Majeure” conditions, as defined in clause below.

“Force Majeure” means any event or circumstance or combination of events or circumstances, direct and/or indirect, which is or are beyond the control of a Party and that results in or causes the failure of that Party (the “non-performing party”) to perform any of its obligations under this Agreement, and includes: -

- a) Act of strike, war, invasion, armed conflict, blockade, revolution, riot, insurrection or civil commotion, terrorism, sabotage, fire, explosion or criminal damage;
- b) Act of God, including lightning, cyclone, typhoon, flood, tidal wave, earthquake, landslide, epidemic or similar cataclysmic event;
- c) The expropriation or compulsory acquisition by any Government or Governmental agency of the Bulk Supply Business of Buyer;
- d) Any curtailment/suspension/non availability of transmission capacity by intervening SLDCs and/or RLDCs
- e) Change of Law
- f) Regulatory intervention in the matter of power Trading as also orders from CERC/ SERCs/ Appellate Tribunal of Electricity/ High Courts/ Supreme Court or any other Statutory Authority particularly related to rates at which power can be sold/ purchased/traded and also open access rules & grid codes. This will also include regulations / orders already issued but yet to be conclusively enforced.

Where a non-performing party is unable to perform its obligations under this Agreement by reason of Force Majeure, the non-performing party shall notify the other party as soon as practicable of the occurrence of Force Majeure, identifying the nature of the event or circumstance of Force Majeure, the expected duration of such Force Majeure, the particular obligations of the non-performing party which are affected by such Force Majeure and the period for which such obligations are expected to be so affected.

The obligations of the Parties under this Agreement shall be suspended only to the extent that:

- a) Such suspension is of no greater scope and no longer duration than is required by the effects of the relevant event or circumstance of Force Majeure; and
- b) The non-performing Party uses all reasonable efforts to remedy, as soon as practicable, its inability to perform the affected obligations.

Force Majeure conditions for minimum Prescribed period of time as may be agreed by the Exchange in consultation with Regulator and NLDC. In case a Force Majeure continues to extend beyond 50% of the Contract Period, then the same will be considered as an Extended Force Majeure and can lead to Termination of Agreement.

18. Indemnification

Each Party shall indemnify, defend and hold harmless the other, its directors, Members of the Board, partners, assigns, trustees, agents, officers and employees, against all claims, demand, judgments and associated costs and expense, related to property damage, bodily injuries or death suffered by third parties resulting from breach of its obligation by such Party under this Agreement except to the extent that any such claim has arisen due to a negligent act or omission, breach of Contract or breach of statutory duty on the part of the other Party, its contractors, servants or agents.

Both the Parties agree to indemnify PXIL, NLDC, RLDCs, SLDCs against any claim for damages, losses and actions, including those relating to any injury to or to death of any person or damage to any property of any person demands, suits, recoveries, costs and expenses, attorney fees, against the third parties, arising out of or resulting from or attributable to the transactions on the Exchange.

19. Dispute Resolution

If any dispute or difference of any kind whatsoever ("Dispute") shall arise between the Parties in connection with or arising out of this Agreement or out of the breach, termination or invalidity of the Agreement hereof, the Parties shall resolve them by resort to the following in the order so mentioned:

(a) Parties shall attempt to resolve the dispute or difference through mutual discussions within 15 days.

(b) In case both the parties are unable to resolve the issue of dispute or difference, the matter will be referred to the Arbitration panel of PXIL. The following provisions shall then apply:

1. the rights and obligations of the Parties shall remain effective during the arbitration proceedings and the Parties shall continue to perform;
2. the place of arbitration shall be Mumbai, India;
3. the language of the arbitration shall be English;

4. any Dispute submitted to arbitration shall be considered by three arbitrators from the Arbitration Panel of PXIL, two of whom shall be nominated by either party. If within 30 days of the receipt of a Party's notification of the appointment of an arbitrator, the other Party has not notified the first Party of the arbitrator it has appointed, the first party may apply for the appointment of the second arbitrator in accordance with the Arbitration Act. The third arbitrator will be nominated by the two existing arbitrators or, failing such nomination within 30 days of the appointment of the second arbitrator, shall be appointed in accordance with the Arbitration Act.
5. each party shall bear its own costs pursuant to Arbitration. The costs and fees payable to the arbitrators shall be equally shared by the Parties unless decided otherwise by the arbitrators pursuant to the award of Arbitration.

Notwithstanding the existence of any Dispute, whether referred to arbitration or not, the Parties hereto shall continue to perform their respective obligations under this Agreement throughout the Term of the Product.

20. Termination of Agreement

- a. In case Buyer doesn't make timely payment, Seller shall have right to terminate prevailing arrangement without prejudice to all the rights to recover the amounts due to Seller. Buyer may be given a Cure Period wherein he can inform the Exchange about the default and can make good the default. If the Buyer makes good the default within the Cure Period then the schedule will continue as per scheduled. In case the Buyer doesn't make good the default then the schedule will be cancelled and Seller will get 25% of the outstanding trade value below 80% of the schedule.

Provided however that the Buyer can avail of the cure period only for some specific instances during the entire duration of the delivery of the Product. The duration of the Cure Period and the number of instances of the cure period will be notified by the Exchange and would be subject to modification by the Exchange from time to time.

- b. In case Seller defaults consistently for 2 days in supply of power, then Buyer shall have right to terminate prevailing arrangement and recover full cost of open access charges till drawal point
- c. In case of default by either party, the other party will issue a notice with a period of 2 days before terminating the agreement.
- d. Extended Force Majeure wherein Party uses all reasonable efforts to remedy, as soon as practicable, its inability to perform the affected obligations

In case of termination of agreement due to clause a, b and c, the non-defaulting party shall be paid the penalty amount. However in case of termination of agreement due to clause d, no penalty shall be paid to any of the parties involved.

21. Notices and Correspondence

All notices for billing, load dispatch and correspondence must be delivered personally, by registered or certified mail or facsimile to Exchange at the following addresses mentioned: ***Exchange Plaza, 'B' Wing 3rd Floor, Bandra Kurla Complex, Bandra (W), Mumbai – 400051***

22. Authority

Both Parties agree, that they have all the legal power and authority to execute this Agreement and carry out the terms, conditions, provisions and covenants hereof.

23. Survival

The expiry or termination of this Agreement shall not affect any right of the party to receive payment as per the terms of this Agreement.

24. No Consequential or Indirect Loss

The liability of the Buyer and Seller shall be limited to that explicitly provided in this Agreement. Notwithstanding anything contained in this Agreement, under no event shall Buyer or the Seller claim from one another any indirect or consequential losses or damages.

25. No Waiver

No failure or neglect on the part of either Party to exercise any right or remedies under this Agreement and no single or partial exercise thereof shall preclude any further or other exercise of such rights and obligations. Further any delay or omission by either Party to exercise any right or power arising from any breach or default by the other Party in any of the terms and conditions or provisions of this Agreement shall not be construed to be a waiver of such breach or default or subsequent default of the same or other terms, conditions, provisions and covenants.

26. Governing Law

This Agreement shall be governed by and construed in accordance with laws of India.

ANNEXURE - II (A)

(Member - Client Agreement has to be executed on a Non-Judicial Stamp paper of the value prevailing in the state.)

Member - Client Agreement

This agreement is made and executed at _____ on this ____ day of _____

Between:

Mr./Ms./M/s. _____, an individual / a partnership firm / a body corporate, registered / incorporated under the provisions of the Indian Partnership Act, 1932 / Companies Act, 1956, being a Member of Power Exchange India Limited (hereinafter referred to as “**Exchange**”) and having his /her /its office /registered office at _____, hereinafter referred to as “**Member**” (which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include his /her heirs, executors and administrators / the partners of the said firm for the time being, the survivor or survivors of them and the heirs, executors and administrators of such last survivor / its successors and legal representatives, as the case may be) of the

One Part;

And

Mr./Ms./M/s. _____, an individual / a proprietary concern / a partnership firm / a body corporate, registered / incorporated under the provisions of the Indian Partnership Act, 1932 / Companies Act, 1956, having his /her / its Permanent Account Number ____ (“PAN”) and his / her / its residence / registered office at _____, hereinafter referred to as “**Client**” (which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include his /her heirs, executors and administrators /the partners for the time being of the said firm, the survivor or survivors of them and the heirs, executors and administrators of such last survivor / its successors and legal representatives, as the case may be) of the **Other**

Part.

WHEREAS:

The Member is registered as Member of the Exchange.

The client is desirous of Trading in those Contracts admitted for dealing on the Exchange as defined in the Bye Laws, Rules, Business Rules of the Exchange and Circulars issued thereunder from time to time.

The client has satisfied itself of the capability of the Member to deal in those Contracts admitted for dealing on the Exchange and wishes to execute Orders through the Member and the client shall from time to time continue to satisfy of such capability of the Member before executing any Orders through the Member.

The Member has satisfied and shall continuously satisfy about the genuineness and financial soundness of the client and Trading objectives relevant to the services to be provided.

The Member has taken steps and shall take steps to make the client aware of the precise nature of the Member's liability for business to be conducted, including any limitations, the liability and the capacity in which the Member acts.

The Member and the client agree to be bound by all the Rules, Byelaws of the Exchange and Circulars issued thereunder from time to time and Rules and Regulations of Central Electricity Regulatory Commission (hereinafter referred to as CERC) and the relevant notifications of Government authorities as may be in force from time to time.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL UNDERSTANDING AS SET FORTH IN THIS AGREEMENT, THE PARTIES THERETO HAVE AGREED TO THE FOLLOWING TERMS AND CONDITIONS:

1. The client agrees to immediately notify the Member in writing if there is any change in the information in the 'client registration form' provided by the client to the Member at the time of opening of the account or at any time thereafter.

2. The Member declares that it has brought the contents of the risk disclosure document to the notice of client and made him aware of the significance of the said document. The client agrees that:
 - a. He has read and understood the risks involved in Trading on the Exchange.
 - b. He shall be wholly responsible for all his investment decisions and trades.
 - c. The failure of the client to understand the risk involved shall not render a Contract as void or voidable and the client shall be and shall continue to be responsible for all the risks and consequences for entering into trades in the segments in which the client chose to trade.
 - d. He is liable to pay applicable margins as are considered necessary by the Member or the Exchange or as may be directed by CERC from time to time. The Member is permitted in its sole and absolute discretion to collect additional margins (even though not required by the Exchange or CERC) and the client shall be obliged to pay such margins within the stipulated time.
 - e. Payment of margins by the client does not necessarily imply complete satisfaction of all dues. In spite of consistently having paid margins, the client may, on the closing of its trade, be obliged to pay (or entitled to receive) such further sums as the Contract may dictate/require.
3. The Client agrees to pay to the Member brokerage and statutory levies as are prevailing from time to time and as they apply to the Client's account, transactions and to the services that Member renders to the Client. The Member agrees that it shall not charge brokerage more than the maximum brokerage permissible as per the Rules and bye -laws of the Exchange/CERC if any.
4. The Client agrees to abide by the exposure limits, if any set by the Member or by the Exchange or CERC from time to time.
5. The Member agrees that the money deposited by the client shall be kept in a separate account, distinct from his/its own account and shall not be used by the Member for himself/itself or for any other client or for any purpose other than the purposes mentioned in PXIL Rules and Byelaws or under any Rules, Regulations, Bye Laws, guidelines or directives specified by CERC.

6. The client agrees to immediately furnish information to the Member in writing , if any winding up petition or insolvency petition has been filed or any winding up or insolvency order or decree or award is passed against him or if any litigation which may have material bearing on his capacity has been filed against him.
7. The Member agrees that it shall co-operate in redressing grievances of the client in respect of transactions routed through it.
8. The client and the Member agree to refer any claims and/or disputes to arbitration as per the Rules, Byelaws and Business Rules of the Exchange as may be in force from time to time and Circulars issued thereunder from time to time.
9. The client shall abide by provisions of Electricity Act, 2003, Grid Code or any Rules or Regulations made thereunder or any other applicable Act or any Rules or Regulations made thereunder.
10. The Client agrees to indemnify PXI, NLDC, RLDCs, SLDCs against any claim for damages, losses and actions, including those relating to any injury to or to death of any person or damage to any property of any person demands, suits, recoveries, costs and expenses, attorney fees, against the third parties, arising out of or resulting from or attributable to the transactions on the Exchange.
11. The agreement entered into between the Member and the client shall stand terminated by mutual consent of the parties by giving at least one-month notice to each other. Such termination shall not have any effect on the transactions executed before the date of notice of termination and the parties shall enjoy same rights and shall have same obligations in respect of such transactions.
12. This agreement can be altered, amended and/or modified by the parties mutually in writing without derogating from the contents of this Agreement. Provided however, if the rights and obligations of the parties hereto are altered by virtue of change in the Rules, Byelaws and Business Rules of the Exchange, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this agreement.

13. The Member hereby undertakes to maintain the details of the client as mentioned in the client registration form or any other information pertaining to the client in confidence and that it shall not disclose the same to any person/ authority except as required under any law/regulatory requirements; Provided however that the Member may so disclose information about its/his client to any person or authority with the express permission of the client.

14. All trades, transactions and Contracts are subject to the Rules, Bye Laws and Business Rules of the Exchange.

In WITNESS THEREOF, the parties to agreement have caused these presents to be executed as of the day and year first above written. The

Client's Signature /

Member's Signature /

Authorized Signatory

Authorized Signatory

Signed by:

Signed by:

Title:

Title:

Name of the Client:

Name of the Member:

Witness:

Witness:

1.

1.

2.

2.

ANNEXURE II (B)

(Advisory Member - Client Agreement has to be executed on a Non-Judicial Stamp paper of the value prevailing in the state.)

Advisory Member - Client Agreement

This agreement is made and executed at _____ on this _____ day of 20____

Between:

Mr./Ms./M/s. _____, an individual / a partnership firm / a body corporate, registered / incorporated under the provisions of the Indian Partnership Act, 1932 / Companies Act, 1956, being an Advisory Member of Power Exchange India Limited (hereinafter referred to as "**Exchange**") and having his /her /its office /registered office at _____, hereinafter referred to as "**Advisory Member**" (which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include his /her heirs, executors and administrators / the partners of the said firm for the time being, the survivor or survivors of them and the heirs, executors and administrators of such last survivor / its successors and legal representatives, as the case may be) of the **One Part**;

And

Mr./Ms./M/s. _____, an individual / a proprietary concern / a partnership firm / a body corporate, registered / incorporated under the provisions of the Indian Partnership Act, 1932 / Companies Act, 1956, being an TSCM Plus of Power Exchange India Limited, having his /her / its Permanent Account Number _____ ("PAN") and his / her / its residence / registered office at _____, hereinafter referred to as "**Client**" (which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include his /her heirs, executors and administrators /the partners for the time being of the said firm, the survivor or survivors of them and the heirs, executors and administrators of such last survivor / its successors and legal representatives, as the case may be) of the **Other Part**.

WHEREAS:

The Advisory Member is registered as an Advisory Member of the Exchange.

The Client is desirous of availing of Support Services as defined in the Bye Laws, Rules, Business Rules of the Exchange and Circulars issued thereunder from time to time.

The Client has satisfied itself of the capability of the Advisory Member to provide Support Services and wishes to utilize the services of the Advisory Member for providing Support Services and the Client shall from time to time continue to satisfy of such capability of the Advisory Member before availing of such services from the Advisory Member.

The Advisory Member has taken steps and shall take steps to make the Client aware of the precise nature of the Advisory Member's liability for business to be conducted, including any limitations, the liability and the capacity in which the Advisory Member acts.

The Advisory Member and the Client agree to be bound by all the Rules, Byelaws of the Exchange and Circulars issued thereunder from time to time and Rules and Regulations of Central Electricity Regulatory Commission (hereinafter referred to as CERC) and the relevant notifications of Government authorities as may be in force from time to time.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL UNDERSTANDING AS SET FORTH IN THIS AGREEMENT, THE PARTIES THERETO HAVE AGREED TO THE FOLLOWING TERMS AND CONDITIONS:

15. The Client agrees to immediately notify the Advisory Member in writing if there is any change in the information in the 'Client registration form' provided by the Client to the Advisory Member at the time of opening of the account or at any time thereafter.
16. The Advisory Member declares that it has brought the contents of the risk disclosure document to the notice of Client and made him aware of the significance of the said document. The Client agrees that:
 - a. He has read and understood the risks involved in trading on the exchange.
 - b. He shall be wholly responsible for all his investment decisions and trades.
 - c. He shall be responsible for all trades facilitated by the Advisory Member and that such trades shall be deemed to have been placed by the Client.
 - d. The failure of the Client to understand the risk involved shall not render a contract as void or voidable and the Client shall be and shall continue to be responsible for all the risks and consequences for entering into trades in the segments in which the Client chose to trade.
17. The Client agrees to pay to the Advisory Member brokerage and statutory levies as are prevailing from time to time and as they apply to the Client's account, transactions and to the services that Advisory Member renders to the Client. The Advisory Member agrees that it shall not charge brokerage more than the maximum brokerage permissible as per the rules and bye -laws of the Exchange/CERC if any.
18. The Client agrees to abide by the exposure limits, if any set by the Exchange or CERC from time to time.
19. The Client agrees that he shall place margins for and clear his trades directly with the Exchange or through a member authorized by the Exchange to provide him with clearing services as per the Rules, Byelaws and Business Rules of the Exchange as may be in force from time to time and Circulars issued thereunder from time to time.
20. The Client agrees to immediately furnish information to the member in writing , if any winding up petition or insolvency petition has been filed or any winding up or insolvency order or decree or award is passed against him or if any litigation which may have material bearing on his capacity has been filed against him.
21. The Advisory Member agrees that it shall co-operate in redressing grievances of the Client in respect of transactions facilitated by it.
22. The Client and the Advisory Member agree to refer any claims and/or disputes to arbitration as per the Rules, Byelaws and Business Rules of the Exchange as may be in force from time to time and Circulars issued thereunder from time to time.

23. The Client shall abide by provisions of Electricity Act, 2003, Grid Code or any Rules or Regulations made thereunder or any other applicable Act or any Rules or Regulations made thereunder.
24. The Client agrees to indemnify PXI, NLDC, RLDCs, SLDCs against any claim for damages, losses and actions, including those relating to any injury to or to death of any person or damage to any property of any person demands, suits, recoveries, costs and expenses, attorney fees, against the third parties, arising out of or resulting from or attributable to the transactions on the Exchange.
25. The Client agrees to indemnify PXI, NLDC, RLDCs, SLDCs against any claim for damages, losses and actions, including those relating to any injury to or to death of any person or damage to any property of any person demands, suits, recoveries, costs and expenses, attorney fees, against the third parties, arising out of or resulting from or attributable to any services received from the Advisory Member.
26. The agreement entered into between the Advisory Member and the Client shall stand terminated by mutual consent of the parties by giving at least one-month notice to each other. Such termination shall not have any effect on the transactions executed before the date of notice of termination and the parties shall enjoy same rights and shall have same obligations in respect of such transactions.
27. This agreement can be altered, amended and/or modified by the parties mutually in writing without derogating from the contents of this Agreement. Provided however, if the rights and obligations of the parties hereto are altered by virtue of change in the Rules, Byelaws and Business Rules of the Exchange, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this agreement.
28. The member hereby undertakes to maintain the details of the Client as mentioned in the Client registration form or any other information pertaining to the Client in confidence and that it shall not disclose the same to any person/ authority except as required under any law/regulatory requirements; Provided however that the Advisory Member may so disclose information about its/his Client to any person or authority with the express permission of the Client.
29. All trades, transactions and contracts are subject to the Rules, Bye Laws and Business Rules of the Exchange.

In WITNESS THEREOF, the parties to agreement have caused these presents to be executed as of the day and year first above written. The

Client's Signature /

Advisory Member's Signature /

Authorized Signatory

Authorized Signatory

Signed by:

Title:

Name of the Client:

Witness:

- 1.
- 2.

Signed by:

Title:

Name of the Advisory Member:

Witness:

- 1.
- 2.

ANNEXURE III

RISK DISCLOSURE DOCUMENT (TO BE GIVEN BY THE MEMBER TO THE CLIENT)

This document is issued by the Member of the Power Exchange India Limited (hereinafter referred to as "PXIL"), and contains important information on Trading on the Exchange. All prospective Clients should read this document before Trading on PXIL. PXIL does neither singly or jointly and expressly nor impliedly guarantee nor make any representation concerning the completeness, the adequacy or accuracy of this disclosure document nor has PXIL endorsed or passed any merits of participating in the Trading segments. This brief statement does not disclose all the risks and other significant aspects of Trading.

In the light of the risks involved, you should undertake transactions only if you understand the nature of the contractual relationship into which you are entering and the extent of your exposure to risk.

You must know and appreciate that Trading, which has varying element of risk, is generally not an appropriate avenue for someone of limited resources/limited investment and/or Trading experience and low risk tolerance. You should therefore carefully consider whether such Trading is suitable for you in the light of your financial condition. In case you trade on PXIL and suffer adverse consequences or loss, you shall be solely responsible for the same and PXIL shall not be responsible, in any manner whatsoever, for the same and it will not be open for you to take a plea that no adequate disclosure regarding the risks involved was made or that you were not explained the full risk involved by the concerned Member. The Client shall be solely responsible for the consequences and no Contract can be rescinded on that account. You must acknowledge and accept that there can be no guarantee of profits or no exception from losses while executing Orders for purchase and/or sale of a security or derivative being traded on PXIL.

It must be clearly understood by you that your dealings on PXIL through a Member shall be subject to your fulfilling certain formalities set out by the Member, which may interalia

include your filling the know your client form, client registration form, execution of an agreement, etc., and are subject to the Rules, Byelaws and Regulations of PXIL, guidelines Prescribed by CERC and in force from time to time and Circulars as may be issued by PXIL and in force from time to time.

PXIL does not provide or purport to provide any advice and shall not be liable to any person who enters into any business relationship with any Member and/or any third party based on any information contained in this document. Any information contained in this document must not be construed as business advice/investment advice. No consideration to trade should be made without thoroughly understanding and reviewing the risks involved in such Trading. If you are unsure, you must seek professional advice on the same. In considering whether to trade or authorize someone to trade for you, you should be aware of or must get acquainted with the following:-

1. BASIC RISKS INVOLVED IN TRADING ON THE EXCHANGE

1.1 Risk of Higher Volatility:

Volatility refers to the dynamic changes in price when Trading activity continues on the Exchange. Generally, higher the volatility of a Contract, greater is its price swings. As a result of volatility, your Order may only be partially executed or not executed at all, or the price at which your Order got executed may be substantially different from the last traded price or change substantially thereafter, resulting in notional or real losses.

1.2 Risk of Lower Liquidity:

Liquidity refers to the ability of market participants to buy and/or sell Contracts expeditiously at a competitive price and with minimal price difference. Generally, it is assumed that more the numbers of Orders available in a market, greater are the liquidity. Liquidity is important because with greater liquidity, it is easier for traders to buy and/or sell Electricity swiftly and with minimal price difference, and as a result, investors are more likely to pay or receive a competitive price for Contracts purchased or sold. As a result, your Order may only be partially executed, or may be executed with relatively greater price difference or may not be executed at all.

1.2.1 Buying/selling without intention of giving and/or taking delivery of Electricity may also result into losses, because in such a situation, Electricity may have to be sold/purchased at a low/high prices, compared to the expected price levels, so as not to have any obligation to deliver/receive Electricity.

1.3 Risk of News Announcements:

Generators/ Distributors of Electricity make news announcements that may impact the price of the securities / Contracts. These announcements may occur during Trading, and when combined with lower liquidity and higher volatility, may suddenly cause an unexpected positive or negative movement in the price of the Contract.

1.4 Risk of Rumours:

At times rumors float in the market through word of mouth, newspapers, websites or news agencies, etc. The Members should be wary of and should desist from acting on rumours.

1.5 System Risk:

High volume Trading will frequently occur at the market opening and before market close. Such high volumes may also occur at any point in the day. These may cause delays in Order execution or confirmation.

1.5.1 Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding Orders either on the buy side or the sell side, or if Trading is halted in a security due to any action on account of unusual Trading activity or stock hitting circuit filters or for any other reason.

1.6 System/Network Congestion:

Trading on PXIL is in electronic mode, based on Internet based communications, combination of technologies and computer systems to place and route Orders. Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or Trading halt, or any such other problem/glitch whereby not being able to establish access to the Trading system/network, which may be beyond the control of and may result in delay in processing or not processing buy or sell Orders either in part or in full. You are cautioned to note that although these problems may be temporary in nature, but when you have unexecuted Orders, these represent a risk because of your obligations to settle all executed transactions.

2. GENERAL

2.1 Commission and other charges

Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

2.2 Deposited cash and property

You should familiarise yourself with the protections accorded to the money or other property you deposit particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which has been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall. In case of any dispute with the Member, the same shall be subject to arbitration as per the byelaws/regulations of the Exchange.

2.3 For rights and obligations of the clients, please refer to Annexure-1 enclosed with this document.

2.4 The term 'Client' shall mean and include a client, a customer or an investor, who deals with a Member for the purpose of acquiring and/or selling of securities through the mechanism provided by PXIL.

2.5 The term 'Member' shall mean and include a Trading Member who has been admitted as such by PXIL and who holds a valid certificate. I hereby acknowledge that I have received and understood this risk disclosure statement and APPENDIX-1 containing my rights and obligations .Customer Signature (If Partner, Corporate, or other Signatory, then attest with company seal.)

APPENDIX-1

CLIENT'S RIGHTS AND OBLIGATIONS:

1.1 You should familiarise yourself with the protection accorded to the money or other property you may deposit with your Member, particularly in the event of a default on the Exchange or in the Member's firm's insolvency or bankruptcy.

1.1.1 Please ensure that you have a documentary proof of your having made deposit of such money or property with the Member, stating towards which account such money or property deposited.

1.1.2 Further, it may be noted that the extent to which you may recover such money or property may be governed by the Bye-laws and Regulations of PXIL.

1.1.3 Any dispute with the Member with respect to deposits, margin money, etc., and producing an appropriate proof thereof, shall be subject to arbitration as per the Rules, Byelaws/Business Rules of PXIL.

1.2 Before you begin to trade, you should obtain a clear idea from your Member of all brokerage, commissions, fees and other charges which will be levied on you for Trading. These charges will affect your net cash inflow or outflow.

1.3 You should exercise due diligence and comply with the following requirements of the PXIL and/or CERC:

1.3.1 Please deal only with and through registered Members of PXIL who are enabled to trade on the Exchange.

1.3.2 Demand any such information, details and documents from the Member, for the purpose of verification, as you may find it necessary to satisfy yourself about his credentials.

1.3.3 Furnish all such details in full as are required by the Member as required in "Know Your Client" form, which may also include details of PAN or Passport or Driving Licence or Voters Id, or Ration Card, bank account and depository account, or any such details made mandatory by PXI/CERC at any time, as is available with the Client.

1.3.4 Execute a Member-client agreement in the form Prescribed by the Relevant Authority of PXI, because this may be useful as a proof of your dealing arrangements with the Member.

1.3.5 Give any order to the Member for any bids/offers on PXIL in writing or in such form or manner, as may be mutually agreed. Giving instructions in writing ensures that you have proof of your intent, in case of disputes with the Member.

1.3.6 Ensure that a Contract note is issued to you by the Member which contains minute records of every transaction. Verify that the Contract note contains details of order no., trade price, trade quantity, client code etc allotted to you and showing the brokerage separately. Contract notes are required to be given/sent by the Member to the Clients latest on the next working day of the trade. Contract note can be issued by the Member either in electronic form using digital signature as required, or in hard copy. In case you do not receive a Contract note on the next working day or at a mutually agreed time, please get in touch with the Investors Grievance Cell of PXI, without delaying.

1.3.7 Ensure that payment against Settlement is given to the concerned Member within one working day prior to the date of pay-in announced by PXIL. Payments should be made only by account payee cheque in favour of the firm/company of the Trading Member and a receipt or acknowledgement towards what such payment is made be obtained from the Member.

1.3.9 In case pay-out of money is not received on the next working day after date of pay-out announced by PXIL please follow-up with the concerned Member for its release. In case pay-out is not released as above from the Member within five working days, ensure that you lodge a complaint immediately with PXIL.

1.3.10 Every Member is required to send a complete 'Statement of Accounts', for funds Settlement to each of its Clients, at such periodicity as may be Prescribed by time to time. You should report errors, if any, in the Statement immediately, but not later than 30 calendar days of receipt thereof, to the Member. In case the error is not rectified or there is a dispute, ensure that you refer such matter to PXI, without delaying.

1.4 In case where a Member surrenders his membership, PXIL gives a public notice inviting claims, if any, from Clients. In case of a claim, relating to "transactions executed on the Trading System" of PXI, ensure that you lodge a claim with PXIL within the stipulated period and with the supporting documents.

1.5 In case where a Member is expelled from Trading membership or declared a defaulter, PXIL gives a public notice inviting claims, if any, from Clients. In case of a claim, relating to "transactions executed on the Trading System" of PXI, ensure that you lodge a claim with PXIL within the stipulated period and with the supporting documents.

1.6 Notes:

1. The term 'Client' shall mean and include a client or a customer who deals with a Trading Member of PXIL
2. The term 'Member' shall mean and include a Member who has been admitted as such by PXIL
3. PXIL may be substituted with names of the relevant Exchanges, wherever applicable.

ANNEXURE – IV

CONTRACT NOTE

Tel. no..... Fax no.

(Subject to exclusive jurisdiction of the courts in Mumbai only)

Name of the
Member.....

Dealing Office address/ Tel no. / Fax no

**. Name of the
Member/ Address of the Member**

Authorized Signatory

To, Client Name/ Code No./ Order Ref. No.
Sir/ Madam,

I/ We have this day done by order and on your account the following transactions

Contract No:.....

To be stamped as per the provisions applicable under the
relevant Stamp Act

Date:

Annexure V
Matching Rules

I. Double Sided closed bid Auction with uniform Market Clearing Price

1. Trading Session- The Exchange may launch more than one Trade Auction Session running either in parallel or at different time spans. Subject to the approval of CERC, the Exchange is also entitled to modify or change the matching rules relevant to any market or Trading Session any time where it is necessary to do so.

2. Types of Orders¹

2.1. Normal Order – A Normal order contains price-quantity pair(s), where a Buyer is willing to buy all quantity upto the value specified at or below the quoted price and Seller is willing to sell all quantity upto the value specified at or above the quoted price.

2.2. Block Order – Exchange may allow different types of Block Orders as felt necessary from time to time like:

2.2.1. “All Or None” type of Block Orders contains price-quantity pair(s) for a set of contiguous time slots and shall be considered indivisible whereby they shall either be included or excluded in totality based on the selection criteria of meeting the clearing prices on the average in their respective bid zone.

Example:

a. Case 1 – Adequate Quantity and Price in all Time Slots

		Type of Order	Time Slots	01	02	03	04	05	06	07	08
Sell	Block Order	Price	4								
		Qty	50 MW								
Buy	Normal Orders	Price	6	6	5	5	6	5	4	5	
		Qty	50	50	70	50	60	50	50	60	

¹ For all examples hereinunder, unless mentioned otherwise, all prices are expressed in Rs. per KWh and all Quantities are expressed in MW.

In the above, since there are corresponding Buy Orders in all the time slots, at a better Average Price than the Sell Block Order, the Sale Block Order gets cleared fully.

b. Inadequate Quantity in some Time Slots

Type of Order		Time Slots	01	02	03	04	05	06	07	08
Sell	Block Order	Price	4							
		Qty	50 MW							
Buy	Normal Orders	Price	6	5	4	5	5	5	4	5
		Qty	50	20	70	30	60	50	30	10

In the above case, due to inadequate corresponding buy quantities in Time Slots 02, 04, 07 and 08, the Sale Block Order does not get cleared for any hour.

c. Average Price Criteria

Type of Order		Time Slots	01	02	03	04	05	06	07	08
Sell	Block Order	Price	4							
		Qty	50 MW							
Buy	Normal Orders	Price	5	2	4	3	4.5	4	2.25	2.5
		Qty	50	60	60	50	50	50	50	55

In the above case, due to inadequate corresponding buy prices in Time Slots 02, 04, 07 and 08, the Average Price criteria for the Block Order is not met and therefore the Sale Block Order does not get cleared for any hour.

2.2.2. Any other type of Block Orders

2.3. Any other Orders as may be notified from time to time

3. Order Matching Rules: Without prejudice to the generality of the above, the Order matching rules will have the following features

3.1. **All purchase Orders** can have only non-increasing quantity for every increase in the Order price, and every sale Order will have only non-decreasing quantity for every increase in the Order price.

3.2. The Purchase or Sale Quantity would be considered to remain constant between consecutive price points as may be specified by an entity. Thus, for any order, the quoted volume would be held constant between one price point to the next quoted price point.

To clarify further,

3.2.1. If a Buyer Orders as follows:

Price (Rs/KWh)	Quantity (in MW)
5	20
3	60
1	160

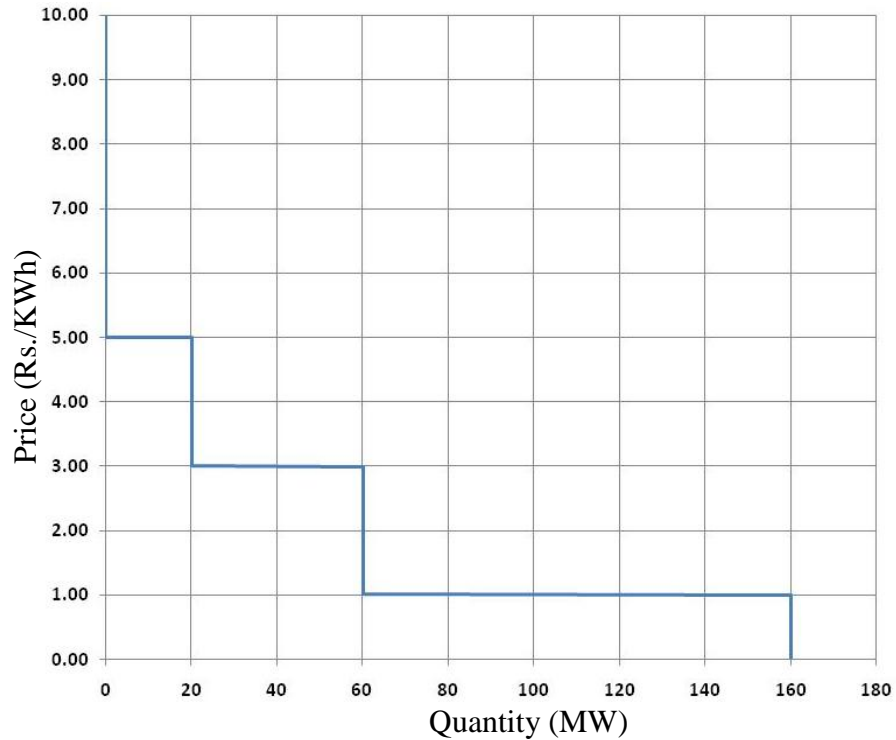
The above Order implies the following:

Buyer will buy quantity upto 20 MW if MCP is Rs. 5 per KWh or below

Buyer will buy quantity upto 60 MW (and not $60+20=80$ MW) if MCP is Rs. 3 per KWh or below

Buyer will buy quantity upto 160 MW (and not $160+60+20=240$ MW) if MCP is Rs. 1 per KWh or below

The Buyer's order curve would be as below:



3.2.2. If a Seller orders as follows:

Price (Rs/KWh)	Quantity (in MW)
5	160
3	60
2	20

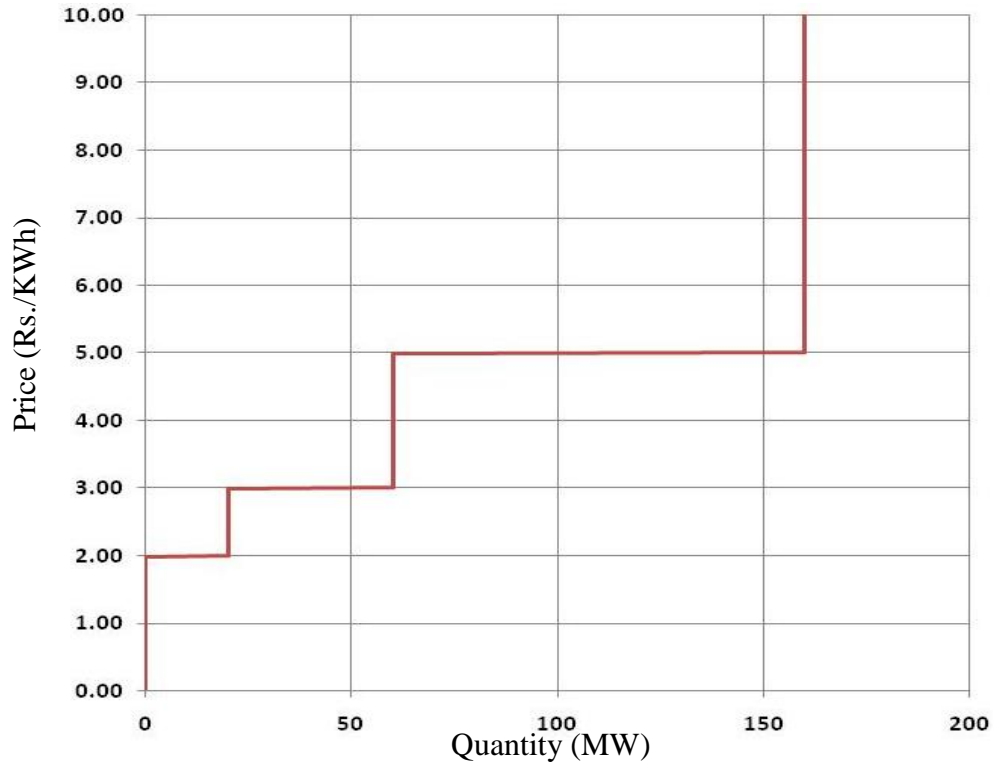
The above Order implies the following:

Seller will sell quantity upto 20 MW if MCP is Rs. 2 per KWh or above

Seller will sell quantity upto 60 MW (and not 20+60=80 MW) if MCP is Rs. 3 per KWh or above

Seller will sell quantity upto 160 MW (and not 20+60+160=240 MW) if MCP is Rs. 5 per KWh or above

The Seller's order curve would be as below:



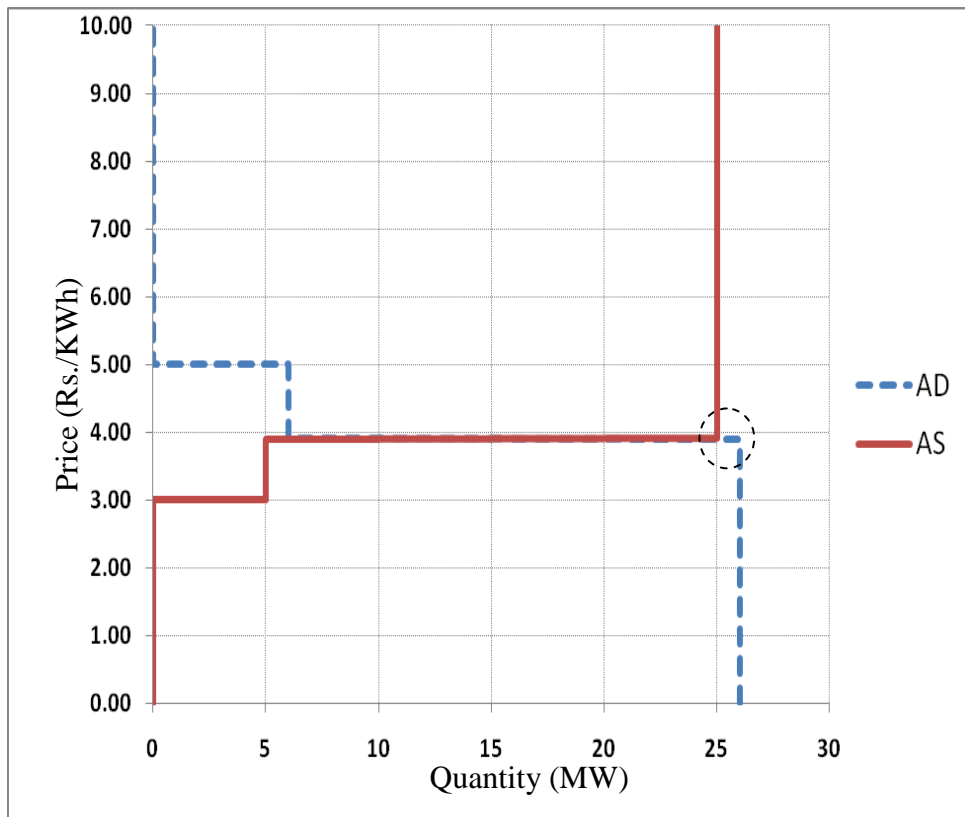
4. Matching Process

- 4.1. In the initial instance, all the buy and sell orders are aggregated at each price tick to arrive at the Aggregate Demand (AD) and Aggregate Supply (AS) curves respectively for each time slot.
- 4.2. The intersection of AD and AS curves is determined to arrive at the Market Clearing Price and Market Clearing Volume for each time slot.
- 4.3. In case of overlapping Supply and Demand Curves, the following would apply:
 - 4.3.1. In case of overlapping Supply and Demand curves for multiple executable volume points, the highest volume point will be Market Clearing Volume. This follows the principle of Maximum Executable Volume.

Eg: - Orders

Participant	Price	Qty	Time
Buyer 1	5.0	6	11:00
Buyer 2	3.9	20	11:10
Seller 1	3.9	20	11:20

Seller 2	3.0	5	11:30
----------	-----	---	-------



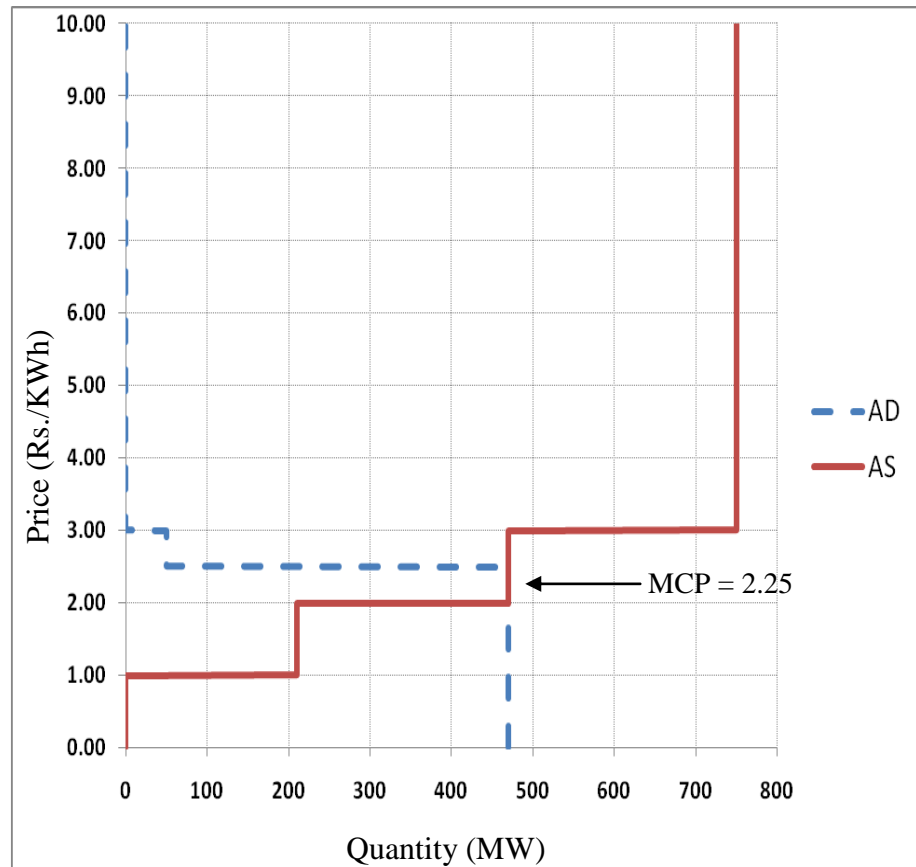
MCP = 3.9 and MCV = 25

4.3.2. In case of overlapping Supply and Demand curves for multiple price ticks for the same executable volume, the Average of the lowest price tick and the highest price tick within which such overlap was applicable, will be the Market Clearing Price.

Eg:- Exact Overlapping at multiple price points for Demand and Supply Curves

Participant	Price	Qty	Time
Buyer 1	2.5	140	10:10

Buyer 2	3.0	50	10:50
Buyer 3	2.5	140	10:55
Buyer 4	2.5	140	10:59
Seller 1	2.0	260	11:10
Seller 2	1.0	210	11:50
Seller 3	3.0	280	11:55



MCP = 2.25 (mid-point of 2.0 & 2.5) and MCV = 470

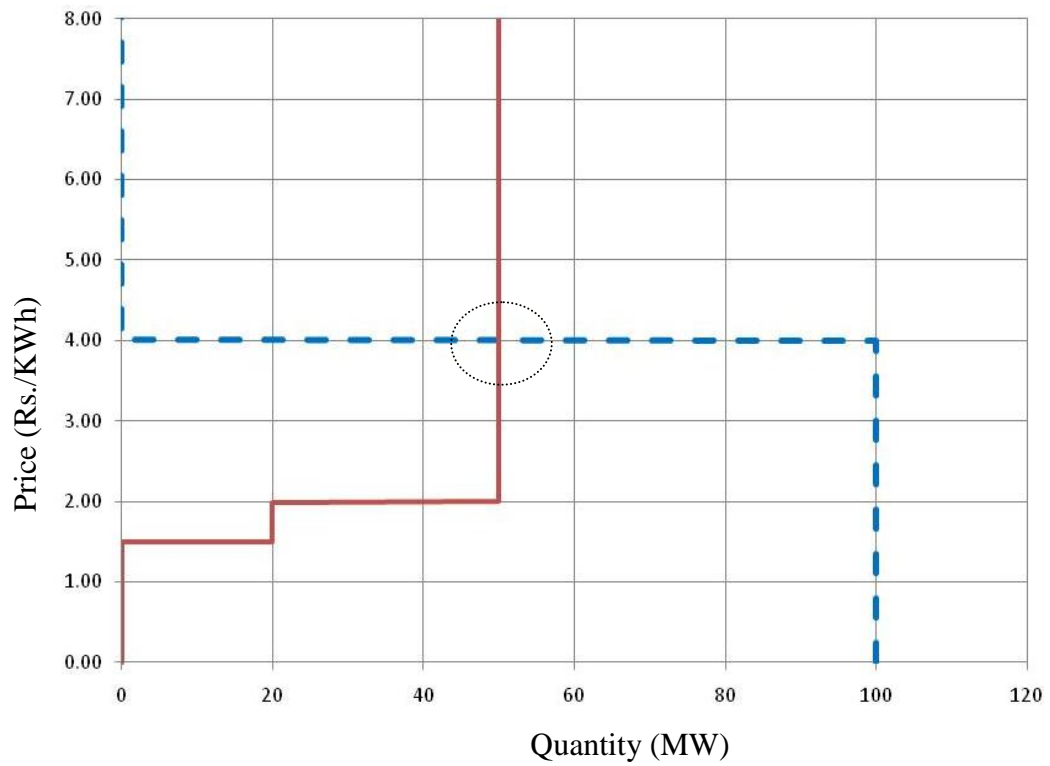
4.4. In case of Over-Supply or Over-Demand, the AD and AS curves would be drawn as follows:

4.4.1. Over supply

Orders

Participant	Price	Qty	Time
Buyer 1	4	50	10:10
Buyer 2	4	50	10:50
Seller 1	1.5	20	11:00

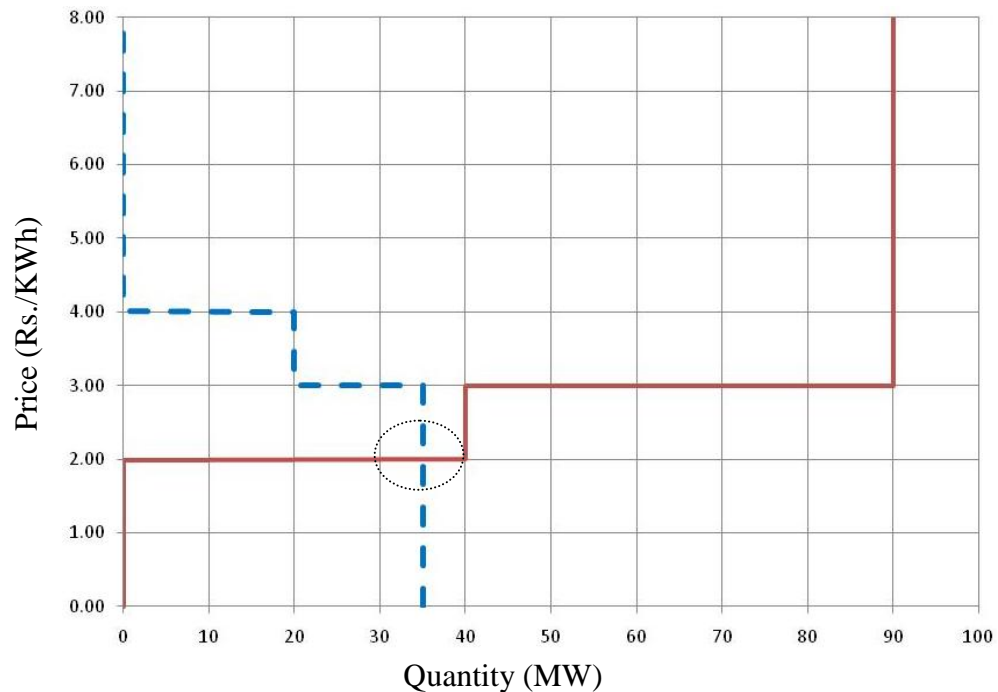
Seller 2	2	30	11:10
----------	---	----	-------



4.4.2. Over demand

Orders

Participant	Price	Qty	Time
Buyer 1	4	20	10:10
Buyer 2	3	15	10:50
Seller 1	2	40	11:00
Seller 2	3	50	11:10



MCP = 2 MCV = 35

- 4.5. All the Sell Orders which have Price less than or equal to Market Clearing Price and all the Buy Orders which have Price more than or equal to Market Clearing Price qualify for matching.
- 4.6. All the Block orders would then be checked to see if the same can be included in all the hours in case the Average of MCP across the hours for which block order exist, fulfills the price of the block order.
- 4.7. Across all the time slots, the Block orders that are included as per step 4.6 above are traded first along with Normal orders which qualify both the price and volume criteria
- 4.8. In case of several equally placed orders, selection would be based on time precedence of the submitted orders. Order preference based on time precedence, in case of equally placed orders, shall be undertaken only for Block Orders. The order of priority is as below:
 - 4.8.1. Price – Best quoted price shall be given highest preference
 - 4.8.2. Quantity – Among equally priced orders, that block order which maximizes the executable volume is given higher preference
 - 4.8.3. Time – Among equally priced orders with equal volume, the order submitted earlier would be given higher preference

- 4.9. Price Rounding off would be to the nearest defined price tick (as given in the Contract Specifications)
- 4.10. In some cases, an order may be rejected despite appearing to be a valid order on the basis of price. This happens in a situation where inclusion of such an order might result in change in MCP in an adverse direction or block orders getting unduly rejected. The reason for rejection is that in case if such order is accepted, the average price of market changes in such a way that the order is no longer justified to be in. This may be both due to price as well as volume harmonizing. Such orders are termed as paradoxically rejected orders.
- 4.11. In case of identification of a congested zone, the Market is split into multiple regions as per the congested corridor
- 4.12. For each Region the MCP and MCV is generated as per the above steps
- 4.13. The electricity flow from the Surplus Region is flown through the Congested corridor (subject to the available transmission capacity on the congested corridor) to the Deficit Region and helps in balancing the surplus / deficit mismatch to the extent of the flow in accordance with the principles detailed in Section 6 - “Congestion Management – Market Splitting”

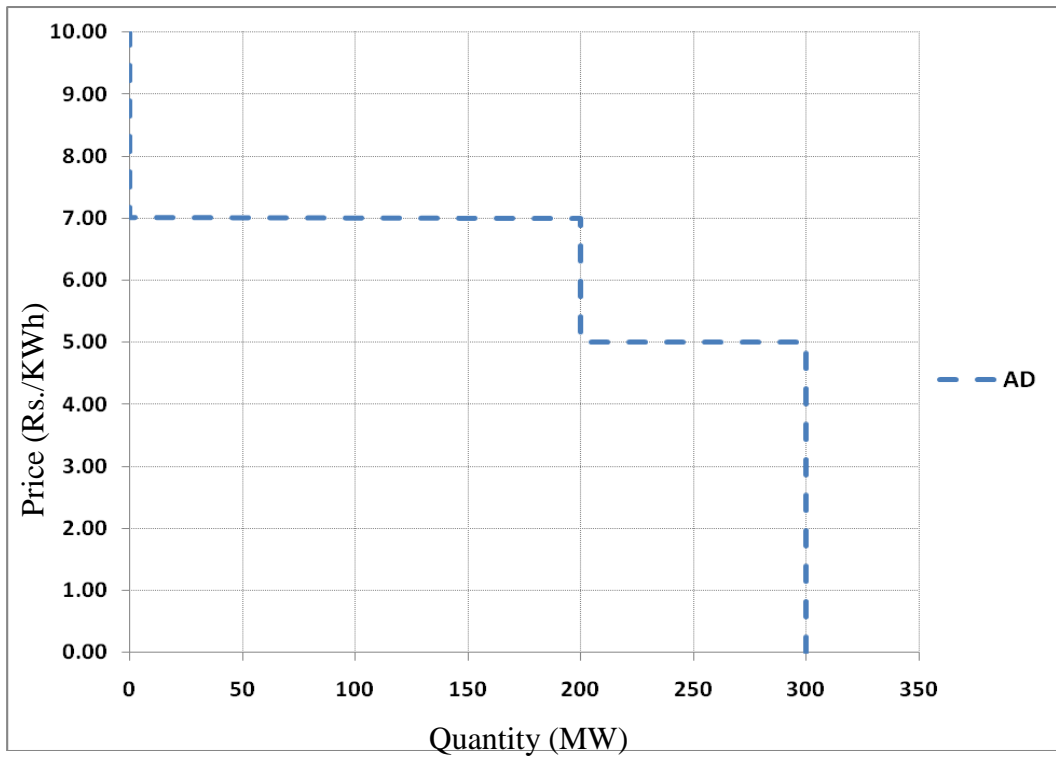
5. The Matching Rules have been illustrated below:

5.1. Matching Rules – Flow

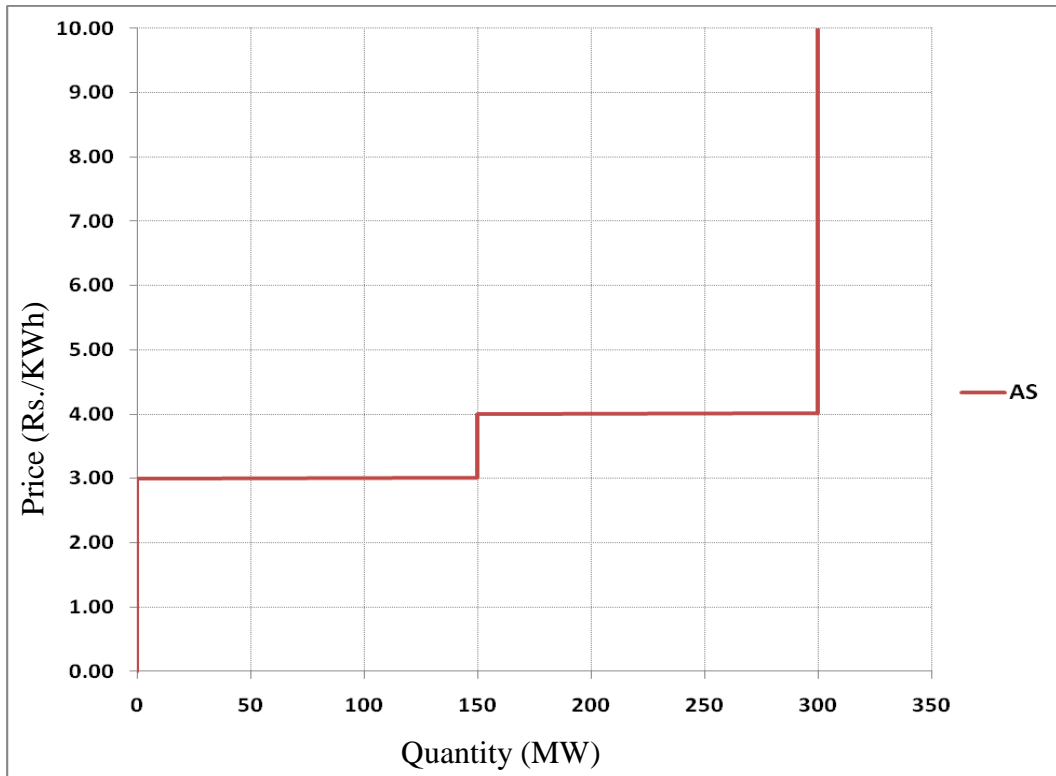
Orders

Sr. No.	Entity	Region	Buy/Sell	Qty(MW)	Bid Price (Rs./KWh)
1	A	North	Buy	100	5
2	B	South	Buy	200	7
3	C	West	Sell	150	4
4	D	West	Sell	150	3

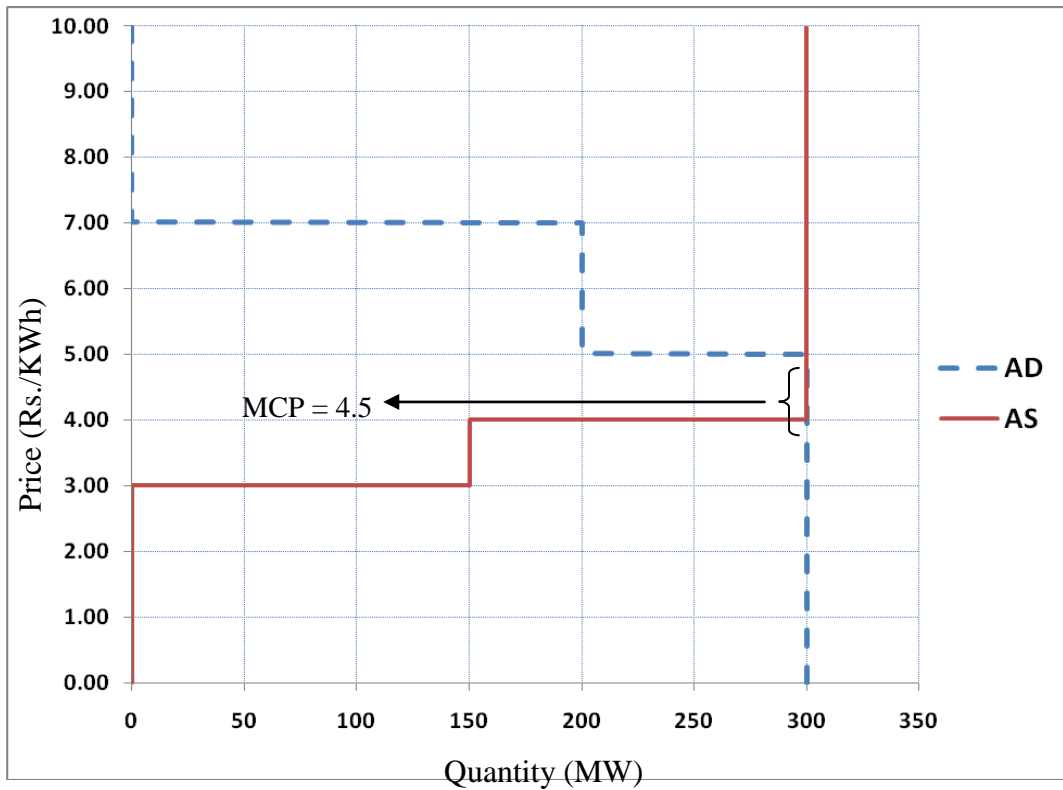
Aggregate Demand Curve



Aggregate Supply Curve



Unconstrained Matching



Trades after Unconstrained Matching would be:

MCP = 4.5 (mid-point of 4 and 5)

Sr. No.	Buyer	Qty
1	A	100
2	B	200

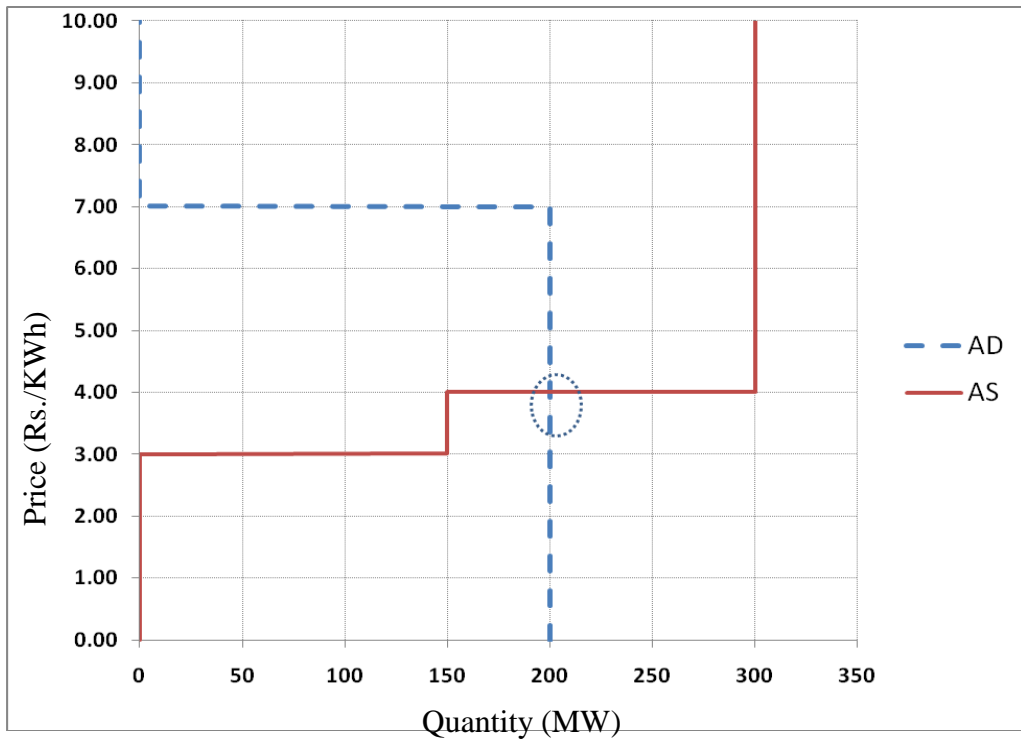
Sr. No.	Seller	Qty
1	D	100
2	C	150

Congestion

However, after receipt of the constraints on various transmission corridors, let us assume that it is identified that there is congestion between the Northern Region and the Rest of India and only 50 MW can flow into the Northern Region from the Rest of India.

In such a case the overall market will be split into two markets, “Rest of India” and “Northern Region”.

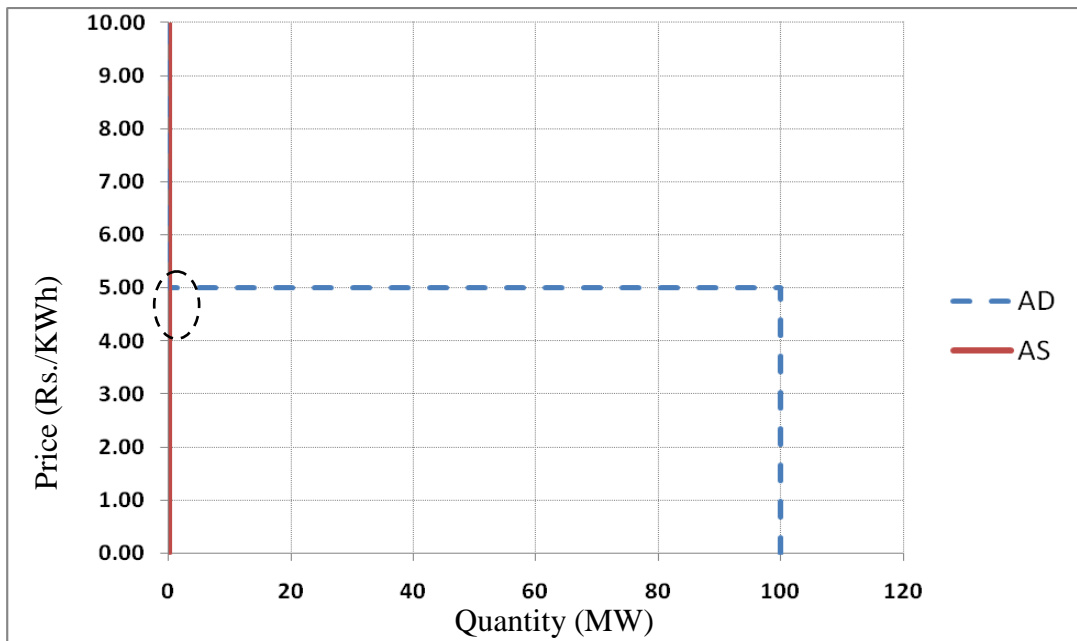
“Rest of India”



MCP = 4 and MCV = 200

As we can see here, the MCP has shifted downwards to Rs. 4 per KWh from Rs. 4.5 per KWh, thus implying that there are more supplies available. Therefore “Rest of India becomes the “Surplus Region”

Northern Region



MCP = 5 and MCV = 0

As we can see here, the MCP has shifted upwards to Rs. 5 per KWh from Rs. 4.5 per KWh, thus implying that there are more demand available than supply. Therefore the “Northern Region” becomes the “Deficit Region”

In view of the above, only 50 MW can flow into Northern Region while its demand was 100 MW. For this 50 MW, buyers at NR pay at Rs 5.00 per unit whereas the corresponding sellers from rest of the country are paid at Rs 4.00 per unit.

All the buyers bidding at a price equal or more than MCP of Surplus Region will get traded at MCP of the Surplus Region. However only the buyers at NR will get traded at MCP of Deficit Region.

Similarly, all the sellers bidding at a price equal or lower than MCP of Surplus Region will get traded at MCP of Surplus Region. All the sellers at Deficit Region (NR) will get traded at MCP of Deficit Region.

Therefore, the Final Obligations are

Sr. No.	Buyer	Qty	Price
1	B	200	Rs. 4.00
2	A	50	Rs. 5.00 (MCP of Deficit Region)

Sr. No.	Seller	Qty	Price
1	D	150	Rs. 4.00
2	C	50	Rs. 4.00
3	C	50	Rs. 5.00 (MCP of Deficit Region)

6. Congestion Management – Market Splitting

Congestion management on PXIL’s system is handled through market splitting where the energy transaction and the associated transmission capacity between the bidding zones are handled concurrently.

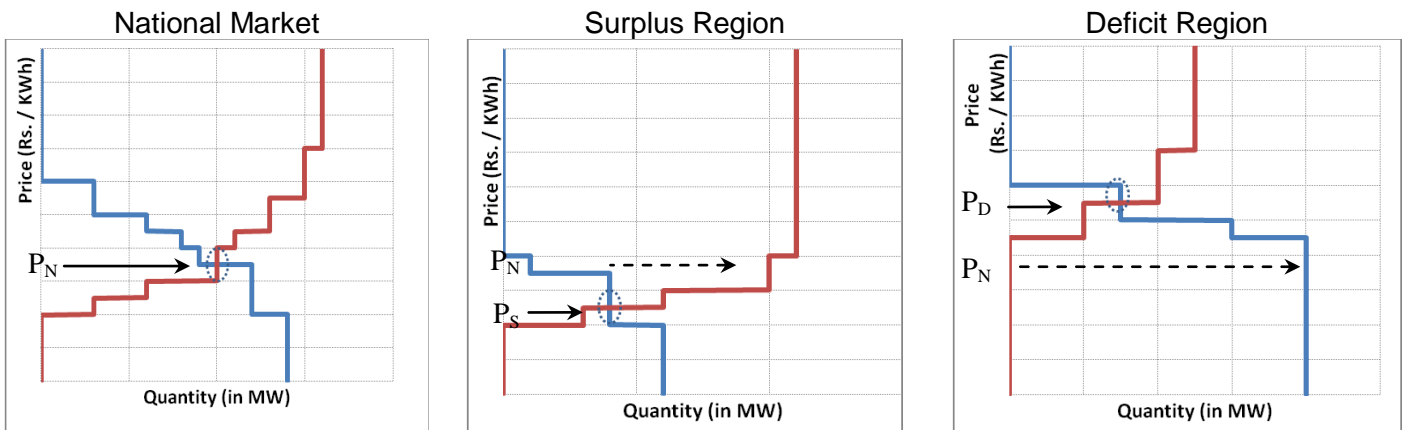
Once a congested zone is identified, based on unavailability of adequate transmission capacity to cater to the zone’s demand, the congested zone is separated from the rest of the market.

In the first instance, both the markets are cleared as standalone markets and then the deficit area which has the higher price is flown as much electricity as the capacity of the congested line will allow from the surplus area with the lower price.

A generic situation is described below:

In the first step, the unconstrained situation is run where all buy and sell orders are aggregated to form the aggregate demand (AD) and aggregate supply (AS) curves. The market clearing price of this unconstrained market is the Unconstrained Market Clearing Price (denoted by P_N hereinbelow)

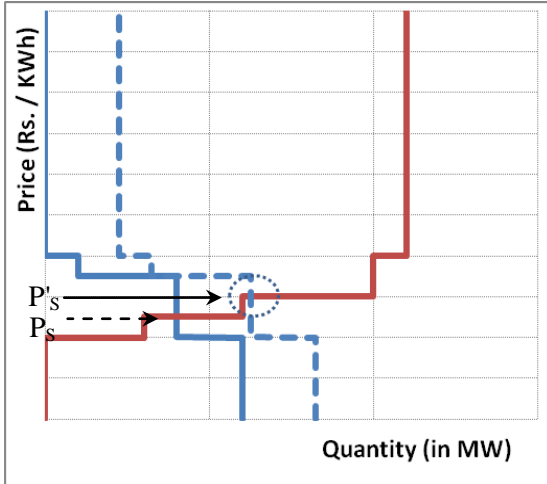
Once the congested zone is identified, the orders in the zones are taken separately and the price calculation done for each separately. The price curves for the two markets are as below:



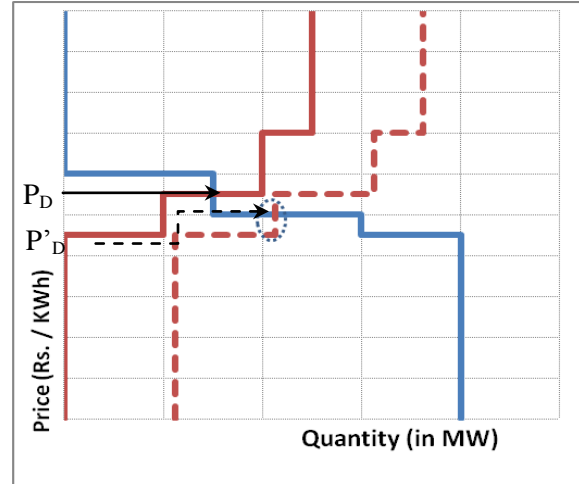
The MCP in the surplus region (denoted by P_S hereinabove) being lower than P_N indicates that extra sale capacity is available at P_N and therefore it is a surplus market. Conversely the MCP in the deficit region (denoted by P_D hereinabove) being higher than the P_N indicates that extra demand is available at P_N and therefore it is deficit market.

The available transmission capacity between the two markets is used such that electricity flow takes place from the surplus market to the deficit market. The available capacity is added as a demand in the surplus market and as supply in the deficit market. This results in the displacement of the price curves, as shown below.

Surplus Market



Deficit Market



The isolated market prices will now be at the intersection of the sale curve and displaced purchase curve in surplus market viz. P'_s and at the intersection of the displaced sale curve and the purchase curve in the deficit market viz. P'_D . As a result of the above action, the market prices in both the deficit as well as the surplus markets are evened out as much as possible and the transmission capacity is utilized so that the power flow exactly equals the available capacity.

The difference between the P'_D and P'_s , multiplied by the total electricity transfer carried out over the congested corridor, is the total congestion revenue.

II. Discriminatory Price –Double sided Auction

- Without prejudice to the generality, the Order matching rules will have the following features
 - Same client cannot place a bid and offer at the same time, for a particular price-time slot combination in the same Auction Trade session. Such details relating to bid session for placement and modification of bids shall be specified by PXIL to its members through circulars/trading calendar, which will be updated on PXIL website from time to time.

- **Types of Orders**
 - Fixed Orders – Fixed Orders are those Orders which are the first priority for the Buyers. Fixed Orders can be put in one or all the regions as feasible for the buyer at different price and for different quantity. Buyer will not be allowed to put two fixed Orders in the same region. The total power requirement of the Buyer will be equal to the sum of all Fixed Orders put across all the region. Fixed Orders of any Buyer cannot be more than the SLDC clearance for the entity for Bilateral transaction.
 - Optional Orders – Optional Orders are those Orders which will be on a lower priority than the Fixed Orders. These Orders will get executed only when the Fixed Orders don't get traded fully. Buyers can put four Optional Orders namely Option 1, Option 2, Option 3 and Option 4. Option 1 will have higher priority among the optional Orders followed by Option 2, followed by Option 3 and last priority will be for the Option 4. Optional Order of all the Buyers shall be considered together for matching

- **Buyers are allowed to prioritize their bids in various regions**
 - Buyers can put “Fixed” bids in one or more regions. These fixed bids are matched within each region separately and the cumulative amount is chosen
 - In addition to the “Fixed” bids, buyers can also put “Optional” bids. There can be only **four optional bids**.
 - These would be in decreasing order of priority, i.e. Option-1 is higher in priority to Option-2, which is higher than Option-3 and which again is higher than Option-4.

- The Option-1 bids from all buyers are matched together as one priority, after that Option-2 bids of all buyers are taken and so on.

- If the fixed bids of a particular buyer have been matched, his Optional bids are not taken. Similarly, if Option-1 gets matched, the Option-2 is not taken and so on.
 - The buyers can put all the Optional bids in one region or in more than region
 - The sum of Option 1, 2, 3 and 4 bids has to be less than or equal to the cumulative of all the Fixed Bids
- **Sellers and Buyers are allowed to quote the “Minimum Acceptable Quantity” for Weekly Contracts**
 - Exchange would define Minimum Acceptable Quantity (MAQ) from time to time. The MAQ would either be specific values in MW, e.g. 1 MW, 5 MW etc or would be a percentage of the Bid or any other methodology as would be Prescribed by Exchange from time to time. The values would be determined on the basis of economic despatch even if only the MAQ is despatched for a seller or buyer. Members would be allowed to put a MAQ with every bid. The MAQ will define what quantity should be matched as the lowest denomination.
 - A bid of 50 MW with 5 MW as MAQ will mean that the Member intends to buy/sell minimum 5 MW and any trade less than 5 MW will not be accepted. All bilateral trades (between any one buyer and any one seller) would be matched based on the MAQ. In case trades get matched between a buyer and seller whose MAQ has already been matched then Seller or Buyer can be matched for any quantity above that in volume steps of 0.01 MW.
 - Therefore, if Buyer A (who has 50 MW Bid with 5 MW MAQ) is matched with Seller B (who also has 50 MW Bid with 5 MW MAQ) for 10 MW and if there is additional matching possible for 2 MW then PXIL system would allow to match and the final Trade would be for 12 MW.
 - However if Buyer A and Seller B are matched for 42 MW after consideration of the MAQs, and there is one more Seller C (Who has 100 MW Bid with 10 MW MAQ) then, as the trade available is less than Buyer B’s MAQ the trade will not get executed because this will be a new bilateral trade.
- The Matching will follow the following steps:
 - Buyer can put more than one Fixed Option in different regions but only one Option 1, 2, 3 and 4 bids. The total of Options Buy Quantity will always be equal to or less than the total Fixed Order of the Buyer. For Eg: Buyer A can place fixed Orders in one or five region as he desires. In case he places fixed Orders in all the five region as follows

WR		SR		NR		ER		NER	
Qty (MW)	Price	Qty (MW)	Price	Qty (MW)	Price	Qty (MW)	Price	Qty (MW)	Price
50	3	50	4	50	5	50	6	50	2

In the above example, the total buy for the Buyer will be considered as 250 which is the sum of all the Fixed Orders taken together.

Once the Fixed Orders are put by Buyer, the Buyer can put 4 Optional Orders in any region as the entity feels feasible. However, now the Buyer cannot put Optional Orders more than 250 MW since that is the sum total of all the Fixed Orders taken together.

Since optional Orders will be considered only after the Fixed Orders are matched. So the matching of optional Orders will be done only to the extent of the bids remaining unmatched out of the sum total of all Fixed Orders i.e. 250 MW. So if 150 MW of Fixed Orders is matched then the optional Orders will be matched only to the extent of 100 MW. Further, if Option1 Order are matched to the extent of 50 MW then other Optional Order namely Option2, Option3, Option4 will be matched only to the extent of 50 MW

- Lowest Bid for sell will be matched with the Highest bid for Buy
- Priority for bids to get matched for the block and normal sell order with Fixed and Option Buy Orders:
 - Block Orders will be matched with the Fixed Buy Order
 - Normal Orders will be matched with the Fixed Buy Order
 - In case of same price the bidder with highest quantity will be given preference
 - In case there are more than one sellers or buyers at the same price and same quantity – the bid will be matched on Pro-Rata basis for Day Ahead Contingency (DAC) and on Time priority for Weekly Contracts
 - DAC - Any quantity which is not disposed off due to the Pro-Rata matching in the previous step will be given to the next highest bid for Sell (in case of buyer) or the next lowest bid for Buy (in case of Seller)
 - DAC - In case of pro-rata when there is a split in the buy or sell bid – the remainder of the bid will be given to the Seller or Buyer who has placed the Order before the other bidders – i.e. Time Priority.
- The final Traded quantity would not be less than 1 MW or MAQ as the case may be.

- Price Rounding off would be to the nearest defined price tick (as given in the Contract Specifications)