

# Indian Gas Exchange (IGX)

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## Why is it in the news?

India launched its maiden gas exchange, two years after mooted the idea. **Indian Energy Exchange, the country's largest electricity trading platform, is the parent of the gas exchange**, and had been planning to set up the nation's first natural gas exchange to tap into the increasing demand for clean fuel.

Being the biggest emitter of greenhouse gases after the US and China, India aims to achieve emission reduction targets pledged at the 21st session of the Conference of the Parties (CoP) in Paris by promoting the use of natural gas and green fuel. India seeks to increase the share of natural gas in its energy mix to 15% by 2030 from the current 6%.

## Features of IGX

- The IGX is a **digital trading platform** that will allow buyers and sellers of natural gas to trade both in the spot market and in the forward market for imported natural gas across three hubs-**Dahej and Hazira in Gujarat, and Kakinada in Andhra Pradesh**.
- Imported Liquefied Natural Gas (LNG) will be **regassified and sold to buyers** through the exchange, removing the requirement for buyers and sellers to find each other.
- **Domestically produced natural gas will not be bought and sold** on the exchange. The price of domestically produced natural gas is decided by the government.
- Currently, the pipeline infrastructure necessary for the transportation of natural gas is controlled by the companies that own the network. State-owned GAIL owns and operates India's largest gas pipeline network, spanning over 12,000 km.

- An independent system operator for natural gas pipelines would help ensure transparent allocation of pipeline usage, and build confidence in the minds of buyers and sellers about neutrality in the allocation of pipeline capacity.
- The bidding is done in an anonymous manner. Further, **The price discovery will be either through double-sided closed auction or through continuous trade mechanisms.**
- In a double-sided closed auction, the participants will input their bids to buy/sell at a specific price point. The market will determine one single uniform market clearing price. In continuous trade, the price will be matched based on bids and offers in continuous sessions.

**Source: PIB, Indian Express**