NSE Clearing Limited

Department: Commodity Derivatives Segment	
Download Ref No: NCL/COM/69054	**Date: July 10, 2025**
Circular Ref. No: 0205/2025	

All Members,

Sub: Clearing, Settlement and Risk management - Monthly Electricity Futures in Commodity Derivatives Segment.

This is with reference to circular no. NSE/COM/68867 dated July 01, 2025, regarding the introduction of monthly Electricity Futures in Commodity Derivatives Segment.

Members are requested to note that NSE Clearing Limited will offer Clearing, Settlement & Risk management services for trades executed on Futures contracts on Electricity Futures in Commodity Derivatives Segment of National Stock Exchange of India Limited (NSEIL). In this reference, NSE Clearing Limited notifies the requisite details in **Annexure 1.**

For any queries members are requested to contact NSE Clearing Limited.

For and on behalf of
NSE Clearing Limited

Nisha Pillai
Vice President

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Annexure 1

Particulars	Procedure
Settlement Mechanism	The contract would be settled in cash
Last Day of Trading	Business day immediately preceding the last calendar day of the contract expiry month. In case, it falls on a holiday, then the preceding business day. On the contract expiry day, the contract will close for trading prior to dissemination of spot price [on the basis of Unconstrained Market Clearing Price (UMCP) of the corresponding Day Ahead Market (DAM) of PXIL]
Initial Margin	Clearing Corporation shall adopt SPAN® (Standard Portfolio Analysis of Risk) system or any other system for the purpose of real time margin computation. The Initial Margin requirement shall be to cover potential losses for at least a 99% VaR subject to minimum percentage floor value as prescribed by SEBI from time to time. The minimum margin percentage and minimum MPOR shall be based on the volatility category as under or as may be specified by the Clearing Corporation from time to time. Spread Margins- Clearing Corporation shall levy a minimum 25% of the initial margin on each of the individual legs of the spread. Maximum benefit in initial margin on spread positions shall be restricted to 75%. Initial margin benefit shall be provided only when each individual contract in the spread is from amongst the first six expiring contracts. Intra-day crystallized Losses-Clearing Corporation shall calculate and levy Intraday Crystallized Losses (ICMTM) for all trades which are executed and results in closing out of open positions.
Extreme Loss Margin	Clearing members shall be subject to ELM in addition to initial margins. ELM of 1% on gross open positions shall be levied and shall be deducted from the liquid assets of the clearing member on an online, real-time basis. No benefit in Extreme Loss Margins (ELM) shall be provided for spread positions.
Additional and/ or Special Margin	In case of additional volatility, an additional margin (on both buy & sale position) and/ or special margin (on either buy or sale position) at such percentage, as deemed fit; will be imposed in respect of all outstanding positions.
Concentration margins	Clearing Corporation may impose adequate concentration margins (only on concentrated positions) to cover the risk of longer period required for liquidation of concentrated positions in any commodity.
Maximum Allowable Open Position	For a member collectively for all clients: 30,00,000 MWh or 20% of the market wide open position, whichever is higher.

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Particulars	Procedure
MTM Pay-in & Pay-out	T+1 working day by 09.00 a.m. (“T” stands for Trade Day)
Funds Pay-in	E+1 working day by 09.00 a.m. (“E” stands for Expiry Day)
Funds Pay-out	E+1 working day by 09.00 a.m.
Penal Provision	Penalties as applicable for Fund shortages shall be levied.
Daily Settlement Price (DSP)	All outstanding positions in Futures contracts would be marked to market daily based on the Daily Settlement Price (DSP) as described in **Annexure 1.1** and as determined by Exchanges as prescribed under SEBI’s Master Circulars issued time to time.
Close Out of Outstanding Positions	All outstanding positions on the expiry of contract, will be cash settled as per the Final Settlement Price (FSP) as described in **Annexure 1.2**.
Final Settlement Price (Due Date Rate)	Final Settlement Price (Due Date Rate) DDR based on Volume Weighted Average of the DAM-UMCPs (Unconstrained Market Clearing Price) * of PXIL (Power Exchange of India Ltd) of all the calendar days of the expiry month. *With a pre-determined equation as notified by the exchange as described in **Annexure 1.2**

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Annexure 1.1

Daily Settlement Price:

Daily settlement price for unexpired futures contracts shall be the closing price of such contracts on the trading day. The closing price for unexpired futures contract shall be calculated by the Exchange on the basis of the last half an hour weighted average price of such contract, subject to minimum 10 trades in last half hour or weighted average price of last 10 trades of the day for such contract or such other price as may be decided by the relevant authority from time to time

Theoretical daily settlement price: -

Daily settlement price for unexpired futures contracts, which have less than 10 trades in a day, the price shall be computed as per the formula detailed below: -

$F = S * e^{rt}$ Where:

F = theoretical futures price

S = Spot Price of the underlying Commodity

r = rate of interest (MIBOR)

t = time to expiration

Rate of interest may be the relevant MIBOR rate, or such other rate as may be specified.

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Annexure 1.2

NSE Predetermined Equation for DDR (ELECMBL)

- **Step 1: Daily Volume-Weighted Average Price (VWAP) of 96 Blocks (Per Exchange)**

$$DAM(E_j, D_i) = \frac{\sum_{t=1}^{96} MCP_t \times MCV_t}{\sum_{t=1}^{96} MCV_t}$$

Where:

- DAM (comprises of) = DAM (Conventional) + DAM (Green) + DAM (High Price)
- E_j = Exchange j (E_1 = PXIL, E_2 = IEX, E_3 = HPX)
- D_i = Day i of the contract month
  - i = 1 to 31 days for Jan, March, May, July, Aug, October, December
  - i = 1 to 30 days for Apr, Jun, Sept, Nov
  - i = 1 to 28/29 for Feb (leap year)
- MCP_t = Market Clearing price for 15 minutes block (t) on day (D_i) on Exchange (Ej)
- MCV_t = Market Clearing volume for 15 minutes block (t) on day (D_i) on Exchange (E_j)

- **Step 2: Daily Market Clearing Volume of all three Exchanges**

$$MCV_{D_i} = MCV(E_1, D_i) + MCV(E_2, D_i) + MCV(E_3, D_i)$$

Where:

- MCV_{Di} = Daily total Market Clearing Volume of all three Exchanges

- **Step 3: Daily VWAP DAM Price (of all Exchanges)**

Spot = $$DAM_{D_i} = \frac{DAM(E_1, D_i) \times MCV(E_1, D_i) + DAM(E_2, D_i) \times MCV(E_2, D_i) + DAM(E_3, D_i) \times MCV(E_3, D_i)}{MCV_{D_i}}$$

- **Step 4: Final Monthly DDR (ELECMBL)**

$$DDR_{month} = \frac{\sum_{i=1}^{N} DAM_{D_i}}{N}$$

Where: *N* = Number of total days in the contract Month

All above information is publicly available information and compiled by PXIL (Power Exchange India Limited)