Press Release

MCX Strengthens Commodities Portfolio with Launch of Electricity Futures

Mumbai, 08 July, 2025: The Multi Commodity Exchange of India Ltd. (MCX), India's leading Commodity Derivatives Exchange and the largest Commodity Options Exchange globally (FIA, 2024), had received SEBIs approval for launch of electricity derivatives in June 2025, and is pleased to announce the launch of the Electricity Futures Contract, effective from Thursday, July 10, 2025, marking a significant milestone in the development of the country's energy derivatives market.

MCX believes this launch is timely, as the electricity sector is witnessing significant growth with a need to manage price stability, fluctuating demand, fuel costs, and market developments. The Electricity Futures contract will help power generators, distribution companies, large industrial consumers, and financial participants with a transparent, liquid, and reliable hedging mechanism. It will also promote investors with a widely used commodity to add to their portfolio.

The new Electricity Futures Contract aims to meet the growing demand for structured electricity price risk management instruments. The contract will be available for all 12 calendar months of the year, with trading initially open for the current and next three months. The trading unit is 50 MWh, quoted in Indian Rupees per MWh (excluding taxes and levies), with a tick size of ₹1 per MWh. The contract will be cash settled based on the Volume Weighted Average of the Unconstrained Market Clearing Price (UMCP) of the Day Ahead Market (DAM) at the Indian Energy Exchange (IEX) for all calendar days in the expiry month.

The contract will follow SEBI's Daily Price Limits (DPL) for market stability, with an initial slab of 6%, extendable up to 9% on a given day. The initial margin requirement is a minimum of 10% or volatility VaR based margins, whichever is higher. Client level position limits are capped at 3 lakh MWh or 5% of the market-wide open interest whichever is higher.

Speaking on the development, Ms. Praveena Rai, MD & CEO, MCX, said: *"Electricity is a critical commodity with price volatility determined by a number of factors - driven by demand-supply, conditions like weather (seasonality), peak loads (industrial / commercial / residential / agricultural), festive seasons and so on. The launch of Electricity Futures reaffirms MCX's commitment to building innovative and forward-looking products that address real market needs. This contract is a step toward deepening India's energy markets and supporting the broader goal of sustainable, market-driven power pricing- an essential pillar for realizing the vision of Viksit Bharat."*

About MCX:

MCX, operational since 2003, is India's leading commodity derivatives exchange with a market share of about 98% in terms of the value of commodity futures contracts traded in financial year 2024-25. With pan-Indian presence, MCX serves as a dynamic platform for the Indian commodity market ecosystem, offering dual advantages of fair price discovery and efficient risk management. It offers trading in a diverse range of commodities, spanning multiple segments including bullion, energy, metals and agri commodities, as well as sectoral commodity indices. The exchange has forged strategic alliances with various international exchanges, as well as Indian and international trade associations. For more information about MCX and its products, visit: www.mcxindia.com

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