



पेट्रोलियम एवं प्राकृतिक गैस विनियामक बोर्ड  
Petroleum and Natural Gas Regulatory Board  
प्रथम-तल, वर्ल्ड ट्रेड सेंटर, बाबर रोड, नयी दिल्ली: 110001  
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दूरभाष : 011-23457700 फैक्स : 011-23709151

Ref.:PNGRB/M(C)/25/2013  
Dated : Feb. 04, 2013

To

- 1 Chairman & Managing Director (GAIL), New Delhi
- 2 Chairman & Managing Director (ONGC), New Delhi
- 3 Chairman & Managing Director (OIL), New Delhi
- 4 Chairman & Managing Director (IOCL), New Delhi
- 5 Chairman & Managing Director (HPCL), New Delhi
- 6 Chairman & Managing Director (BPCL), New Delhi
- 7 Managing Director, GSPC, Gujarat
- 8 Secretary General, ICCTAS
- 9 President, Reliance Industries Ltd., New Delhi
- 10 President, RGTIL, Mumbai
- 11 MD, Assam Gas Company Ltd., Dibrugarh
- 12 All Producers/Marketers/Transporters of Gas

**Sub: Transportation tariff for Swapping of natural gas**

**Ref:** Following communications web-hosted on PNGRBs website on 19.11.2012:-

- (a) PNGRB letter no PS/Secy/M (C )/2012 dated 23.10.2012 addressed to MoP&NG on "Swapping of KG D6 gas for BGL at Shamirpet, AP";
- (b) MoP&NG letter no L-12011/10/2011-GP dated 12.11.2012 addressed to PNGRB and all producers/marketers/transporters of natural gas on "Guidelines for swapping of Natural gas".

The method for determining transportation tariff for swapping arrangements decided by the Board vide communication at (a) referred above addressed

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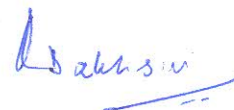
to Ministry of Petroleum and Natural Gas (MoP&NG) has been web-hosted on PNGRBs web-site. The decisions of PNGRB conveyed through this communication are summarized below:-

- i. The concept of "revenue neutrality" with regard to transportation tariff for swapping arrangements is not feasible under the extant PNGRB tariff regulations. If the MoP&NG desires to maintain "revenue neutrality", it would need to make appropriate changes in the pricing of natural gas;
  - ii. Transporters/shippers should mutually agree to contractual provisions for corresponding delivery of the swapped volume of natural gas in accordance with the provisions of the extant regulations;
  - iii. The extant tariff regulations of PNGRB emphasize adherence to "contractual path" for tariff determination; while the contract can be based on physical or virtual flows, all that needs to be ensured is that the tariff is charged based on the contractually defined entry and exit paths without any premium or discount;
  - iv. Any levy of additional charges to cover the shortfall arising in revenue to transporter as a result of invocation of ship-or-pay provision for the volume of natural gas swapped is outside the scope of the current regulatory framework under which no levy beyond the component of transportation tariff specified by PNGRB is permissible;
  - v. The transportation tariff flow in respect of the specific cases pertaining to Bhagyanagar Gas Ltd (BGL) and the Independent Power Producers in Andhra Pradesh (AP IPPs) would accordingly be in consonance with the details given in Attachment-1 of the letter;
3. Vide subsequent communication at (b) addressed to PNGRB and all producers/marketers/transporters of gas, MoP&NG has communicated that

swapping of gas should be done in accordance with the provisions of the Guidelines (issued by MoP&NG) and in the event of any disagreement the matter may be agitated before PNGRB for resolution of any dispute.

4. PNGRB has conveyed its decision as regards transportation tariff for swapping arrangements both in general as well as for a particular case vide the communication referred at (a).

5. I am directed to convey that all producers/marketers/transporters of gas should accordingly implement these directions on transportation tariff for swapping arrangements of natural gas. Disputes, if any, in the matter may be formally filed before PNGRB for resolution.



**(Rajiv Bakhshi)**

**Officer on Special Duty**

cc: Shri Arunoday Goswami Under Secretary, MoP&NG, Shastri Bhavan – for information.