Petroleum and Natural Gas Regulatory Board

In the matter of

United Phosphorus Ltd. ... Complainant
-vs-
Gujarat Gas Company Ltd. ... Respondent

For Complainant: Mr. Ravi Prakash Adv with Mr. Ankit Jain & Ms. Iti Agarwal Adv

ORDER

Ld counsel for the Complainant has been heard by us at considerable length.

It is stated that the Complainant, which is operating a power plant at Jhagadia, had entered into an agreement with the Respondent for the supply and transmission of Natural Gas for its plant, and the Respondent for its implementation had laid a 23 Km long dedicated pipeline from Amboli to Jhagadia (AMJH Pipeline). Subsequently, the needs of various other consumers were also catered to by using this dedicated pipeline and as a consequence it lost its original character and changed to a common carrier pipeline by the year 2005.

It is also stated that by December 2008, the Respondent, due to shortage of the gas found the supply of Natural Gas to be difficult and thus constrained the Complainant to ensure supply of gas from other shipper.

The Complainant then entered into a Gas Supply Agreement with GAIL India Ltd. and also executed an agreement with it on 27/11/2008. However, the agreement for transmission of gas continued with the Respondent and an agreement was also executed with it on 4/12/2008 for reserving the capacity.

Ld counsel for the Complainant submitted that the Respondent had insisted the Complainant to enter into City Gas Distribution network agreement for transportation of gas for its power-plant in utter disregard of the fact that AMJH pipeline does not fall within the category of CGD network. Nevertheless, the Respondent, by exercising its dominant position compelled the Complainant to enter into such agreement on 3/4/2009 and the tariff was also exorbitantly increased. On this issue, Ld counsel drew our attention on the prevailing legal position which states that the customers having requirement of Natural Gas of more than 1 lac SCMD shall be supplied through the pipeline not forming the part of CGD network whereas under the agreement 1.75 lac SCMD was to be supplied to the Complainant per day. Moreover, the area where this pipeline exists has never been notified as a specified geographical area by the Board for city or local natural gas distribution network.
Ld counsel also submitted that the Respondent has never been authorised by the Board under
Section 16 to operate a CGD network and as such, the Complainant could have not been
compelled to enter into such agreement as described herein above.

Ld counsel lastly submitted that this Board has the exclusive jurisdiction to fix tariff for the
CGD network whereas the Respondent has never approached the Board for getting the tariff
determined.

Ld counsel also alleged the Respondent of its indulging into restrictive trade practices.

We, on hearing Ld counsel and on consideration of the contentions as have been made in the
complaint and also on perusal of the documents on which our attention was specifically
drawn by the Complainant during the course of the hearing, find that a prima-facie case exists
to proceed against the Respondent.

The Complaint is admitted. Register, and notice be issued to the Respondent fixing July 14th,
2014 for objection / written reply. The Complainant may thereafter file its rejoinder on or
before July 31, 2014.

On production of the counter-reply and the rejoinder affidavit, the matter be put up for fixing
the date for hearing.

The Complainant in para (f) of the prayer of this complaint has requested to issue an interim
direction to the Respondent to charge Rs. 4.92/mmbtu from the Complainant as transmission
charges. But we are of the view that a decision regarding issuing the interim direction should
be taken after providing an opportunity of hearing to the Respondent and as such, it shall be
considered on receipt of the written reply of the Respondent.

(S Krishnan)  (P.K. Bishnoi)  (K.K. Jha)  (Subhash Chandra)  (B. Mohanty)
Chairperson  Member  Member  Member  Member