



IMC LIMITED

Corporate Office : "NEELADRI", 3rd Floor, No. 9, Cenotaph Road, Alwarpet, Chennai - 600 018.
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2nd Jan 2025

**To
The Secretary,
Petroleum and Natural Gas Regulatory Board,
1st Floor, World Trade Centre,
Babar Road,
New Delhi – 110 001**

Sub: Expression of Interest (EoI) by PNGRB on Suo-motu basis for development of Natural Gas pipeline from Ennore to Suryapet – Views of IMC Limited for this EoI

Dear Sir,

This is reference to public notice PNGRB/Auth/2-NGPL(17)/2024 dated 3rd Dec 2024 our views pertaining to the subject mentioned EOI are hereby enclosed.

**Yours faithfully
for IMC Limited**

**Vimal Chopra
President – Business Development**



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Views on Natural Gas pipeline from Ennore to Suryapet proposed by PNGRB on Suo-motu basis

Views in respect of the Proposal		Natural Gas Pipeline from Ennore to Suryapet
1	Name of entity/person	IMC Limited
2	Complete Address	3 rd Floor, 9 Cenotaph Road, Alwarpet, Chennai - 600094
3	E-mail ID / telephone/fax	vimalchopra@imc.net.in / 044-45902231
4	Identification proof (in case of individual person)	Not applicable
5	Views and suggestion related to	
a	Natural Gas Pipeline proposed	Refer Annexure 1
b	Other aspects of the proposal	
c	Any other issues	

Date : 2nd Dec 2025

Place : Chennai

for IMC Limited

Vimal Chopra
President – Business Development



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Annexure-1

PNGRB had issued an Expression of Interest (EoI) on Suo-moto basis for laying, building, operating or expanding the subject Ennore - Suryapet Natural Gas Pipeline. We would like to submit that IMC is authorised for Kakinada – Vijayawada – Nellore Natural Gas Pipeline (KVNPL) and the major part of the subject EoI pipeline falls on or near the same route and it serves Natural Gas to the same catchment area. PNGRB had awarded the KVNPL Pipeline, which originates at Kakinada and passes through Vijayawada, Ongole and terminates at Nellore.

PNGRB in the subject EoI is proposing the Natural Gas pipeline starting point as Ennore and terminating point as Suryapet where the pipeline passes through Nellore, Ongole and Vijayawada from where our KVNPL pipeline also passes. This EoI pipeline takes a route parallel to our line. The main Industrial areas are in Nellore, Ongole & Vijayawada. Hence there is no case to have this new pipeline route as one cannot have two parallel pipelines that are highly capital intensive. It is a waste of precious capital and deleterious to business case for any of the pipelines so that such redundant infrastructure does not come up. We would like to further highlight that the demand centres for the subject EoI pipeline will be same as of KVNPL. Hence the rational of this EoI is not clear.

We wish to bring to your kind attention some of the regulatory provisions which stipulate that the EOI for Ennore – Suryapet natural gas pipeline should not be proceeded with and should be rejected;

The EOI for Ennore – Suryapet natural gas pipeline directly affects the basis under which the natural gas pipeline tariff for Kakinada – Vijayawada – Nellore Nature Gas Pipeline (“**KVNPL**”) have been arrived.

Tariff Zone as defined under section 2 (h) and the proviso, of the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008 reckons that:



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- i. a **width** of 50 kms on either side from the surface throughout the length of the Natural Gas Pipeline shall form part of the zone;
- ii. Such zones have to be measured along the entire contractual path;
- iii. Natural gas pipeline tariff shall be uniform for all customers within the zone;
- iv. The entity can transport natural gas to any customer located in the zone by laying, building, operating or expanding a new spur line from the natural gas pipeline

Therefore, pursuant to the authorisation to IMC for laying, building and operating KVNPL;

- a. KVNPL can reach out to any customer within the width allowed (on either side) from the surface throughout the length of KVNPL for laying spur lines for transporting natural gas along the entire length of KVNPL corridor;
- b. As the area catered to by the proposed pipeline as per the EOI will fall within the width allowed from the surface of the KVNPL, the customer base relied upon by KVNPL for technical and financial feasibility would be severely impacted;
- c. Since the proposed pipeline will fall within the same corridor and within the same width authorised for KVNPL for transporting natural gas to any customer, project proponent of the proposed pipeline will have the advantage of prevalent tariff during bidding process;
- d. The rights available to KVNPL for transporting natural gas to any customer along the corridor will be substantially impeded;

It may also be noted that Regulation 2 (e) of the Petroleum and Natural Gas Regulatory Board (Determining Capacity of Petroleum, Petroleum Products and Natural Gas Pipeline) Regulations, 2010 defines "**Critical Customer**" as a customer whose withdrawal conditions in the pipeline system could affect the capacity of the Pipeline. This regulation recognises that once optimum capacity of the pipeline is fixed on the basis of certain parameters viz. customer base, availability of natural gas, etc., absence of any such parameter by way of withdrawal, deviation or change in such parameters will adversely affect the project that was already authorised. It is pertinent to note that withdrawal of a customer is akin to non-availability of the same customer within the already authorised corridor as the same will be chased by yet another project proponent in the same corridor.



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Under Regulation 5 (3) the Board is cast upon the responsibility to take into consideration the possibilities of capacity booking along the corridor by various customers so as to facilitate the authorisation for optimum sized natural gas pipeline through the bidding process. KVNPL therefore has gone through the strenuous exercise of identifying the customer base throughout the pipeline corridor for determining the optimum pipeline capacity and for placing the price bid. This EOI exercise by PNGRB at this juncture is redundant, as we have explained in the earlier paragraph that most of the demand centres in the pipeline route are common to KVNPL pipeline also.

In view of the regulatory mandate for ensuring competitiveness, transport of natural gas at a reasonable natural gas pipeline tariff and to do away with duplicating the infrastructure or infructuous investment, the Board discovers the price through competitive bidding process for which the evaluation criteria is well defined under regulation 7. Authorisation for KVNPL was provided to IMC through the said competitive bidding process which allows IMC the right to transport natural gas to any customer throughout the pipeline corridor.

To ensure avoidance of infructuous investments and to meet any additional demand at the reasonable natural gas pipeline tariff, regulation 12 provides certain expansion rights to the existing entity. Under the said regulation an existing entity is allowed to expand the authorised capacity of the pipeline upto 10% without any change in the natural gas pipeline tariff. The said regulation also provide the right to expand the capacity of the natural gas pipeline beyond 10% provided the entity agrees to a reduction in the unit natural gas pipeline tariff. Also as per the regulation 21(2) an entity can extend its pipeline upto 10% of the authorised length or 50 kms whichever is lower.

Thus even if there is any potential demand (over and above that was envisaged by KVNPL) the same could be better met in a cost-effective manner merely by expanding and extending KVNPL at an appropriate time. For the present, we are of the firm view that KVNPL can meet any such demand within the corridor.

We quote the regulation 5(4) of the PNGRB *board shall, based on the views received;*

a) To reject the EoI on grounds of non-availability of Natural gas



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b) "Not to allow the proposed Natural gas pipeline, if it is convinced that instead of laying, building, operating or expanding the proposed Natural gas pipeline the projected potential demand could be better met in cost effective manner by expansion of the existing pipeline"

c) "The Board may also hold an Open House discussion with the entities provided that the Board in deciding so shall be guided by one or more of the following objectives like avoiding infructuous investments"

In view of the aforesaid, the EOI for Ennore - Suryapet pipeline is not only in violation of the competitive pricing mechanism and will create infructuous investment, the same will also be detrimental to the rights available to KVNPL under various regulations. The EOI for Ennore - Suryapet pipeline is therefore directly in contrast to the Regulation 5(4).

Therefore, the exercise of EOI for Ennore - Suryapet would adversely affect the capacity of KVNPL thereby affecting the economic viability of KVNPL project.