



## 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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### **PUBLIC NOTICE NO: PNGRB/Auth/1-CGD(07)/2020**

The Petroleum and Natural Gas Regulatory Board solicits views/comments from all stakeholders on the Concept Paper (**Annexure I**) regarding the amount of Refundable Security Deposit charged by the CGD entities to provide new domestic Piped Natural Gas (PNG) connection to customers.

2. The Board solicits views/comments on the annexed Concept Paper from the stakeholders latest by 20.07.2020. The views may be submitted through e-mail at [secretary@pngrb.gov.in](mailto:secretary@pngrb.gov.in) with a copy to [rkshahi@pngrb.gov.in](mailto:rkshahi@pngrb.gov.in). Stakeholders including those who shall submit their views may attend an open house discussion scheduled on 27.07.2020 at 14:30 hrs through video conferencing, details of which will be circulated separately.

**Additional Adviser**

## Concept Paper

### Revision of Refundable Security Deposit for PNG Domestic Connection

Petroleum and Natural Gas Regulatory Board had constituted a committee comprising of members from CGD entities and PNGRB to make a draft CGD policy inter-alia to ensure faster implementation of CGD infrastructure in the country.

2. One of the recommendations given by the committee was revision in the Refundable Security Deposit (RSD) for PNG Domestic Connections. The committee stated that RSD was fixed up to a maximum of INR 5,000 per PNG connection in the year 2008 and since then it has remained unchanged. Since 2008, there has been significant increase in the material and labour cost resulting into increase in the PNG connection cost. In this regard, the committee requested that PNGRB may define base connection which include all component in RSD up to maximum of Rs. 5,000 per PNG connection and give choice to domestic PNG consumer to opt for upcoming technologies such as smart meter etc. and allow CGD entities to recover additional cost over and above base connection cost.

3. Current regulatory framework in respect of RSD is contained in regulation 14 (1) of CGD Authorisation Regulations, which provides as under:

*“The entity may take an interest-free refundable security deposit from domestic PNG Customer towards security of the following equipments and facilities including the labour cost of installation towards last mile connectivity, that is, between the riser isolation valve before the metering unit and the suraksha hose pipe connecting the burner in the customer's premises for an amount not exceeding rupees five thousand for a single connection, namely:-*

- (a) riser isolation valve before the metering unit;*
- (b) ten meters of pipe up to the metering unit;*
- (c) metering unit;*
- (d) five meters of pipe or tube from the metering unit up to the excess flow check valve-cum-isolation valve;*
- (e) excess flow check valve-cum-isolation valve; and*
- (f) suraksha hose pipe of standard size connecting the domestic PNG burner*

*Provided that the network tariff bid by the entity shall include the charges towards the last mile connectivity.*

*Explanation.-*

*1. The domestic PNG customer shall bear the actual cost of the material and labour charges for pipe and the tubing in excess of the length specified above.*

*2. The domestic PNG customer shall pay the actual cost of installation including labour charges from the common metering unit onwards for connecting another domestic PNG burner or any other gas-based appliance in the same premises.”*

In this regard, PNGRB upon internal deliberation on the issue of amount of RSD and considering the commitment of CGD entities under 9<sup>th</sup> and 10<sup>th</sup> CGD Bidding Rounds, has drafted the following three options:

- a. **Option 1:** The maximum RSD amount charged by the CGD entities may remain at the current level of Rs. 5,000 as many CGD entities have informed that they are not able to attract new PNG customers at the committed level even with the current RSD of Rs. 5,000, and even have to provide concession or payment in installments etc. to attract new PNG domestic connections.
  - b. **Option 2:** The maximum RSD amount charged by the CGD entities may be increased from Rs. 5,000 to Rs. 10,000 for customers opting for smart meter providing for pre-paid cards. However, this would be optional, the choice being that of the PNG customer, whether he wants a smart meter or a normal meter. For customers opting for normal meter, the RSD would remain unchanged at Rs. 5,000. This option may also provide for concession to customers of a maximum specified amount for each billing cycle, on account of operating costs towards meter reading and sending physical bills saved by the CGD entity in addition to reduction in working capital.
  - c. **Option 3:** The maximum RSD amount charged by the CGD entities may be increased from Rs. 5,000 to Rs. 10,000. However the CGD Company shall be liable to pay interest on the RSD amount collected from the consumers, which shall be equivalent to the bank rate or more as specified by PNGRB.
4. The aforementioned three options are subject to public consultation process.

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