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FW: Determination of Transportation Rate for CGD and Transportation Rate for CNG

From : Pankaj Bhutani <bhutani.p@pngrb.gov.in> Fri, Oct 16, 2020 11:13 AM
Subject : FW: Determination of Transportation Rate for CGD and Transportation Rate for CNG  1 attachment
To : Aman Anand <anand.aman@pngrb.gov.in>, Vineet Kumar <vineet.saxena@pngrb.gov.in>

From: Secretary <secretary@pngrb.gov.in>
Sent: 16 October 2020 09:40
To: Pankaj Bhutani <bhutani.p@pngrb.gov.in>
Subject: Fwd: Determination of Transportation Rate for CGD and Transportation Rate for CNG

From: "bhavin gandhi" <bhavin.gandhi@bksec.com>
To: "Secretary" <secretary@pngrb.gov.in>
Sent: Thursday, October 15, 2020 8:02:52 PM
Subject: Determination of Transportation Rate for CGD and Transportation Rate for CNG

To The Secretary,
Petroleum and Natural Gas Regulatory Board.

Respected Madam,

This is with reference to the comments invited on the above mentioned subject, I am writing to you as an analyst closely tracking the city gas distribution sector. Without delving into the specifics of the calculations of rate I would like to draw your attention to the fact that the tariff for CGD network be kept attractive so as to keep the investor interest high in the sector. The board has done commendable job by receiving very high bids for CGD 9/10th round which would significantly enhance CGD network and it would be critical to achieve the governments vision to achieve gas penetration of 15% in the energy basket.

The open access which would be primarily impacting the incumbents entities initially may not set the right message for the network proliferation which PNGRB is envisaging over the next 8 years where it is envisaged that CNG outlet would increase from 2k to >8K. Given that some of the new entities have bided with very low network tariff it may create ambiguity and may increase the litigation in the sector which may not be in the best interest of sector and in the longer term hurt the consumers interest as well which the board is seeking to protect.

While the sector does require monitoring but the current focus of the regulator should be assuring quality of service to the customer rather than bringing in new competition as we

believe that the sector is yet to reach the maturity. In any case the consumer interest has been protected by falling commodity prices which has resulted in reduction of selling prices to the customer for CNG/D-PNG and Industrial customers.

The issues relating to calculation of the network tariff have been already highlighted by the other entities and I do not wish to address the same here.

Regards



Bhavin Gandhi

Director- Head Oil and Gas Logistics

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