


Email

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FW: Views/Comments on draft "PNGRB (Determination of Transportation Rate for CGD and Transportation Rate for CNG) Regulations, 2020"

From : Pankaj Bhutani <bhutani.p@pngrb.gov.in> Wed, Oct 14, 2020 06:47 PM
Subject : FW: Views/Comments on draft "PNGRB (Determination of Transportation Rate for CGD and Transportation Rate for CNG) Regulations, 2020"  2 attachments
To : Vineet Kumar <vineet.saxena@pngrb.gov.in>, Aman Anand <anand.aman@pngrb.gov.in>

From: Secretary <secretary@pngrb.gov.in>
Sent: Wednesday, 14 October 2020 5:46 PM
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Cc: Vineet Kumar <vineet.saxena@pngrb.gov.in>
Subject: Fwd: Views/Comments on draft "PNGRB (Determination of Transportation Rate for CGD and Transportation Rate for CNG) Regulations, 2020"

From: "Kausik Das (कौसिक दास)" <kausikdas@gail.co.in>
To: "Secretary" <secretary@pngrb.gov.in>
Cc: mvravis@gail.co.in, pwalia@GAIL.CO.IN, anupam@gail.co.in, ajaysinha@GAIL.CO.IN, usinha@gail.co.in, "gaurav agarwal" <gaurav.agarwal@gail.co.in>, "ravish pandey" <ravish.pandey@gail.co.in>
Sent: Wednesday, October 14, 2020 5:43:56 PM
Subject: Views/Comments on draft "PNGRB (Determination of Transportation Rate for CGD and Transportation Rate for CNG) Regulations, 2020"

Respected Madam,

This is in reference to PNGRB's Public Notice no. PNGRB/COM/1-CGD Tariff(1)/2015 dated 23.09.2020 seeking comments on the enclosed draft "Determination of Transportation Rate for CGD and Transportation Rate for CNG

Regulations, 2020”.

Following are the comments from GAIL Gas Limited on the same:

1. Clause 4(1) specifies that “...which rates shall be applicable for the period in accordance with sub clause (1) of para 6 of the Schedule.” Further sub clause (1) of para 6 of the Schedule states that “Thereafter the transportation rate for CGD and transportation rate for CNG shall be determined every year latest by 30th September and shall be applicable from 1st October till 30th September of the next year”. In this context this is submitted that since the last date of submission of Cost Audit return is 30th September, latest date of determination of transportation rate for CGD and CNG should be revised to latest by 31st October and shall be applicable from 1st November till 31st October of the next year.
2. Clause 4(2) specifies that “An authorised entity to which these regulations apply shall, within 180 days of the close of every subsequent financial year, determine in accordance with the provisions specified in the schedule, the transportation rate for CGD and transportation rate for CNG, which rates shall be applicable for the period in accordance with sub clause (1) of para 6 of the Schedule.” ”. In this context this is submitted that instead of 180 days it should be made 07 months for the reason as stated above.
3. Clause 4(3) specifies that entity has to “*web-host on its web-site such rates as determined by it along with interactive spreadsheet calculation model including formulae*”. Web hosting interactive spreadsheet calculation model including formulae may be spared with, as same shall have lot of back up data. Data as per the provided formats shall be web hosted. However complete calculation along with back up may be shared with PNGRB as & when desired.
4. Clause 1 of Schedule [See regulation 4] specifies that “The entity to which these regulations apply shall determine the weighted average transportation rate considering all technical, operating, financial and cost data of the CGD network based on the audited annual accounts and other technical data and details, **for the latest available three preceding financial years**”. In this context this is to submit that subject requirement of three preceding year may please be revised/ modified as instead of weightage average of three preceding years from the very 1st year, the 1st year should be of immediately preceding 1 year data, 2nd year should be of weightage average of immediately preceding 2 years data and 3rd year should be of weightage average of immediately preceding 3 years data, else in

1st & 2nd year it will be very complex to calculate tariff based on weightage average of three preceding years as the data format is not maintained as has been asked and hence it will be difficult to get it certified from Auditor.

5. Clause 1 of Schedule [See regulation 4] specifies that “The authorised entity shall prepare separate financial and cost statements in respect of each GA to which these regulations apply and get the same audited by its statutory auditors”. In this context this is submitted that preparing separate Financial & Cost statement of each GA and getting the same audited is a very difficult proposition as these statements are made at company level. However statements can be made based on company level data by allocating the various head of Trial and same can be verified by the auditors.
6. Clause 3 (1) (d) of Schedule [See regulation 4] specifies that “capital expenditure on last mile connectivity (LMC) in case of domestic consumers shall be netted off against the refundable security deposit collected by the CGD entity”. In this context it is not clear how in books of accounts Net Fixed Assets will match with the audited books of accounts.
7. Clause 4(2)(viii)(b) of Schedule [See regulation 4] specifies that “for CNG Compressors, where depreciation shall be calculated based on useful life of 10 years on SLM basis with residual value of 5%. Where depreciation is calculated for the life other than 10 years, it shall be re-casted while determining the transportation rates.” In this context this is submitted that in case of entities who are calculation depreciation of compressors for the life other than 25 years, operating expenses shall not be matching with audited books of accounts.

With Regards,

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