



इंडियन ऑयल कॉर्पोरेशन लिमिटेड
पाइपलाइन प्रभाग : ए-1, उद्योग मार्ग,
सेक्टर -1, नोएडा -201 301 (उ.प्र.)



Indian Oil Corporation Limited
Pipelines Division: A-1, Sector -1, Udyog Marg,
Noida – 201 301 (U.P.)
Website: www.iocl.com

पाइपलाइन प्रभाग

Pipelines Division

PL/PJ/CGD/PNGRB/13.4/52

Date: 14.10.2020

To
The Secretary,
Petroleum and Natural Gas Regulatory Board,
1st Floor, World Trade Centre,
Babar Road, New Delhi – 110 00

Subject: IOCL Comments on PNGRB public notice no. PNGRB/COM/1-CGD Tariff (1) / 2015 dated 23.09.2020.

Respected Madam,

At the outset, we express our sincere thanks and gratitude to Hon'ble Chairperson, Board Members and the Team PNGRB for inviting views / comments on the draft "PNGRB (Determination of Transportation Rate for CGD and Transportation Rate for CNG) Regulations, 2020. We are thankful to the Hon'ble Board for pro-actively supporting CGD Entities by incorporating and modifying Regulations enabling smooth execution of the CGD Project even in this unprecedented COVID-19 situation.

IndianOil's comments on the above draft Regulations, 2020 is given below:

S. No.	Clause No.	Published Description	Comment of IOCL
1	Schedule Clause 1	<u>Schedule</u> 1. Cost and Financial Data: 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. Determination of such rates shall be certified by statutory auditors of the authorised entity laying, building, operating or expanding that CGD network, in the format specified in attachment 1(h) to this schedule.	It is proposed that transportation rates determined by CGD entity and certified by Statutory Auditor of CGD entity, should be submitted to PNGRB by CGD entity for review and approval by PNGRB. Rates should be web-hosted post approval by PNGRB. This will avoid disputes, if any. It is also proposed that rate determination by applicable entity and approval by PNGRB should be one-time exercise. Annual escalation shall be considered from the second year and onwards based on the "Wholesale Price Index" (WPI) Data.

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<p>2</p>	<p>Schedule Clause 3</p>	<p>Schedule 3. ... (d) 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 under the provisions of sub-regulation (1) of regulation 14 of the Petroleum and Natural Gas Regulatory Board (Authorizing Entities for Laying, Building, Operating or Expanding City or Local Natural Gas Distribution Networks) Regulations, 2008. The balance amount shall be considered in the calculation of transportation rate for CGD.</p>	<p>a) In sub-clause 1. of clause 3 of Schedule for Computation of Net Fixed Assets and Normative Working Capital, point (e) & (f) may be inserted as below:</p> <p>(e) Capital expenditure for assets up to meter/MRS/Custody transfer flange in case of commercial & Industrial consumers shall be netted off against the refundable security deposit collected by the CGD entity. The balance amount shall be considered in the calculation of transportation rate for CGD.</p> <p>(f) Capital expenditure of CNG Station shall be netted off against the refundable security deposit collected against the CODO/DODO by the CGD entity for calculation of transportation rate of CNG.</p>
<p>3</p>	<p>Schedule Clause 6.</p>	<p>Review period for transportation rate for CGD and transportation rate for CNG</p> <p>(1) In case the initial determination of such rates was made and web-hosted during 1st October to the following 31st March, such rates shall be applicable from the date of determination up to the following 30th September; whereas if such rates were determined and webhosted on or after 1st April but on or before the following 30th September, such rates shall be applicable up to 30th September of succeeding year. 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.</p>	<p>As mentioned under Sl. No. 1, it is proposed that rate determination by applicable entity should be one-time exercise. Annual escalation shall be considered from the second year and onwards based on the “Wholesale Price Index” (WPI) Data as is applicable for GAs awarded under 9th and 10th round CGD bidding.</p>

Looking forward to your continued support and guidance in making CGD business a vibrant and sustainable business vertical in this country. We wish PNGRB team very safe and healthy times ahead.

Thanking you,
Yours faithfully,


G S P Singh
CGM (CGD)