



DR. RANJEET MEHTA
PRINCIPAL DIRECTOR

22nd October, 2020

Dear Sir,

SUB: Comments on PNGRB proposal for charging 'Unified Tariff' to customers

PHD Chamber of Commerce and Industry (PHDCCI) has been working as a catalyst for the promotion of Indian industry, trade and entrepreneurship for the past 115 years. It is a forward looking, proactive and dynamic pan-India apex organization. As a partner in progress with industry and government, PHD Chamber works at the grass roots level, with strong national and international linkages for propelling progress, harmony and integrated development of the Indian economy.

Our members from Ceramic Industry have expressed their concerns with regard to recent PNGRB proposal dated 29.09.2020 vide F.NO. PNGRB/COM/2-NGPL/Tarrif (3)/2014 Vol-IV (part-1) (P-1439) for charging 'Unified Tariff' to customers which will be higher than the Approved Tariff of the pipeline(s) actually being used by the Ceramic Industry. Our Comments to referred proposal is as follows:

1. **Issue:** As per the proposal, Unified Tariff (Rs 49.64/MMBTU) will be the weighted average of the Approved Tariffs of 14 pipelines operated by 7 different entities. However, many of our members say that they will not be actually using different entity pipelines but still will be required to pay the unified tariff based on such pipelines.

PHDCCI Suggestion: In this regard PHDCCI would like to suggest that the tariff rate payable may be kept only for the gas moved as per the contractual path and not some other rate attributable to others pipelines.

2. **Issue:** The proposed unified tariff will result in 20% - 40% increase over the existing tariffs, however, the tariff receivable by the pipeline operators will remain protected. Therefore, this proposal will essentially affect only the gas customers. Moreover, such unified tariff will keep changing every 15 days due to changes in gas volumes in 14 different pipelines. This will affect the stability of our members tariffs and will disturb their input gas costs very frequently. Such frequent changes in tariffs will not be in the interest of customers and it may please be avoided. Since the trade and industry are still struggling to recover from the impact of COVID-19, and at such a time, imposition of a fortnightly fluctuating tariff mechanism on account of others' pipeline volumes will further add to their problems by increasing the transportation costs for natural gas & which will adversely affect the overall health of sector.

PHDCCI Suggestion: Here, we wish to humbly request PNGRB not to proceed with such a unified tariff mechanism as it will be highly detrimental to the revival of Industry businesses in these difficult times.

The above concerns, if not addressed properly, will have drastic cascading adverse effect in terms of not only higher cost and operational difficulties but shall affect the Indian Ceramic Industry that employ large number of people in the organized and unorganized sector.

Yours sincerely,

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Mr D K Sarraf
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