

Date: 27 Oct. 2020

**Secretary**

Petroleum and Natural Gas Regulatory Board  
First Floor World Trade Centre  
Babar Road, New Delhi- 110001

**Kind Attention: Ms Vandana Sharma**

**Subject: Comments on Draft regulations on Access Code Regulations to CGD**

Madam,

We thank you for inviting comments and views from stakeholders on subject matter under regulations "Access Code Regulations to CGD". We welcome these regulations as they would result in competition for supplies and give choice to customers to choose suppliers.

We would like to submit our comments as below for your consideration:

**1. Measures to reserve/lock-in of common carrier capacity:**

- a. The capacity booked by affiliates of the authorized entity should not be considered within the common carrier capacity booked.
- b. The capacity booking is currently proposed to be decided on highness of product of cumulative MDQ x Duration of Booking. Duration of booking should be avoided and should be confirmed on First Come First Serve basis as is applicable to common carrier pipeline capacity .

**2. Minimum Capacity Booking requirement:** Booking requirement in each GA is 500 mmBtu. It is proposed to offer six to nine months of ramp-up period to Shippers to reach the threshold limit.

**3. Standardisation of Access Arrangement agreement:** PNGRB has published the guidelines for access code arrangement between shipper and CGD entity, however in line with main pipeline access regulations, 2008, we proposed that Model Access Agreement with clear obligations of Authorized Entity and Shipper should be published, approved and implemented by PNGRB including the charges for activities like meter reading charges, Off-spec gas charges, technical upgradation of system charges, variance charges etc. It is understood that PNGRB is working on standard GTA for common carrier pipeline capacity booking and it would be very useful to have these standard arrangements for CGD access ab initio.

**4. Payment Security Deposit:** As per draft regulations, shipper is expected to maintain payment guarantees equivalent 60 days x MDQ for I&C customers and ~ 120 days x Avg. Consumption plus SD for each LMC for domestic customers. We

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propose that SD & other payment guarantees should be linked to billing frequency which is ~ 15/30 days in case of I&C and 30 days in case of domestic segment.

5. Multiple and high penal charges under various heads (eg imbalance, overrun, etc) will pose as a major input barrier for third party Shippers to transport gas within the CGD network, thus will defy the objective of these regulations. Disciplinary charges with regard to Natural gas pipeline regulations are at mature stage and we should replicate the good practices being adopted in those regulations under access code to CGD regulations too.
6. Ship or Pay “SoP” should be standardized within access agreements, approx. ~ 50% of Monthly MDQ, to avoid any discriminatory practice. A lower Ship or Pay for third party shipper would invite interest from consumers / marketers to utilize the common carrier capacity of the CGD network which in-turn would increase the overall natural gas consumption.
7. Under draft regulations, Unit of measurement to be defined for LD Shortfall calculation as currently proposed draft mentions Shortfall Qty x Rs 15/- only
8. Clarification is required for clause no u/r 6 (2) / 7 (1), with regard to the transportation rate / charges to be charged in situation where other Shippers utilizes the infrastructure set up by a third party shipper on CGD network.

In addition, we request that PNGRB to support in joint representation for Gas allocation to shipper/third party in line with the current practices being followed for authorised entities. The priority to CGD sector determined by MoPNG should be offered to all Shippers/consumers on non-discriminatory basis within the Authorized GA entities.

Thanking you and looking forward to participation in Open House discussions.

Yours Faithfully,  
**For Reliance Industries Limited**



**Amit Mehta**  
Head Gases