

Ref: HEGMPL/OTM/MKT/2020/45

Date: 10-08-2020

To,

The Secretary

Petroleum and Natural Gas Regulatory Board

First Floor, World Trade Centre, Babar Road

New Delhi, 110001

Subject: Views/Comments on Draft PNGRB (Gas Exchange) Regulations, 2020

Dear Madam,

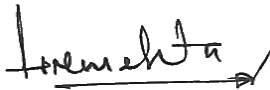
This is in reference to the PNGRB Public Notice no. PNGRB/Tech/35-GasEx./(1)/2020 dated 10-07-2020 seeking views/comments on proposed PNGRB (Gas Exchange) Regulations, 2020 ("hereinafter referred to as draft Regulations") from the stakeholders.

At the outset, we would like to express our gratitude towards the PNGRB for bringing out a comprehensive draft Regulations pertaining to Gas Exchange. The proposed Regulation will help the entities to set up gas exchange(s) where natural gas can be traded and supplied through a market based mechanism instead of current multiple formula driven prices thus benefiting customers.

In this regard, our views/comments are enclosed at **Annexure I** for kind consideration of the Hon'ble Board.

Thank you.

With regards,



Hiren Mehta

Asst. Vice President - Marketing

Annexure I

- ▲ The draft Regulations provides the shareholding pattern for equity holders in the authorized gas exchange that
 - no member shall directly or indirectly hold more than 5% of the paid-up equity share capital.
 - all the members of an authorized gas exchange shall in aggregate not hold more than 49% of the paid up equity share capital in an authorized gas exchange.
 - no person, other than a member of an authorized gas exchange, shall directly or indirectly, either individually or together with persons acting in concert, acquire or hold more than 15% of the paid-up equity share capital in an authorized gas exchange.

We not only support the aforesaid provision related to shareholding pattern of gas exchange but also request PNGRB to retain the same and not to change it as the same will ensure the gas exchange to work in a transparent manner and on non-discriminatory basis. .

Similarly, the shareholding pattern as provided for clearing corporation in the draft is also supported and should be retained.

- ▲ From the draft Regulations, we understand that Gas Transmission Agreement (GTA), Access Code Regulations, Operating Code, National Gas Grid Management Services (NGGMS) etc forms indispensable part of the gas exchange. Hence, as we are already in the stage of public consultation and finalization of the draft Regulations, we believe that the issue pertaining to 'Standard/Model GTA, Operating Code, NGGMS and relevant Regulations related to Uniform Access Code should finalized at the earliest. Further, PNGRB should also address the subject of pipeline capacity booking on 'Reasonable Endeavour' basis in Access Code Regulations. Timely finalization of above subjects will help in smooth and efficient functioning of gas exchange.
- ▲ As per extant Pipeline Access Code Regulations, when a transporter receives a request for accessing the pipeline from a shipper it shall respond within three days after receiving the request from the shipper. We request the Hon'ble Board to reduce the aforesaid three days of time period in the Pipeline Access Code Regulations to execute Day ahead contract, Spot Market and Term Ahead Market as mentioned in the draft regulation as follows:
 - 'Day ahead contract' - contracts where transaction occurs on day (T) and delivery of gas is on the next day (T+1) and which are scheduled by NGGMS
 - 'Spot Market' - market where physical delivery of gas occurs either on the same day as the date of the transaction (T) or on the next day (T+ 1)
 - 'Term Ahead Market' - market where physical delivery of gas occurs on a date more than one day (T+2) or more ahead from the date of transaction (T) and have a defined delivery period on expiry of the contract.