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एवं निदेशक, सी.एन.यु.पी.एल (पी.) लि.

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Ref No: NTPC/EOC/Office of ED(FM)/100
Date: 10th August, 2020

Ms. Vandana Sharma
Secretary, PNGRB,
1st Floor, World Trade Centre,
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Madam,

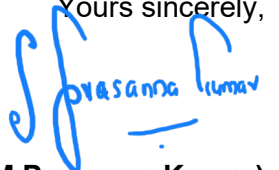
SUB: Views/Comments on Draft PNGRB Regulations for Gas Exchange

This is in reference to PNGRB's draft regulations for Gas Exchange with reference no. PNGRB/Tech/35-GasEx./(1)/2020 dated 10.07.2020.

Please find attached NTPC's comments on the draft regulations (Annexure-I) for kind consideration.

It is requested that NTPC may be invited to participate in the open house scheduled for discussion on the comments/suggestions/views of the stakeholders.

Thanking you,

Yours sincerely,

(M Prasanna Kumar)

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The following are the observations/comments of NTPC on the proposed draft regulations for Gas Exchange:

- (i) In Chapter-2 on Market Structure of the draft Gas Exchange regulations, it has been proposed as under:

6 (2) b (i) - Participants at the gas exchange should have GTA(s) with Transporter(s). Termination Date for such GTA should be minimum fifteen (15) days from the date when the transaction is executed at the gas exchange. However, at the time of conducting a trade the Participant may or may not have a CT Agreement; In case, participant does not have CT agreement, participants shall check the availability of capacity on the Gas Bulletin Board as per Access Code and subject to availability of capacity, Participants can trade the requisite contracts directly on gas exchange. Post execution of trade, the capacity would be automatically booked for the shipper and the available capacity in the Gas Bulletin Board would be updated on real time basis. Further, the gas exchange will inform National Gas Grid Management System (NGGMS) for the gas nomination and its scheduling.

Proposal of National Gas Grid Management System (NGGMS) and updation of Gas Bulletin Board on real time basis are welcome steps by the Hon'ble Board. Market participants like the Buyer, Seller, Gas Exchange can book the short-term capacity in the pipeline by entering into GTA / CT. Thus, it is proposed that both models i.e. Gas delivery at Hub as well as Delivery at customer end should be available. While the GTA with Transporters will have general terms and conditions, CT booking (minimum 1 day) from time to time will define the specific liabilities. It may be noted that as regards the power trading in the exchange, the short-term capacity in the Transmission lines is booked automatically within 15 minutes after clearance from the Grid operator – POSOCO/NLDC and the minimum duration of booking is 15 minutes.

- (ii) Presently the PNGRB Regulation for Access Code stipulates as under:

*10.3 When a transporter receives a request for access from a shipper it shall respond within **three days** after receiving the request from the shipper-*

- (a) confirming that spare capacity exists to satisfy the request and specifying the charges and terms and conditions upon which it will make the service available;*
(b) advising that spare capacity does not exist to satisfy the request;
(c) advising that the data provided by the shipper require technical study to accommodate his request and such study shall be completed within seven days from the date of receipt of request; or
(d) advising that it is not technically or operationally feasible to provide access.

It is proposed to amend the Regulation for Access Code appropriately with incorporation of clauses pertaining to NGGMS / Gas Bulletin Board for smoother/ automatic booking of pipeline capacity.

- (iii) It is requested that the Membership fees at the Gas Exchange, Exchange margin for trading, Contribution towards Settlement Guarantee Fund should be reasonable and should be determined by PNGRB. While the objective is efficient discovery of the gas price in the exchange, the delivered

price of the gas is most important for anchor consumers like Gas based power plants, which operate in a regulated environment and have to compete in the “Merit order” principle. Hence, the transportation charges / other liabilities under the GTA and the Power exchange charges should be reasonable.

- (iv) Hon'ble Board is also requested to define / implement the Model GTA, which has been a long pending request. The following may be considered for the Model GTA:
- a. Flexibility of Intraday re-nominations in the pipeline capacity to avoid heavy Imbalance penalties. This will then align with the extant regulations of power sector which have provisions for revision in generation schedule at short time intervals.
 - b. Provision of transportation capacity booking both on Firm basis and Reasonable Endeavour (RE) basis. It may be noted that Firm and Interruptible transportation services are available in established gas markets globally. RE /Interruptible capacity booking will help buyers who tie up Spot RLNG from the market also on RE basis. GAIL in the past had the provision of RE basis CT booking. RE basis capacity booking will increase the utilization of capacity in the pipeline which has been the objective of Transporters.
 - c. Flexibility of consuming any contracted gas at any Exit point on the booked pipeline capacity, subject to payment of the higher transportation fee between the Exit points. This will help the Shipper to offtake any contracted gas at different Exit points for its multiple units.
 - d. Provision of aggregation of the liabilities and imbalances in same pipeline network for a Shipper to offtake gas at different Exit points for its multiple units.
