



July 26, 2020

**To**  
**The Secretary,**  
Petroleum & Natural Gas Regulatory Board,  
1<sup>st</sup> Floor, World Trade Centre,  
Babar Road,  
**New Delhi – 110001**

Subject: Comments on the Draft PNGRB (Determination of Natural Gas Pipeline Tariff) Amendment Regulations, 2020 related to Determination of Unified Tariff in respect of Integrated Natural Gas Pipeline System

Ref: PNGRB public notice no. PNGRB/COM/2-NGPL/Tariff (3)/2019 Vol-II dated 29 Jun 2020 on the above subject

Dear Madam,

With reference to the draft amendments proposed, we would like submit as under;

1. While the proposed entity level integrated network will most likely benefit the customers who are currently paying additive tariffs, the customers on the other networks (not covered in integration) may be still subjected to additive tariffs. Also, it is likely that due to integration of the asset base (capex) and subtraction of the common volumes as proposed, there will be upward pressure on unified tariff for the customers situated near to the gas source (falling in zone 1 of the integrated network).
2. Historically the western and northern regions have had access to gas and have significant gas consumption infrastructure in place. So, historically large part of the gas demand has been in the north-west regions. In view of this, if the proposal in current form is implemented, from the gas marketing and landed cost perspective there will be following implications.
  - a. Gas that is and shall be produced / imported (for example domestic gas / LNG at west coast) and is transported via the integrated networks, as proposed, to the customers connected with same will be subjected to single tariff.
  - b. Gas that is and shall be produced / imported in the eastern / southern region (e.g. KG Basin, Cauvery Basin, Mahanadi Basin) which needs to be

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- transported using other entities' pipelines to reach to north-west region, will be subjected to additive tariffs.
- c. Further, even for the customers who are connected with entities other than proposed in these amendments, the additive tariffs shall continue to apply.
  3. With the proposed approach, a customer located in Gujarat, using two entities pipelines will be subjected to additive tariffs. This will not yield the desired benefits of uniform tariff regime.
  4. The implementation of these amendments as proposed, will have the effect of increase in the landed cost of gas sourced by AGL for its GAs.
  5. Our request to PNGRB would be to also evaluate national grid with Entry – Exit Tariff for long term solution of simplification of tariff structure.
  6. **Comments on clause 2.2 and 2.3:** It may be appropriate to provide clear provisions related with tariff review period and instances warranting review in-between two tariff reviews.
  7. **Comments on clause 3.1:** it is suggested to provide clarity that the capacity of the individual networks which are designed to source gas from another network shall be excluded.

We request favorable consideration of the above suggestions by PNGRB.

Thanking you,

Yours sincerely,  
For Adani Gas Ltd.

*K. D. Rawal*

(Authorised Signatory)

