

July 26, 2020

To,  
**The Secretary**  
**Petroleum & Natural Gas Regulatory Board**  
1<sup>st</sup> floor, World Trade Centre  
Babar Road  
New Delhi – 110 001

**Sub.:** Comments on Draft PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations, 2008  
**Ref.:** 1) PNGRB ICOM/2-NGPL/Tariff (3)/2019 Vol-II dated 29.04.2020  
2) Draft PNGRB (Determination of Natural Gas Pipeline Tariff) Amendment Regulations, 2020.

Dear Madam,

This is with reference to referenced Public Notice web-hosted by Hon'ble Board for views from stakeholders on the proposed amendment in NGPL Tariff Regulations. We are happy to submit our views on the proposed amendments

At the outset, we support the formation of a country wide grid of pipeline (National Pipeline Grid), operated by an independent operator (Transmission System Operator, TSO). The National Pipeline Grid will connect with regional pipeline grids or City Gate Stations or may even connect with customers who can directly connect with the National Pipeline Grid.

We support unification of tariff to cover all existing and upcoming pipelines including the pipelines awarded/to be awarded through bidding. After unification of tariff at entity level, a unified tariff for the National Pipeline Grid should be computed. The unified tariff of the National Pipeline Grid can be split between two zones – Zone 1 upto 300 KM from entry point and the rest as Zone 2. The lower tariff in Zone 1 will encourage development of new markets in the vicinity of new terminals / new landfall points of domestic gas. The zonal tariff system can be replaced with entry-exit tariff system after the National Pipeline Grid is sufficiently developed in terms of spread and capacity utilization.

The current proposal of PNGRB is to unify the trunk pipeline network of GAIL and GSPL. We suggest that PNGRB presents a plan for unification of tariff of all pipelines which will be part of National Pipeline Grid as proposed above.

Our comments on other specific issues are

#### **1) Clause (1) (a) of Clause 6 of Schedule A – Volume Divisor Percentage**

The amendment proposes an approach where incremental volume divisor will be considered for First 10 years of operations to calculate unit natural gas pipeline tariff over the economic life on a normative or actual basis, whichever is higher. The proposed structure will be helpful for transporter especially when developing pipelines in new areas where it can take longer to reach high capacity utilization. We support this proposal.

#### **Adani Total Private Limited**

(Formerly, Adani Petroleum Terminal Private Limited)

CIN: U11201GJ2016PTC091695

8<sup>th</sup> Floor, Aravalli House, At Adani Shantigram, Near Vaishnodevi Circle, S G Highway, Ahmedabad 382 421, Gujarat, India  
Tel +91 79 2656 5555 Fax +91 79 2555 5500

Registered Office: Adani House, Nr Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009, Gujarat, India

**2) Insertion in Schedule A after Clause 10 – Escalation in levelized Tariff**

Board has proposed Annual increase in Levelized Tariff and effectively in zonal tariff also. The expected increase in costs due to inflation are already factored in when computing the levelized tariff of the pipeline for its life cycle. Secondly, the tariff is reviewed and recomputed by the Board periodically where any change in actual volume / cost are factored. Therefore, an escalation in levelized tariff every year does not seem to be justified.

**3) Whether integration should be considered only for cost-plus pipelines or Bid out Pipelines can also be included for the purpose of Unified Tariff and suggest proposed methodology for including bid out pipelines and any legal difficulty envisaged therein.**

If the general view of the stakeholders is to progress with unification of pipelines, this should be considered for all entities including bid-out pipelines. In absence of all entities being included, a customer may end up paying significantly higher tariff on account of pancaking and ambiguity will continue.

**4) Whether two-Zone tariff concept may also be applied to other pipelines i.e. cost-plus pipelines other than Integrated Natural Gas Pipeline System. Further, whether to include bid out pipelines also without changing total revenue from the pipeline, which are not part of the Integrated Natural Gas Pipeline System, and any legal difficulty expected therein.**

We support two zones model for tariff for the integrated natural gas pipeline system which should include pipelines of all entities, including bid-out pipelines. Our rationale for this is outlined in the opening paragraphs.

**5) Whether PNGRB should give unrestricted freedom to the entity to decide zone wise tariff or it should be within certain specified parameters as per regulations.**

The objective of Zonal tariff is to provide incentive to new markets to develop in the vicinity of new terminals and to give a discount to customers closer to a source of supply. The Board should frame rules for determination of zonal tariff. As already the regulations currently and future also will ensure a specific level of returns of the entity, zonal tariff should also be formulated in such a manner that every participant of the value chain i.e. LNG Terminal, pipeline operators and customers are benefitted.

We hope you will find out inputs constructive and helpful.

Thanking you,

Sincerely  
For Adani Total Private Limited,



**SP Singh, CEO**  
[SatinderPal.Singh@adani-total.in](mailto:SatinderPal.Singh@adani-total.in)  
+91 9099999274

**Adani Total Private Limited**  
(Formerly, Adani Petroleum Terminal Private Limited)  
CIN: U11201GJ2016PTC091695  
8<sup>th</sup> Floor, Aravalli House, At Adani Shantigram, Near Vaishnodevi Circle, S G Highway, Ahmedabad 382 421, Gujarat, India  
Tel +91 79 2656 5555 Fax +91 79 2555 5500