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Fwd: Comments on the PCD PNGRB/COM/2-NGPL/Tariff(3)/2019 Vol-II dated 29-June-20**From :** Aman Anand <anand.aman@pngrb.gov.in>

Mon, Jul 27, 2020 12:03 PM

Subject : Fwd: Comments on the PCD PNGRB/COM/2-NGPL/Tariff(3)/2019 Vol-II dated 29-June-20**From:** manishseth@enertechfuelsolutions.com**To:** "Secretary" <secretary@pngrb.gov.in>**Cc:** info@enertechfuelsolutions.com, rasik@enertechfuelsolutions.com, jayprajapati@enertechfuelsolutions.com**Sent:** Sunday, July 26, 2020 1:53:17 PM**Subject:** Comments on the PCD PNGRB/COM/2-NGPL/Tariff(3)/2019 Vol-II dated 29-June-20

Dear Sir

With reference to the PCD, we have the following submissions:

Initially a uniform postal tariff was prevalent and after PNGRB came into being, it found it to be flawed and thus PNGRB changed it to a distance based tariff regime, which has been working successfully since last so many years.

Hence the new proposal which again wants to go back to a system almost akin to a postage stamp tariff regime is not appropriate and amounts to flip flop in policy.

PNGRB should now consider moving to the regime of entry exit tariff, so that all the deficiencies which present today can be addressed.

The current proposal only bundles up the pipelines of one single entity and calculates tariff, which would again be having deficiencies, wherein one customer would gain at the cost of another. How would the proposed system address the issue of efficient tariffs, as bundling of all capex into one calculation would ensure that customers who would have got the benefit of scale of volumes in one sector would now be cross subsidizing the customers

in a sector having less volumes and high capex. If that be the case where is the incentive for a pipeline entity to economize its capex?

Further the proposed system would encourage monopolistic players to become even more dominant and strong which would deter new entrants to venture into pipeline business. That would be against the objective of ensuring competition as envisaged in the PNGRB Act.

The proposed regime would shake up tariffs, and the consumers who had planned their business operations near the gas source to take benefit of lower pipeline tariffs would be severely hurt. This is again inconsistency in policy.

If the purpose is to ensure that far off customers do not get high tariffs, the subsidization should be done in a manner so as not to distort the market. When the Government of India is moving towards Direct Benefit Regime, where subsidy is given to the consumers directly without distorting the market, why should the pipeline tariff regime move into the opposite direction. Government is already providing subsidies / Grants to fund the pipelines going into markets which are less industrialized.

Any tweaking of such kind shall give rise to further inefficiencies and distortion in the system and thus, is best avoided.

The proposed system would not address the additive tariffs, when gas moves from one system [i.e. pipeline operator] to another.

Also the pipelines systems listed as probable candidates for the proposed system may not be suitable for the same, for example, the GSPL's Low Pressure Gujarat Gas Grid and High Pressure Gujarat Gas Grid. Since these two are incompatible pipeline systems, merging the two systems for a single tariff regime would be disastrous for the consumers. Similar anomalies could be there for other pipeline systems listed.

Hence we suggest that the proposed scheme for entity wise uniform tariff regime be avoided and instead PNGRB should move to bring in a more efficient and market friendly regime like entry exit system, which would benefit all and not one at the cost of another.

Regards

Manish Seth

CEO

7/27/2020

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