

T/35.3
27th July, 2020

Ms. Vandana Sharma
Secretary
Petroleum & Natural Gas Regulatory Board
1st Floor, World Trade Centre,
Babar Road, New Delhi – 110001

Dear Madam,

Subject: Comments on Public Notice on PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations, 2008

Please refer to the Public Notice dated 29th June, 2020.

2. We always had reservation regarding any methodology for determination of pipeline tariff to the extent it leads to a large increase in tariff for existing customers. We had earlier shared our concern with the PNGRB vide our letters dated 1st November, 2018 and 23rd November, 2018 (copies enclosed). We have the following comments on the Public Notice:

- 2.1 There could be two objectives of the Unified Tariff. One may be the simplification of the system. But in practice, it may lead to more complex exercise of determination of tariff. Second objective could be levelized tariff for all pipelines in the system. This may lead to large increase in tariff for exiting customers. In fertilizer sector, most of the gas consumers will be affected and will end up paying higher tariff.
- 2.2 In clause 2.3 Part 2 of the Annexure 1, it is not clear whether every time a new pipeline is added to the system, all existing customers will be subjected to revision of tariff.
- 2.3 We will like to underline again that fertilizer (mainly urea) industry is the major consumer of natural gas in the country. Urea is a controlled commodity and its retail price is fixed by the government under Essential Commodity Act. Since the controlled maximum retail price (MRP) is much lower than cost of production, the difference is reimbursed to urea manufacturers called fertilizer subsidy. Therefore, any increase in tariff due to the concept of 'integrated natural gas pipeline system' will result in increase in cost of production of urea and hence fertilizer subsidy.

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2.4 Consumers' interest should remain the foremost while deciding on the methodology for fixation of gas pipeline tariff. For fertilizers, Government of India bears any increase in delivered cost of gas. Therefore, the Department of Fertilizers should always be consulted in the matter of fixation of tariff.

3. In view of the above, our request is that while deciding on the tariff in new system, existing customers should not be affected adversely.

Thanking you,

Yours faithfully,



(Satish Chander)

SATISH CHANDER
Director General

THE FERTILISER ASSOCIATION OF INDIA



T/35.3
1st November, 2018

Ms. Vandana Sharma
Secretary
Petroleum & Natural Gas Regulatory Board
1st Floor, World Trade Centre,
Babar Road, New Delhi – 110001

Dear Madam,

Subject : Final initial unit natural gas pipeline tariff under the provisions of the PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations, 2018

Please refer to the Public Consultation Document seeking comments of stakeholders on the above mentioned subject. In this regard our initial comments are:

- (i) We have come to know about the guidelines today and are seeking the comments from our members.
- (ii) The proposed tariffs are very steep for the pipelines.
- (iii) This will have direct bearing on the fertilizer subsidy, farmers' price and higher outgo for the government. As such, the comments of Department of Fertilizers, Department of Expenditure and Department of Agriculture and Cooperation may separately be obtained.

2. We will revert back with further comments after consulting with our member companies.

Thanking you,

Yours faithfully,

(Satish Chander)