

Natural Gas Pipeline Tariff Regulations, 2008

From : dbshah@gsfcltd.com
Subject : Natural Gas Pipeline Tariff Regulations, 2008
To : PNGRB, New Delhi <contact@pngrb.gov.in>, tech@faidelhi.org
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Thu, Jul 23, 2020 01:26 PM

1 attachment

Dear Sir,

We have reviewed the PNGRB proposal for Integrated Pipeline Tariff structure. GSFC comments on the attached document are as below;

- 1) How to calculate capacity of Integrated Natural Gas Pipeline System?
A. If gas is getting sourced through multiple pipeline operators from a given source, then, the sum of total tariff charged by pipeline operators should not be greater than the Unified Tariff. This should be considered as if such transmission is done through a single entity from Source to the point of Consumption.
- 2) Whether integration should be considered only for cost-plus pipelines or Bid out Pipelines can also be included for the purpose of Unified Tariff.
A. If one-nation-one-tariff is established than it may have to consider both cost-plus pipelines and bid out pipelines which will eliminate additional burden of two tariffs to end users.
- 3) Consequent to the change in NGPL Tariff Regulations, what changes may be required in the corresponding related provisions of other NGPL Regulations.
A. Pipeline Capacities must be available on demand under a transparent online module on common carrier basis to prevent arm twisting by the entities who carries out the business of both supply and transport.
B. All expenses incurred by the Transporter w.r.t losses, SUG and line pack should not be charged extra over and above the finalized Tariff.
C. Flexibilities in Transportation services with higher tolerance for variance in transportation and consumption must be allowed for Shippers.
D. With integration of Pipelines and higher revenues through increased Tariffs', penalties like Ship-or-Pay must be removed as actual capacities are normally not getting underutilized.
E. With a futuristic view, Pipeline Capacities booked on the system must be transferable or tradable to ensure optimum utilization and avoid/minimize penalties.
- 4) Whether while determining the Unified Tariff, pipelines of subsidiary companies can be included in the Integrated Natural Gas Pipeline System or not?
A. Yes, Unified Tariff should include all entities including their subsidiaries to ensure level playing field among all players.
B. The other pipelines than listed in the Proposal Viz: PIL east west pipeline, etc. should also be included in the integrated unified tariff system.
- 5) Whether two-Zone tariff concept may also be applied to other pipelines i.e. cost-plus pipelines other than Integrated Natural Gas Pipeline System
A. Integrated tariff system should have a provision of discounting tariff for higher transportation volumes so as to not load all the consumers unnecessarily in favour of few far off users using very small volumes.
- 6) 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
A. No, PNGRB should regulate the Tariff considering the fact that Natural Gas transmission services should not outpace the cost of commodity or its value vis-a-vis alternative fuels available as replacement. Moreover increase in tariff should be phase wise distributed over years to prevent effect on the end product profitability otherwise directly impacting the product users.

For your kind consideration please.

Regards,
D B Shah
ED (OP-II)



GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

Fertilizernagar – 391 750. Vadodara, Gujarat, INDIA.

To,

24th July 2020

Secretary, PNGRB

Sub: GSFC comments on proposed to amendments to “Determination of Natural Gas Pipeline Tariff Regulations, 2008”

Dear Sir,

We refer to the Public Notice dated 29th June 2020 inviting stakeholders for offering comments on proposed to amendment to the Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008.

As you may be aware, GSFC is one of the key stakeholders in the Fertilizer sector consuming Natural Gas to the tune of 1.6 MMSMCD. Our process plants are located in the State of Gujarat and are connected to major trunk pipelines. We source Domestic as well as RLNG through GAIL and GSPL Pipelines from multiple suppliers. Recently we have also secured supplies from RIL Deep Water Gas assets and expect supplies to start soon.

The proposed amendments are likely to hit us hard owing to likely increase in tariff structure. We would like to suggest following measures:

If gas is getting sourced through multiple pipeline operators from a given source, then the sum of total tariff charged by individual pipeline operators should not be greater than the Unified Tariff for the given length of pipeline on the Contractual path. We would also seek inclusion of all major trunk pipelines in the Integrated Tariff namely East-West Pipeline operated by M/s PIL which would be carrying the KG basin Gas to many consumers located on the west coast. If one-nation-one-tariff is established then the amendments need to consider both cost-plus pipelines and bid out pipelines which will eliminate additional burden of two tariffs to end users.

With the advent of IGX Platform, we feel that Pipeline Capacities must be available on demand under a transparent online module on common carrier basis so as to prevent arm twisting by the entities that carry out the business of both supply and transport. The amendment must ensure that various expenses incurred by Pipeline Transporters such as operational losses, SUG and line pack should be covered in the finalized Tariff. With integration of pipeline tariffs resulting in higher capacity utilization, flexibilities in Transportation services must be offered with higher tolerance for variance based on consumption by the Shipper. Penalties like Ship-or-Pay must also be removed if capacities are not getting underutilized. With a futuristic view, transfer or trading of Pipeline Capacities must be allowed to ensure optimum utilization, avoid/minimize penalties and improving utilization on IGX Platform.

We hope that your good office will take due cognizance of our views before finalizing the proposed amendments.

Looking forward for a fruitful outcome in the future through your periodical interventions in the policy matters.

For Gujarat State Fertilizers and Chemicals Ltd,

D B Shah,

Executive Director (Operations-II)

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