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Fwd: PNGRB Public Notice with Ref. no. PNGRB/COM/2-NGPL/Tariff(3)/2019 Vol-II dated 29th June, 2020 on proposed amendment of PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations, 2008**From :** Aman Anand <anand.aman@pngrb.gov.in>

Mon, Jul 27, 2020 11:38 AM

Subject : Fwd: PNGRB Public Notice with Ref. no. PNGRB/COM/2-NGPL/Tariff(3)/2019 Vol-II dated 29th June, 2020 on proposed amendment of PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations, 2008 1 attachment**From:** saureenbhatt@torrentpower.com**To:** "Secretary" <secretary@pngrb.gov.in>**Cc:** JigishMehta@torrentpower.com, pranavshah@torrentpower.com, arindamkar@torrentpower.com, akhilsaraswat@torrentpower.com, maitreyabhatt@torrentpower.com**Sent:** Sunday, July 26, 2020 11:06:54 PM**Subject:** PNGRB Public Notice with Ref. no. PNGRB/COM/2-NGPL/Tariff(3)/2019 Vol-II dated 29th June, 2020 on proposed amendment of PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations, 2008**Ref: PNGRB Public Notice with Ref. no. PNGRB/COM/2-NGPL/Tariff(3)/2019 Vol-II dated 29th June, 2020 on proposed amendment of PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations, 2008 and for various option for incorporating certain other provisions**

Dear Madam,

We thank Petroleum and Natural Gas Regulatory Board (PNGRB) for inviting stakeholder's participation by way of seeking comments in the matter of determination of Unified Tariff related to Integrated Natural Gas Pipeline System.

Torrent Power Limited (TPL) is one of the largest gas based power generation company in India (2730 MW) and is connected to various gas sources and hence will be affected by the proposed draft regulation related to the Integrated Natural Gas Pipeline System.

TPL would like submit comments and views on the proposed draft regulation and humbly request PNGRB to consider these comments:

- At the outset, the proposed unified tariff is conceptually same as postal transportation tariff which was applicable prior to PNGRB act came into effect. The natural gas industry has evolved from the postal transportation tariff concept to the zonal tariff, which is now widely accepted by the industry. Moving back to the postal transportation tariff would be a backward step towards the vision of development of gas based economy, as it would severely affect the existing industries.
- The erstwhile transportation tariff system that was based on a postal tariff for customers irrespective of the distance between them and the source; was perhaps suited for the stage of market prevailing at that point of time. Moreover, the postal tariff system was fraught with multiple inefficiencies in the form of cross-subsidies and under-recoveries for the concerned entities.
- It should be pertinent to note that development and creation of gas based industry is also market driven and it is not solely dependent of the transportation tariff.
- The unified tariff will increase inefficiency and the uncontrolled capital expenditure by the transporter, at the same time it will drastically increase the transportation cost for the existing customers and affecting their competitiveness in market. Such humongous increase prima facie does not seem justifiable and is certainly not in the interest of the existing customers. It may jeopardise the existing gas industry.
- One of the regulatory principles generally followed by sector regulators during determination of tariff in respect of protected monopoly infrastructure assets is to avoid imposing tariff shocks on the consumers. We therefore request PNGRB to verify and reconcile the tariff proposal and ensure that tariff shocks are not imposed on customers.

Based on the aforesaid submissions, we humbly request PNGRB not to consider the implementation of Unified Tariff for Integrated Natural Gas Pipeline System.

Without prejudice to the submissions above, we would like to submit our comments on other provisions of Annexure -2 as below;

- If integration is to be considered for the unified tariff, it should be considered only for the cost-plus pipelines of a single entity only. If the bided out pipelines are also included in determining Unified Tariff for Integrated Natural Gas Pipeline, then it will create further unnecessary burden to existing customers for non-relevant pipelines. Moreover, pipelines that were already bided out were based on certain economics and this should not be considered while determining the Unified Tariff. Similarly, PNGRB should separate the pipeline of entities and also their subsidiaries
- PNGRB must not give unrestricted freedom to the entity to decide zone wise tariff and it should be based on the specified parameter, which ultimately should be based on volume of the zones.
- Further PNGRB should also restrict/ regulate the entity for making any increase in future capex, unless there is any increase in volume for the integrated pipeline.

TPL would like to once again thank the Board for providing an opportunity to present its views. We humbly request the Board to consider our submissions.

Thanks & Regards,

Saureen Bhatt

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