

Ref: HPPL/BD/PNGRB/2022/01

Date: 27-01-2022

The Secretary

Petroleum and Natural Gas Regulatory Board,
1st Floor, World Trade Centre,
Babar Road, New Delhi - 110001

Sub: Expression of Interest (“EOI”) of Adani Total Private Limited (“ATPL”) to lay, build, operate or expand Natural Gas pipeline from Haldia (Purba Medinipur) to Panitar (North 24 Parganas)

- Ref:**
1. PNGRB Public Notice Ref. No. PNGRB/Auth/2-NGPL(14)/2021 dated 31.12.2021;
 2. PNGRB Letter Ref. No. Infra/NGPL/132/KSPL/KIPL/18 dated 17.10.2018 regarding decision of PNGRB on applications for Kanai Chatta-Shrirampur, Kukrahati-Itinda and Contai-Dattapulia natural gas pipelines;
 3. PNGRB Letter No. PNGRB/Auth/2-NGPL/BID/KSPL/ (8)/2019 dated 08.07.2019 for Grant of Authorization for Laying, building, operating or expanding natural gas pipeline along the route of Kanai Chatta (East Medinipur District, West Bengal) to Shrirampur (Nadia District, West Bengal) under PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008, as amended (“PNGRB Authorizing Regulations, 2008”); and
 4. Bid No. BID/NGPL/12/2018/02/KSPL for Application-Cum-Bid for Grant of Authorization for Laying, Building, Operating or Expanding Kanai Chhata (East Medinipur District, West Bengal) to Shrirampur (Nadia District, West Bengal) natural gas pipeline spanning 250 kilometers.

Dear Madam,

This is with reference to the Public Notice Ref. No. PNGRB/Auth/2-NGPL(14)/2021 dated 31.12.2021 for soliciting views from the stakeholders on the EOI in terms of Regulation 4(1) of the PNGRB Authorizing Regulations, 2008 from ATPL to lay, build, operate or expand Natural Gas pipeline from Haldia (Purba Medinipur) to Panitar (North 24 Parganas). At the outset, we would like to submit for the kind consideration of the Hon’ble Board that the Eoi submitted by ATPL should not be considered for further process by the Hon’ble Board under the extant regulations. In this regard, the following facts may kindly be noted:

1. Hooghly Pipelines Private Limited (“HPPL”) has been granted authorization by the Hon’ble Board for laying, building, operating or expanding natural gas

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pipeline along the route of Kanai Chatta to Shrirampur (“KSPL”) against the Bid No. BID/NGPL/12/2018/02/KSPL vide Letter No. PNGRB/Auth/2-NGPL/BID/KSPL/(8)/2019 dated 08.07.2019 under the PNGRB Authorizing Regulations, 2008.

2. We wish to draw your kind attention to the fact that H-Energy had, vide its letter number HEPL/BD/PNGRB/KIPL/001 dated 15.01.2018, submitted an EOI for its Kukrahati – Itinda natural gas pipeline (“KIPL”). The injection point and delivery point of the KIPL pipeline were situated in very close proximity of Haldia (Purba Medinipur) and Panitar (North 24 Parganas) respectively for which, the current EOI has been submitted by ATPL. It is pertinent to mention that Kukrahati, i.e. the injection point for KIPL which had been earlier proposed to be laid by H-Energy, and Haldia are both in Purba Medinipur district. Similarly, Itinda – the delivery point for KIPL is at the same location as Panitar at the Indo-Bangladesh Border. The EOI submitted by H-Energy for KIPL had been suitably addressed by the Hon’ble Board to be merged into the KSPL pipeline as per points 3 to 5 below.
3. We wish to draw your kind attention to the PNGRB Letter Ref. No. Infra/NGPL/132/KSPL/KIPL/18 dated 17.10.2018 regarding decision of the Hon’ble Board on applications for Kanai Chatta-Shrirampur, Kukrahati-Itinda and Contai-Dattapulia natural gas pipelines. The relevant extract of PNGRB letter dated 17.10.2018 is set out herein below:

“Para 1: The proposal is to lay 275 km dedicated pipeline from KanaiChatta to Shrirampur for transportation of the RLNG, to be received from FSRU proposed at offshore Digha in West Bengal, to a customer located in Bangladesh. The Custody transfer is proposed at Indo-Bangla Border within Indian territory.....”

Thus, in the larger public interest, to ensure uninterrupted and adequate supply of natural gas in different parts of the country and to promote competitive markets it has been decided by the PNGRB to invite bids for selecting an entity in an objective and transparent manner to lay, build, operate or expand Kanai Chatta-Shrirampur Natural Gas Pipeline.

Para 3: In order to finalize the route of the Pipeline for bidding, PNGRB analysed the routes of all the three pipelines viz. Contai-Dattapulia-Jajpur-Dhamra-Cuttak-Paradip Natural Gas Pipeline, Kanai Chatta-Shrirampur Pipeline and Kukrahati-Itinda Natural Gas Pipeline proposed by H-Energy Private Limited. The Board further deliberated that with the implementation of Dhamra LNG Terminal, Digha FSRU, JHBDPL and CBM

gas in west Bengal, the market condition will change a lot. There is expectation of high growth of CGD business in that area.

Therefore, the subject pipeline needs to be a common carrier which should become a part of national gas grid and gas will be supplied to Odisha, West Bengal, Jharkhand, Uttar Pradesh, Bihar, Sikkim, Assam and other North East States. Further, as per communication of MoPNG, dated 15.03.2017 in the context of partial capital grant for development of Jagdishpur-Haldia/Bokaro-Dhamra Natural Gas Pipeline project, there will be no duplicate/dedicated pipeline infrastructure connecting Dhamra/Paradip as source till the situation so demands as assessed by MoPNG.

PNGRB is of the view that with the implementation of Kanai Chatta-Shrirampur natural gas pipeline and interconnectivity with JHBDPL, all major portion of the region which would cover by Contai-Dattapulia-Jajpur-Dhamra-Cuttak-Paradip natural gas pipeline will be connected. Hence, there is no further requirement for re-bidding for Contai-Dattapulia-Jajpur-Dhamra-Cuttak-Paradip natural gas pipeline.

In view of the above, all interested investors may participate in the bidding process of Kanai Chatta-Shrirampur natural gas pipeline which has been floated by PNGRB.”

(Emphasis supplied)

It is evident from the above correspondence from the Hon'ble Board that after detailed deliberation, the Hon'ble Board had decided to invite bid for common carrier natural gas pipeline along the route from Kanai Chatta to Shrirampur (KSPL pipeline) under the extant regulations to cater to the natural gas demand of the said regions and to facilitate cross-border natural gas transportation to Bangladesh.

4. It is humbly submitted that the Hon'ble Board, in its reply in Appeal No. 379 of 2018 (*H-Energy Pvt. Ltd. v. PNGRB*) filed before the Hon'ble Appellate Tribunal for Electricity, had made the following submissions in respect of KIPL:

“13. That as is clear from the above narrative, in light of the various EoI's/ Applications/proposals submitted by the Appellant, the Board had to take a decision in respect of three proposed pipelines (Contai-Dattapulia Natural Gas Pipeline, Kanai Chatta-Shrirampur Dedicated Pipeline and the Kukrahati-Itinda Natural Gas Pipeline), which are all in almost the

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same geographical region. Thus, while taking a decision on the above pipelines, it was incumbent on the Board to analyse the routes of all the above three pipelines proposed by the Appellant. Hence, it was deemed fit by the Board to adopt a holistic approach and take a decision in respect of all the three proposals submitted by the Appellant, by ensuring adherence to the guidelines and objectives mentioned in Regulation 5 (4) of the NGPL Regulations. All the three proposals submitted by the Appellant were analysed simultaneously and an optimized route was finalized by the Board to fulfil the requirements stated in all the three proposals and at the same time taking care of the requirements of the region as treating the proposals separately would have led to an infructuous investment which would also not have been in the interest of the masses of the region...

14. That the Board deliberated and considered all the aspects related to all the Proposals/ Applications/EoI's, submitted by the Appellant, in its 80th meeting held on 10.08.2018 and concluded that it is not logical and practically feasible to have multiple pipelines in the same geographical region as the same will lead to infructuous investment and will not be optimal utilisation of resources. The Board also took into account the fact that with the implementation of Dhamra LNG Terminal, Offshore Digha FSRU, Jagdishpur Haldia Bokaro Dhamra Natural Gas Pipeline (JHBDPL) and production of CBM gas in West Bengal, the market conditions will change a lot. There is an expectation of high growth of CGD business in this area. Additionally, the above proposed pipelines will be utilized for cross border transportation of natural gas. Therefore, the subject pipeline needs to be essentially a common carrier and follow the route in such a way that the infrastructure thus proposed to be created is utilized for meeting the local gas demand in the region, in addition to the cross-border supply. This approach would also make the investment in infrastructure more viable...

...

17. That thus, in order to optimize the use of resources and avoid infructuous investment, PNGRB decided to invite bids on a very optimized route from Kanhai Chatta to Srirampur in place of the above three separate pipelines, as proposed by the Appellant, with provision to connect other gas sources, JHBDPL and various customers, including City Gas Distribution, en-route, and accordingly a Public Notice dated 28.09.2018 was issued under Regulation 5 (5) of the NGPL Regulations.

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The Board analysed the entire route and observed that Kanai Chhata-Shrirampur natural gas pipeline will pass within 50 kms from Kukrahati and hence connectivity to Kukrahati can be established through tie-in under relevant regulation. Similarly, Itinda is also within 100 km from Kanai Chhata-Shrirampur natural gas pipeline and can be connected through spur line. In so far as the question of providing connectivity to the gas grid network of Bangladesh is concerned, the same can be provided either through Shrirampur or Itinda, as both the places are located near the India-Bangladesh border. In this manner, the objective of the Appellant to ensure gas connectivity to the gas grid network of Bangladesh can be achieved through any of the two points of Shrirampur or Itinda and from that point, any customer in Bangladesh can withdraw gas, as per their rules and regulations. Furthermore, if any entity in India wishes to connect any additional source or spur lines to connect any other customer, they shall be free to do so under the relevant regulations.

18. ...in fact, the decision of the Board takes care of and ensures the fulfilment of all the objectives which were sought to be achieved through the proposal/application/EoI submitted by the Appellant. The first objective of the Appellant was to ensure connectivity to the gas grid network of Bangladesh, the second objective was to ensure connectivity in the region from Kukrahati to Itinda and the third objective was to ensure connectivity in the region from Kanhai Chatta to Shrirampur, either through the Contai-Dattapulia Natural Gas Pipeline or through the Kanhai Chatta-Shrirampur Dedicated Pipeline. All these objectives of the Appellant are achieved through the decision taken by the Board, which has been taken in the best interests of the consumers, entities and the region as a whole. Hence, the decision of PNGRB is in the interest of all entities, customers and masses of the region, through which the pipeline would pass, and serves the objectives, which the Board is mandated to achieve under the PNGRB Act, 2006.

...

20. ...The total length of the proposed KSPL is 250 kms and the connectivity to Kukrahati and Itinda with the proposed KSPL will be dealt as per the regulatory provisions for Tie-in connectivity and spur lines respectively, to keep the tariff within a single tariff zone. In this regard, adequate flexibility has been provided to the prospective bidder to connect Kukrahati and Itinda with the proposed KSPL at any nearest

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point so that effective length will be limited to a single tariff zone, which is defined up to 300 km of trunk pipeline in the NGPL Regulations. The quoted tariff in a tariff zone is same for each point within 300 kms and it has also been clearly mentioned in the Application cum Bid Document (at Page 62 of the Appeal) that spur lines shall be provided by the authorized entity as per the customer's requirement en-route the pipeline, in line with the provisions of the relevant Regulations...

21. That further, due care has been taken by the Board to protect the interests of the customers by incorporating additional new condition in the Bid Document for the proposed Kanai Chhatta-Srirampur pipeline. Clause No. 13.1 of the Application cum Bid Document (at Pages 44 and 45 of the Appeal) places a restriction on the bidder to quote only for a single tariff zone. Clause 13.1 is reproduced hereunder for ready reference:

"Keeping in view that the Regulations allow +/- 10% variation in pipeline route and consumer connectivity, within the tariff corridor, and that maximum single-tariff zone would be in the larger interest of the consumers, it has been decided by the Board to consider the entire pipeline length of 250 KM in maximum one tariff zone with a condition that no additional tariff other than Zone-1 tariff shall be levied by the authorized entity from any consumer for the natural gas transported through the proposed pipeline."

...

...As is clear from the contentions advanced on behalf of the Board in the Preliminary Submissions, all the proposals submitted by the Appellant, including the EoI for the KIPL route, were analysed simultaneously and an optimized route was finalized by the Board to fulfil the requirements stated in all the proposals and at the same time taking care of the requirements of the region. The Board analysed the entire route and after due deliberation, reached the conclusion that the interests of the entities, consumers and the masses of the region are going to be better served by avoiding infructuous investment and establishing connectivity to Kukrahati, which is within 50 kms of the Kanai Chhatta- Shrirampur natural gas pipeline, for which bids have been invited by the Board, through tie-in under relevant regulation. Similarly, Itinda is also within 100 km from Kanai Chhatta-Shrirampur natural gas pipeline and can be connected through spur line... The total length of the proposed KSPL is 250 kms and the connectivity to Kukrahati and Itinda with the proposed

KSPL will be dealt as per the regulatory provisions for Tie in connectivity and spur lines respectively, to keep the tariff within a single tariff zone. In this regard, adequate flexibility has been provided to the prospective bidder to connect Kukrahati and Itinda with the proposed KSPL at any nearest point so that effective length will be limited to a single tariff zone, which is defined up to 300 km of trunk pipeline in the NGPL Regulations. The quoted tariff in a tariff zone is same for each point within 300 kms and it has also been clearly mentioned in the Application cum Bid Document (at Page 62 of the Appeal) that spur lines shall be provided by the authorized entity as per the customer's requirement en-route the pipeline, in line with the provisions of the relevant Regulations. Clause 13.1 of the Application-cum-Bid document, which has been quoted in the Preliminary Submissions, has also been inserted by the Board to ensure the protection of the interests of the customers. Thus, the Impugned order has been passed by the Board with supporting reasons and serves the larger public interest.

...

...The proposed Kanai Chatta-Srirampur natural gas pipeline has been envisaged with a provision of connectivity to Kurahati and Itinda as well as to the Jagdishpur-Haldia-Bokaro-Dhamra pipeline, so that both gas sources, which are being implemented by the Appellant, can also be added to the National Gas Grid. This will give additional market and opportunity to the Appellant's gas sources, apart from the customer in Bangladesh and the local region... It is apparent that KSPL is the route that caters to a bigger region and hence will be a more favourable route for the entities as opposed to KIPL, which caters to a very small area. So, tariff discovery will be more competitive in case of KSPL than KIPL. Hence, if bid was invited for Kukrahati-Itinda route, the possibility of quoted tariff being exorbitant is extremely high, due to the fact that this route may not be suitable to many entities. Hence, the interest of the customers is protected by inviting bids on the most suitable route.

...

...It is respectfully submitted that the cost of connectivity, through a pipeline between Kukrahati and Itinda, may be less but the pipeline from Kanhai Chatta to Srirampur is the most competitive and on the optimized route, as it fulfils the requirement of all three proposed pipelines i.e Contai-Dattapulia Natural Gas Pipeline, Kanhai Chatta-Srirampur Natural Gas Pipeline as well as Kukrahati-Itinda Natural Gas Pipeline. The proposed Kanhai Chatta-Srirampur Natural Gas Pipeline, with connectivity to Kukrahati and Itinda through Tie-in/Spur lines, is more sustainable as it will enable the pipeline to connect multiple gas

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sources to supply uninterrupted gas and cover wide area for local distribution. Whereas, a direct pipeline from Kukrahati to Itinda will be dependent on only one gas source and cover less area. Additionally, it may become an entity/customer specific pipeline as any other third party may not be interested due to access to single gas source..."

(Emphasis supplied)

In light of the above submissions made by the Hon'ble Board, the following points emerge:

- 4.1. The proviso to Regulation 5(4) of the PNGRB Authorizing Regulations, 2008 provides the following criteria for selection of entity providing expression of interest for laying, building, operating or expanding a natural gas pipeline:

"...

Provided further that the Board in deciding so shall be guided by one or more of the following objectives, namely:-

- (i) promoting competition among entities;*
- (ii) avoiding infructuous investment;*
- (iii) maintaining or increasing supplies or for securing equitable distribution or ensure adequate availability of natural gas throughout the country;*
- (iv) protection of customers' interest in terms of availability of natural gas at reasonable natural gas pipeline tariff;*
- (v) incentivizing rapid development of natural gas pipeline infrastructure."*

Since the three pipelines proposed by H-Energy, i.e. Contai-Dattapulia natural gas pipeline, KSPL dedicated pipeline, and KIPL natural gas pipeline were all in almost the same geographical region, the Hon'ble Board, while adhering to the above guidelines and objectives, has held that it would not be practically feasible to have multiple pipelines in the same area as this would have led to an infructuous investment; sub-optimal utilization of resources; and would have been antithetical to consumer interest. Thus, in place of the above three separate pipelines, the Hon'ble Board decided to invite bids on laying of the KSPL pipeline.

- 4.2. On analysis of the entire route, it was observed by the Hon'ble Board that KSPL would pass within 50 kms from Kukrahati and hence, connectivity to Kukrahati could be established through tie-in under Regulation 21 of the PNGRB Authorizing Regulations, 2008. Similarly, Itinda was also within 100 km from KSPL and could be connected through spur line. Further, connectivity to the gas grid

network of Bangladesh could be provided either through Shrirampur or Itinda, as both the places were located near the India-Bangladesh border.

- 4.3. The total length of the proposed KSPL was 250 kms and connectivity to Kukrahati and Itinda with the proposed KSPL would be dealt as per regulatory provisions for tie-in connectivity and spur lines respectively (i.e. Regulation 21 of the PNGRB Authorizing Regulations, 2008), to keep the tariff within a single tariff zone.
- 4.4. The Hon'ble Board noted that if any entity in India wished to connect any additional source or spur lines to connect any other customer, they would be free to do so under the relevant regulations.
- 4.5. The Hon'ble Board further noted that since a common carrier pipeline from Kanhai Chatta to Shrirampur would be an optimal utilization of resources and would serve the objectives of connectivity to the gas grid network of Bangladesh; connectivity in the region from Kukrahati to Itinda; and connectivity in the region from Kanhai Chatta to Shrirampur, there was no requirement for a common carrier pipeline from Kukrahati to Itinda.
- 4.6. The Hon'ble Board had itself noted that even though the cost of connectivity for KIPL would have been lower than KSPL, however, KSPL would be the more competitive and optimized route.
- 4.7. The proposed KSPL would also provide connectivity to the Jagdishpur-Haldia-Bokaro-Dhamra pipeline ("JHBDPL"), so that both gas sources could also be added to the National Gas Grid, which would provide them additional market and opportunity apart from the customers in Bangladesh and the local region.
5. We further wish to highlight the Bid No. BID/NGPL/12/2018/02/KSPL for Application-Cum-Bid for Grant of Authorization for Laying, Building, Operating or Expanding Kanai Chhata (East Medinipur District, West Bengal) to Shrirampur (Nadia District, West Bengal) natural gas pipeline. The relevant extract of Application-Cum-Bid Document is set out herein below:

"Clause 17.2.1: PNGRB had received Expression of Interest (EOI) from the entity for laying, building, operating or expanding natural gas pipelines for Contai-Dattapulia-Jajpur-Dhamra-Cuttack-Paradip Natural Gas Pipeline and Kukrahati-Itinda Natural Gas Pipeline including request for a dedicated pipeline from Kanai Chhata, to Shrirampur. PNGRB analyzed the routes of all the three pipelines and having a view that with the implementation of Dhamra LNG Terminal, FSRU at offshore Digha Region,

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JHBDPL and CBM gas, the market condition will change a lot. There is expectation of high growth of CGD business in that area. **Additionally, the above proposed pipelines will be utilized for cross border transportation of natural gas.** Therefore, the subject pipeline needs to be essentially a common carrier in nature.

Clause 17.2.2: In view of the above, PNGRB has decided to initiate the invitation of bids to Lay, Build, Operate or Expand Natural Gas Pipeline from Kanai Chatta to Srirampur in West Bengal in place of the above mentioned three applications. PNGRB has identified the final route of natural gas pipeline. Accordingly, Application-cum-Bids are invited for authorization to develop Kanai Chatta - Shrirampur Natural Gas pipeline spanning about 250 Kilometers with an initial system capacity of at least 9 MMSCMD. The spur-lines shall be provided by the authorized entity as per the customer's requirement en-route the pipeline in line with the provisions of the relevant regulations. The route map and other details of pipeline are enclosed as Annexure 1.

Clause 17.2.3: It is the bidder's responsibility to obtain all information related to the present gas supply position and existing and future customers, if any falling along the route of the proposed natural gas pipeline."

(Emphasis supplied)

6. In view of the above discussion, it is submitted that the subject EOI of ATPL to lay, build, operate or expand natural gas pipeline from Haldia (Purba Medinipur) to Panitar (North 24 Parganas) should be rejected by the Hon'ble Board, and public consultation should not be proceeded further with due to the following reasons, *inter alia*:
 - 6.1. The injection point and delivery point of the indicative route of the natural gas pipeline proposed by ATPL, i.e. Haldia and Panitar, respectively, are proximate to the injection and delivery points of the proposed KIPL, i.e. Kukrahati and Itinda. Further, the natural gas pipeline proposed by ATPL runs parallel to, and even crosses into the tariff zone of, the KSPL pipeline being developed by HPPL. A map showing the indicative routes of KSPL, KIPL and the pipeline proposed by ATPL is enclosed along with this letter as **Annexure – 1**.
 - 6.2. As evident from the views of the Hon'ble Board set out above, connectivity to Haldia and Panitar, which are in close proximity to Kukrahati and Itinda

respectively, can be addressed by the KSPL pipeline through spur lines or tie lines as per extant regulations.

- 6.3. It is humbly submitted that the pipeline proposed by ATPL proposes to cater to the same demand centres as KSPL pipeline. The subject EOI states that the pipeline proposed by ATPL will be connected to JHBDPL and will supply in demand centres in West Bengal and for cross border supply to Bangladesh. It is submitted that the Hon'ble Board has already acknowledged, while reviewing the EOI for KSPL, that the proposed KSPL would provide connectivity to JHBDPL and also for cross border supply to Bangladesh apart from meeting the local demand in the state.
- 6.4. It is submitted that laying of natural gas pipelines is capital-intensive and involves heavy investment; therefore, sharing of the same load centres or injection point by the proposed ATPL pipeline will amount to infructuous investment and sub-optimal utilization of resources which is contrary to the guiding principles that are to be followed by the Hon'ble Board under proviso to Regulation 5(4) of the PNGRB Authorizing Regulations, 2008.
- 6.5. Since the Hon'ble Board had held that there was no requirement for multiple pipelines from Kukrahati to Itinda or Contai-Dattapulia-Jajpur-Dhamra-Cuttack-Paradip, it had invited bids on laying of KSPL pipeline. Considering the view of the Hon'ble Board on earlier occasion that it would be impractical to have multiple pipelines in the same area and would lead to infructuous investment and sub-optimal utilization of resources, the same logic should apply to the subject EOI by ATPL.
- 6.6. KSPL being a common carrier pipeline, any shipper(s) can book contract carrier and common carrier capacity pursuant to the PNGRB (Access Code for Common Carrier or Contract Carrier Natural Gas Pipelines) Regulations, 2008 ("**PNGRB Access Code**"). In case ATPL has a requirement of carrying / supplying gas to its load centres, the extant regulations provide for ATPL to book capacity with KSPL pipeline.
7. It has already been confirmed by HPPL to the Hon'ble Board that: (i) KSPL shall interconnect with JHDBPL at the appropriate location to cater the larger portion of the customer base; and (ii) the connecting point at Indo-Bangla Border of the Kanai Chatta-Shrirampur natural gas pipeline shall be at Panitar as requested by Bangladesh gas customer for supplying R-LNG to Bangladesh through Kanai Chatta-Shrirampur natural gas pipeline. The necessary coordinates in this regard have already been submitted to the Hon'ble Board. Hence, the major

propositions of the subject EoI, i.e. interconnectivity with JHDBPL and cross-border supply of natural gas to Bangladesh stands addressed through the existing Kanai Chatta-Shrirampur natural gas pipeline itself.

8. Without prejudice to the submissions above, even assuming but not conceding that the subject EoI can be considered to be a valid application as stipulated under the extant regulations, it is our submission that the subject EoI cannot be further processed by the Hon'ble Board for the following reasons:

8.1. There are various overlaps on the areas in the proposed pipeline route of the EoI which have already been considered while bidding the Kanai Chatta-Shrirampur natural gas pipeline as the areas mentioned in the subject EoI have already been considered as demand centres while bidding. There is no basis for authorizing a parallel common carrier for the same route as the KSPL pipeline without exhausting the capacity or the option of expansion of the KSPL pipeline. Any other pipeline connecting those regions will seriously undermine the financial viability of KSPL.

8.2. It is submitted that Regulation 4 of the PNGRB (Guiding Principles for Declaring or Authorizing Natural Gas Pipeline as Common Carrier or Contract Carrier) Regulations, 2009 provides the following:

"4. Objectives for declaring natural gas pipeline as common carrier or contract carrier

(a) Natural gas pipeline is widely accepted mode of bulk transportation of natural gas from a source to a delivery point over particular route. The concept of natural monopoly in transportation of natural gas is universally accepted in view of its capital intensiveness, safety factors and the need for protecting consumer's interests. Therefore, consumer interest is best served by promoting competition, avoiding infructuous investments by optimum utilization of infrastructure of natural gas pipelines.

(b) The concept of allowing capacity in natural gas pipeline to be utilized by any entity on a non-discriminatory basis shall incentivize emergence of independent shippers of natural gas who shall enter into contract carrier or common carrier arrangements with entities owing such infrastructure for transportations of natural gas which, in turn, shall lead to development of competitive natural gas markets."

(Emphasis supplied)

- 8.3. In case of natural gas pipelines, the Hon'ble Board will be required to examine whether there is any requirement either in terms of load or efficiency for introducing a parallel pipeline as it would result in duplication of infrastructure, thereby raising costs for consumers. Allowing the laying down of another common carrier pipeline in the same area would mean a wasteful duplication of resources and capital equipment.
- 8.4. KSPL pipeline has been awarded through a competitive bidding process. Therefore, the principles of ensuring competition for development of natural gas pipeline has already been adhered to.
- 8.5. The subject EoI directly affects the basis under which the natural gas pipeline tariff for Kanai Chatta-Shrirampur natural gas pipeline has been calculated and accepted by the Hon'ble Board.
- 8.6. Pursuant to the grant of authorization to HPPL for laying, building, operating or expanding KSPL, it is submitted that KSPL can cater to the natural gas demand of any customer and areas within the "Tariff Zone" on either side throughout the length of KSPL with spur lines.¹ As the proposed pipeline route of the subject EoI falls within the width of the "Tariff Zone" of KSPL, the technical and financial feasibility of KSPL would be severely impacted and the rights available to HPPL for carrying natural gas along the KSPL corridor will be substantially impeded. There is no justification provided by ATPL as to (i) the load projected by them that is not capable of being addressed by KSPL pipeline that would require development of a parallel pipeline; and (ii) such projected load cannot be addressed either by expansion of KSPL pipeline or by extension of the pipeline through tie in lines or spur lines. In fact, the projected load indicated by ATPL has already been addressed by the Hon'ble Board through KSPL pipeline.
- 8.7. To ensure competitiveness, uninterrupted supply of natural gas at a reasonable tariff, and to avoid duplicating the infrastructure or infructuous investment, the PNGRB Authorizing Regulations, 2008 have defined competitive bidding process and evaluation criteria. The authorization of KSPL to HPPL was granted considering all the above factors.
- 8.8. KSPL being a common carrier pipeline, any shipper(s) including IOCL can book the contract carrier and common carrier capacity pursuant to the PNGRB Access Code.

¹ Refer to definition of "Tariff Zone" under Regulation 2(1)(i) of the PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations, 2008.

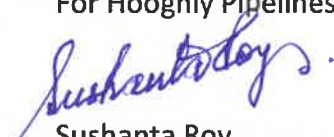
- 8.9.** In case there is any potential demand (over and above the assumption of KSPL) in the future, the same can be easily achieved by KSPL in a cost-effective manner, merely by expanding and extending KSPL at an appropriate time in a phase-wise manner under Regulation 12 of the PNGRB Authorizing Regulations, 2008. At present, we are confident that any kind of natural gas demand can be catered to by KSPL within its tariff zone.
- 8.10.** The subject EoI should be outrightly rejected as per Regulation 5(4)(b) of the PNGRB Authorizing Regulations, 2008, which states the following: *"...not to allow the proposed natural gas pipeline if it is convinced that, instead of laying, building or expanding the proposed natural gas pipeline, the projected potential demand could be better met in cost- effective manner by expansion of an existing pipeline;"*. Hence, the subject EoI is directly contradictory to the essence of the above Regulation 5(4)(b) as the subject EoI not only violates the basis of bidding criteria of competitive pricing mechanism, but will also create infructuous infrastructure parallel to the existing authorised natural gas pipeline. Therefore, the subject EoI should be out-rlightly rejected and withdrawn from further public consultation process.

Considering the above facts, we request the Hon'ble Board to kindly not proceed further with the subject EoI in order to safeguard the interest of the already authorised Kanai Chatta Srirampur Pipeline (KSPL). Any further exercise on the subject EoI shall impede the implementation of the KSPL natural gas pipeline and further deprive the competitive natural gas pipeline bidding process as stipulated in the extant regulations.

We look forward your kind support on the above matter and would be happy to provide further necessary information, if you so require, on the above matter.

Thanking you,

Yours faithfully,
For Hooghly Pipelines Private Limited,


Sushanta Roy
Project Director

Cc: Shri Gajendra Singh, Member, PNGRB

Encl: Annexure 1

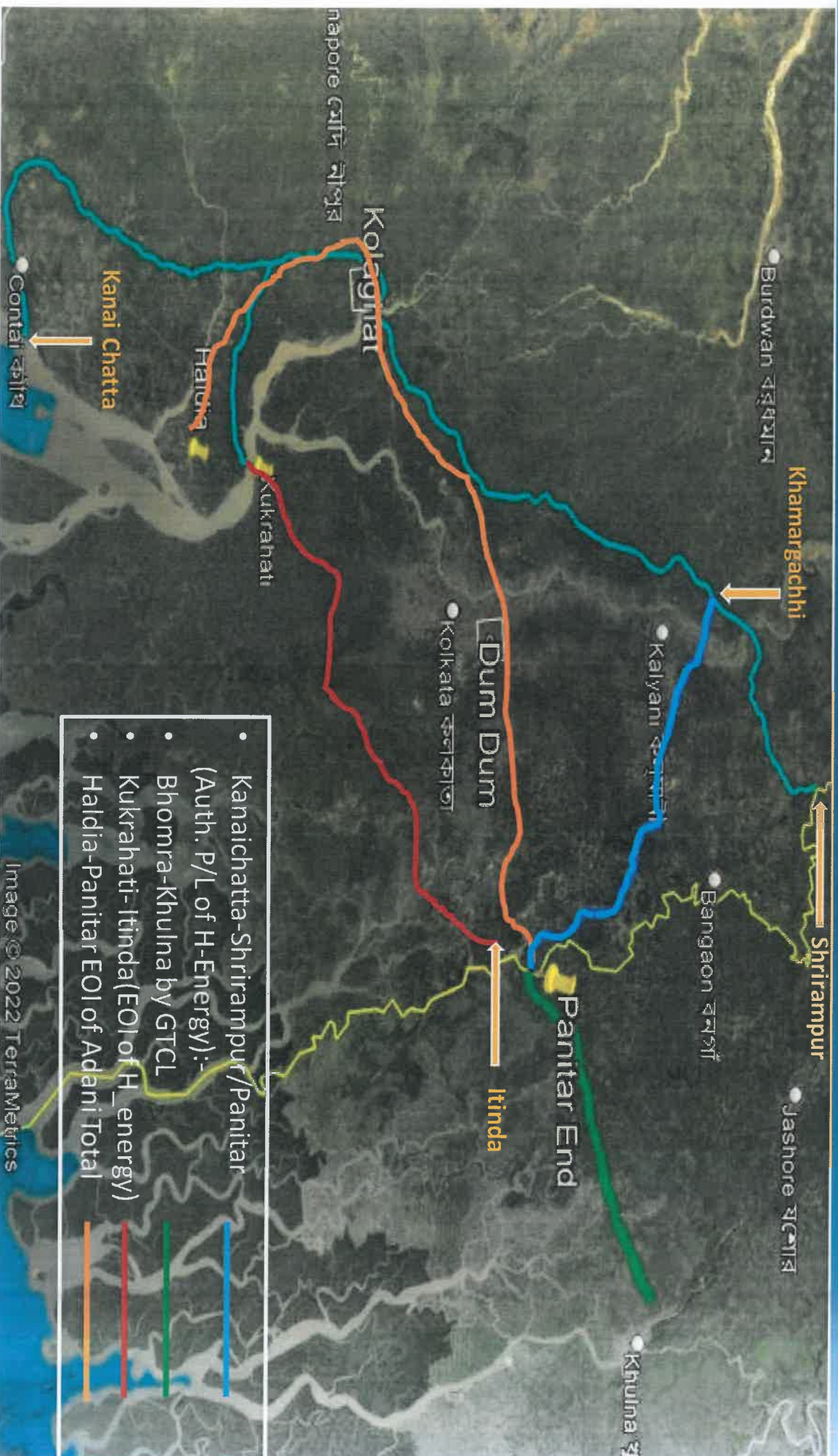


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