

Subject: Stakeholder comments on PCD PNGRB/M(C)/65-Vol.-II Dated 29.11.2018  
To: secretary@pngrb.gov.in

Date: 10/12/18 03:08 PM  
From: RAHUL GOYAL <rahul@riggroup.co.in>

Stakeholder Comments on PCD.pdf (134kB)

Dear Sir

Please find the attachment of submission in relation of Public consultation document for your kind perusal.

Kindly acknowledge the receipt of the same.

Thanks & Regards

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## SUBMISSIONS IN RELATION TO PUBLIC CONSULTATION DOCUMENT PNGRB/MC(C)/65-VOL-II DATED 29.11.2018

1. It is submitted that the above referenced PDC Document is not in accordance with s. 22 PNGRB Act and the PNGRB Act and is not in the interests of the consumers.
2. GAIL is seeking to claim and impose costs relating to development of multiple separate pipelines that it had undertaken at its own commercial risk and then clubbing them together as an "integrated system" or "integrated operational network" which is not supported by the provisions of the PNGRB Act.
3. The tariff under s. 22 PNGRB Act can be determined only for the specific authorised pipeline and spur lines linked to the authorised pipeline. In relation to the HVJ-DVPL-GREP Authorisation the specific sections constituting the said pipeline are identified clearly. The PCD Document is seeking to impose costs of pipelines that are not part of the authorised HVJ-DVPL-GREP and is prima facie against the provisions of the PNGRB Act.
4. The authorised HVJ-DVPL-GREP is identified in the Letter of Acceptance issued by this Hon'ble Board vide Ref No.: Infra/PL/Exis/17/HVJ-GREP-DVPL/GAIL/01/10 dated 19.04.2010. The map accompanying the PDC has included a number of pipelines that have been built as stand alone separate pipelines but without obtaining the requisite authorisation or approval of the PNGRB and are now being sought to be taken as part of the "HVJ-GREP-DVPL" network.
5. The detailing of the pipelines in the PCD claiming to now be comprising the HVJ-GREP-DVPL is beyond the authorised network as provided in the PNGRB HVJ Authorisation.



6. The detailing of the pipelines in the PCD claiming to now be comprising the HVJ-GREP-DVPL is even beyond scope of the sections of the pipeline enumerated in the capacity determination of HVJ-GREP-DVPL pipeline as undertaken by the Hon'ble Board itself.
7. The letter dated 29.11.2018 provided by GAIL to the Hon'ble Board is in itself an admission that the HVJ-GREP-DVPL pipeline now is being sought to comprise of 227 additional pipelines, pipeline networks and CGD networks that have not been authorised to be part of the HVJ-GREP-DVPL pipeline and costs relating to those are now being sought to be combined instead of being considered as specific separate pipelines to ensure more transparent tariff.
8. The Hon'ble Board cannot include pipelines that are clearly distinct and separate and do not have the required authorisation under the PNGRB Act to be made part of a larger existing pipeline network and include the capital cost of the larger network onto the separate and distinct pipeline.
9. GAIL is seeking to claim that since the source of gas is common for the various pipelines they are all integrated into one pipeline system. This test for determining whether various distinct pipelines covering various parts of the country are all part of a single pipeline has no basis in the PNGRB Act or the applicable PNGRB Regulations and is clearly ultra vires the present applicable legal framework.
10. A natural gas pipeline is clearly defined under the PNGRB Act and the applicable PNGRB regulations and they are not determined with respect of source of gas. If that were so, all pipelines will be part of the same single pipeline as presently majority of gas is sourced through LNG arriving at Dahej and Hazira LNG Terminals with certain additional LNG being received in Dhabol. Furthermore, the requirement of interconnectivity of various pipelines to enable sourcing of gas



11. The review of the letter dated 29.11.2018 provided by GAIL clearly reveals that not only is GAIL seeking to add separate and distinct pipelines as "spur lines" but also the it is included what are clearly city gas distribution networks as part of the HVJ-GREP-DVPL pipeline. This is clear from the following:
- a. *Hazira-Vijaypur, Dahej-Vijaypur-I* (items 1 to 15 of Annexure A of the said letter) seem to the original pipeline (as they were commissioned between 1986-2004) but are now being re-classified to also include Dahej Vijaypur-II which was commissioned much later in 2011(items 16-22 of Annexure A of the said letter).
  - b. Hazira-Vijaypur and Dahej-Vijaypur-I pipelines are clearly separate and distinct from Dahej Vijaypur-II as the latter is commissioned in 2011 after the PNGRB Act came into effect and more than 13 years after the commissioning of the Dahej-Vijaypur-II. They comprise of smaller segments of large pipelines having a diameter ranging from 30" to 36" to 48" pipelines with lengths of sections ranging from 0.8 km to the maximum being 99.24 km
  - c. Items 26- to 70 all seem to be smaller spur lines of the Hazira-Vijaypur, Dahej-Vijaypur-I and Dahej-Vijaypur-II pipelines as their length is reasonably small and they seem to have been generally commissioned by 2007
  - d. the *Jagoti-Pithampur (JIPPL) pipeline* (Item 71) is clearly a separate pipeline as it is a 90.73km line with pipeline of a diameter of 16".
  - e. *The Vijaypur-Auraia pipeline* is clearly a separate pipeline (items 74-78)
  - f. The *Auraia-Jagdishpur* pipeline is clearly a separate pipeline (item 80-82)
  - g. The *Vijaypur-Dadri (GREP)* is clearly a distinct pipeline (item 97-102). It was commissioned in 1997.
  - h. The *Bhajera-Agra* (item 109) and *Agra-Firozabad* (item 112) and Lalpur-Mathura (item 113) seem to be one pipeline originating from Vijaypur-Dadri(GREP)'s Kailaras-Bhajera-Chhainsa section (item 105-106) and were all commissioned in 1997 itself and therefore are distinct from the rest of the network.



- i. *The Bhajera-Agra pipeline* (item 110) is clearly a distinct and separate pipeline that was a larger diameter pipeline of 12" commissioned only in 2011
- j. *The Auraia-Babrara-Dadri* (items 131-135) are clearly a separate pipeline commissioned between 1988-1989
- k. *The Vijaypur-Dadri(VDPL)* is clearly a distinct pipeline (item 103-107) commissioned in 2010 and aggregating to more than 400km of pipeline.
- l. *The Sikandarabad Pipeline Network* (item 148-154) is clearly a CGD network that is being sought to be made part of the common carrier pipeline network. The pipelines are clearly to industrial consumers having diameter of 4". This would require pressure reduction from the main common carrier pipeline network. This would fall under the definition of "city or local natural gas distribution network" under the PNGRB Act and not common carrier pipeline. It was also commissioned in 1992.
- m. *The Ghaziabad Pipeline Network* (items 155-168) is again clearly a CGD network that is being sought to be made part of the common carrier pipeline network. The pipelines are clearly to industrial consumers having diameter of 4". This would require pressure reduction from the main common carrier pipeline network. This would fall under the definition of "city or local natural gas distribution network" under the PNGRB Act and not common carrier pipeline. It was also commissioned in 1992.
- n. *The Sahibabad Pipeline Network* (item 169-184) is again clearly a CGD network that is being sought to be made part of the common carrier pipeline network. The pipelines are clearly to industrial consumers having diameter of 4". This would require pressure reduction from the main common carrier pipeline network. This would fall under the definition of "city or local natural gas distribution network" under the PNGRB Act and not common carrier pipeline. It was also commissioned in 1994.
- o. *The Bahadurgarh Pipeline Network* (items 193-203) is again clearly a CGD network that is being sought to be made part of the common



having diameter of 4". This would require pressure reduction from the main common carrier pipeline network. This would fall under the definition of "city or local natural gas distribution network" under the PNGRB Act and not common carrier pipeline. It was also commissioned in 1992 with one section being commissioned in 2014 indicating expansion of the network without obtaining due CGD authorisation.

u. *The Kota-Chittaurgarh Network* is clearly a distinct and separate pipeline network developed to cater to the industrial belt and was commissioned only in 2017

12. Gamma InfrapropPrivate Limited is directly and adversely impacted by the attempt by GAIL to include the Kashipur Pipeline Network as part of the DVPL-GREP pipeline network when clearly it is admittedly only connected by a pipeline having a length of 0.274 kilometers.
13. GAIL is clearly attempting to include costs relating to various separate and distinct natural gas pipelines, and CGD networks as part of a single tariff thereby imposing much higher than applicable tariff. The customers connected to the separate pipelines and CGD networks cannot under law be imposed with the higher single pipeline tariff on the basis of a "integrated tariff", or "single operational network" concept which has no basis under the statutory regime governing natural gas pipeline tariff determination.
14. Also Gamma InfrapropPrivate Limited is directly concerned with claim of the year of commissioning related to the Kashipur Pipeline Network and the Karanpur-Kashipur were commissioned in 2012 which is an erroneous submission by GAIL India Limited in the letter dated 29.11.2018 and which is being submitted with the specific aim to prejudice an ongoing matter that is present sub-judice before the Hon'ble APTEL. GAIL has not made the disclosure that the year of commissioning is a subject matter and is sub-judice before the Hon'ble APTEL in the case of *GAIL India Limited v. Gamma Infraprop Limited Appeal No. 132 of 2016*. It is clear from available documents that the Karanpur-Moradabad-Kashipur-Rudrapur pipeline was clearly not



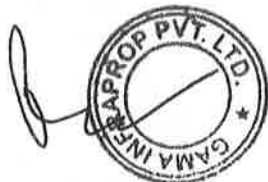
carrier pipeline network. The pipelines are clearly to industrial consumers having diameter of 4". This would require pressure reduction from the main common carrier pipeline network. This would fall under the definition of "city or local natural gas distribution network" under the PNGRB Act and not common carrier pipeline. It was also commissioned in 1992.

- p. *The Sonipat Pipeline Network* (items 187-192) is again clearly a CGD network that is being sought to be made part of the common carrier pipeline network. The pipelines are clearly to industrial consumers having diameter of 4". This would require pressure reduction from the main common carrier pipeline network. This would fall under the definition of "city or local natural gas distribution network" under the PNGRB Act and not common carrier pipeline. It was also commissioned in 1992 with one section being commissioned in 2018 indicating expansion of the network without obtaining due CGD authorisation.
- q. *The Karanpur-Kashipur pipeline (KKRPL)* (item 212) is clearly a distinct and separate pipeline that is being claimed to have been commissioned in 2012 (which is erroneous as submitted below)
- r. *The Kashipur-Rudrapur pipeline* is also a separate pipeline (item 212) that is being claimed to be commissioned in 2012
- s. *The Kashipur Pipeline Network* is clearly distinct and separate from the DVPL-GREP network and is clearly in the nature of a separate network developed to supply gas to industrial consumers in Kashipur district. More specifically it is stated that the Kashipur pipeline to Gamma Infraprop Limited's power plant was commissioned in 2012 which is erroneous. However, GAIL has accepted for the first time that the pipeline length laid for the Gamma Infraprop Limited is only 0.274 kilometers. Which disclosure is welcomed.
- t. *The Rudrapur Pipeline Network* again is clearly a separate developed to supply gas to Rudrapur district and not a part of the HVJ-GREP-DVPL the authorised pipeline. The Rudrapur Network is clearly a CGD network that is being sought to be made part of the common carrier pipeline network. The pipelines are clearly to industrial consumers



commissioned in 2012 as the pipeline itself had not been physically completed till atleast 2013. The issue of whether the pipeline is part of the authorised HVJ-GREP-DVPL network is also sub-judice before the Hon'ble APTEL and the same cannot be determined in determinant to the rights of Gamma Infracorp Private Limited.

15. The submission made by GAIL India Limited in its letter dated 29.11.2018 is an admission that the various distinct pipeline sections and CGD networks have been developed by it without obtaining the requisite due authorisation and is now seeking to overcome that legal infirmity by claiming all the various distinct pipelines developed and commissioned at various separate points of time to be part of a single "operational network" and distribute the high capex incurred by it onto various customers of distinct pipelines.
16. The data submitted in the letter dated 29.11.2018 relating to the year of commissioning of the pipeline segment of Karanpur-Kashipur and more specifically is misleading and false. It is submitted that the Hon'ble Board has to necessarily undertake a separate proceeding to determine, based on evidence, the actual year of commissioning of the Karanpur-Kashipur pipeline and its related network.
17. The issue relating to the date of commissioning and validity of the applicability of the DVPL-GREP pipeline is part of the pending proceedings before APTEL in the case of GAIL India Limited v. Gamma Infracorp Limited Appeal No. 131 of 2016.
18. The filings are also an effort by GAIL to undermine the an issue that is presently sub-judice before the Hon'ble APTEL. GAIL has not disclosed the fact that the issue of year of commissioning of the Karanpur-Moradabad-Kashipur-Rudrapur pipeline is sub-judice before the Hon'ble APTEL in the case of *GAIL India Limited v. Gamma Infracorp Limited Appeal No. 131 of 2016*.





19. It is further submitted that the tariff determined on such a unified "pipeline network" cannot be made applicable for the purposes of determination of "ship or pay" invoices but only actual transportation.
20. Gamma Infraprop Private Limited and GAIL (India) Limited are under various disputes relating to the tariff being imposed by GAIL (India) Limited on the transportation of natural gas to its power plant in Kashipur District and for the first time GAIL (India) Limited has admitted that: (i) the Karanpur-Kashipur pipeline and the Kashipur pipeline network is presently not an authorised pipeline, (ii) the Karanpur-Kashipur pipeline and the Kashipur pipeline network is presently is presently not part of the DVPL-GREP pipeline and DVPL-GREP tariff cannot be imposed thereon under the PNGRB Act, (iii) that GAIL has actually laid only 0.274 kilometres of pipeline for connecting Gamma Infraprop Pvt. Limited's power plant at Kashipur.

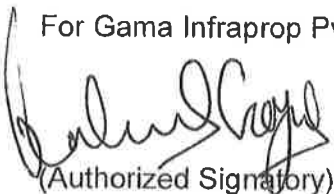
#### *Concluding Submissions*

21. The PCD is outside the framework of the PNGRB Act and the applicable PNGRB regulations.
22. It is submitted that the and Kashipur Pipeline Network is clearly distinct and smaller pipelines from the DVPL-GREP and the capex of HVJ-GREP-DVPL and DVPL-GREP cannot be imposed on the customers connected to the same.
23. Furthermore, the issue of the date of commissioning of the Karanpur-Kashipur pipeline and Kashipur Pipeline Network requires to be verified by the Hon'ble Board and the Hon'ble Board must undertake a separate process open to all stakeholders to determine the "Year of Commissioning" of the said pipelines.
24. Without prejudice to the above submissions, it is further submitted that in the event, The Hon'ble Board proceeds with the present tariff determination process, it will have to necessary demarcate and stipulate that:



- (i) Initiate separate proceedings open to all stakeholders in relation to the capital expenditure and time of commissioning of the Karanpur-Kashipur pipeline and Kashipur Pipeline Network
- (ii) any determination of tariff in the present proceedings will be without prejudice to ongoing disputes between GAIL and its customers particularly Gamma Infracorp Private Limited,
- (iii) clarify that the tariff determination proceedings does not amount to authorisation of the various pipelines and CGD network developed without authorisation
- (iv) capital costs relating to development of CGD networks and distinct pipelines cannot be imposed on customers
- (v) no retrospective application to customers can occur,
- (vi) GAIL should demarcate separate pipeline networks and CGD networks and disclose the capital expenditure,
- (vii) obtain authorisation for the distinct and separate pipeline networks and CGD networks and not include all of the various distinct pipelines and CGD networks onto HVJ-GREP-DVPL (being the only authorised pipeline),
- (viii) tariff determined in such unified network principles cannot be used for purposes of ship or pay calculations and ship or pay calculations will need to be determined distinctly relating to the spur line of 0.119 km laid for Gamma Infracorp Private Limited.
- (ix) Tariff determination is without prejudice to the ongoing disputes relating to ship or pay invoices and any such tariff cannot be used to issue ship or pay tariff.

For Gama Infracorp Pvt. Ltd.

  
(Authorized Signatory)



