

Ref no: HEGMPL/OTM/MKT/2019/17
June 25, 2019

To,
The Secretary
Petroleum and Natural Gas Regulatory Board
First Floor, World Trade Centre
Babar Road, New Delhi - 110001

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Subject: Submission of views on the Proposed Amendment in Petroleum and Natural Gas Regulatory Board (Access Code for Common Carrier or Contract Carrier Natural Gas Pipelines) Regulations, 2008

Dear Madam,

This is reference to the Public Notice No. PNGRB/M(C)/31(Vol-III) dated June 10, 2019 soliciting views on Proposed Amendment in PNGRB (Access Code for Common Carrier or Contract Carrier Natural Gas Pipelines) Regulations, 2008.

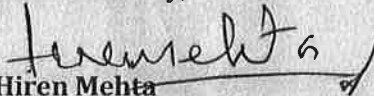
We appreciate the efforts made by the Hon'ble Board in the direction of streamlining the way currently capacity booking/third party access of Natural Gas Grid is allowed to customers/shippers under the relevant Regulations. We welcome the steps being taken by the Hon'ble Board by proposing the subject Amendment.

H-Energy would like to draw the kind attention of the Hon'ble Board towards the bundled contracts (delivery ex-plant) which many of the pipeline operators in India have executed with their customers/shippers as of date. The Bundled Contracts are in breach with the PNGRB Act 2006 and the Extant Regulations. We believe that such Bundled Contracts are restricting the competition in the gas market, adversely impacting the confidence of consumers, growth of the gas industry and discriminating towards other LNG suppliers.

We take this opportunity to request the PNGRB that details of all the existing Bundled Contracts executed by pipeline operators should be submitted to PNGRB and such agreements/contracts should be terminated with effect from the notification of this Amendment Regulations. This is for the reason that Bundled Contracts does not levy imbalance or overrun charges on the customers on the pretext of marketing margin being earned on sale of RLNG. Termination of Bundled Contracts shall eventually promote competition amongst entities and protect the interest of consumers by fostering fair trade practices. Upon notification and enforcement of the subject Amendment, PNGRB and other stakeholders will be able to track undue advantage taken by the pipeline operators under Bundled Contracts. Further our other views/suggestions on the proposed Amendment are enclosed as **Annexure I** for your kind consideration.

Thank you.

Yours faithfully,


Hiren Mehta
General Manager - Marketing



Annexure I

S. No.	Proposed Amendment	Views/Suggestions
1	(i) There shall be established an escrow account to be maintained by the Board from the date these regulations coming into force, which shall be credited with all charges received by the transporter on account of imbalances and overruns.	PNGRB may also include the following words " <i>.....but excluding charges received by the transporter on account of Imbalance Management Services notified vide relevant regulations</i> ".
2	(iv) The transporter shall make all reasonable efforts for recovering the said imbalances or overruns charges from the shipper within the period it allows shipper to pay its transportation charges.	<ul style="list-style-type: none"> The process of timely recovering the said imbalances or overrun charges from Shipper by Transporter should be tightened rather than maintaining the reasonable basis stand. Recovery with respect to imbalance and overrun charges should be governed by individual Gas Transmission Agreements executed between Transporter and Shipper. In case, Transporter faces any kinds of issue in such recovery, the Transporter should submit all Notices/communications exchanged with Shippers to PNGRB for resolution.
3	(vii) The transporter may claim from the escrow account the amounts incurred by it towards its contractual obligations with reference to supply or pay and extra efforts to compress gas in case of negative imbalance and system management of the pipeline system due to such imbalances created by the shippers. However, such claim shall not exceed the amount deposited by him in the escrow account.	<ul style="list-style-type: none"> There should be a set-off provision against future credits from escrow account, given that entity provides an undertaking in this regard. PNGRB may kindly clarify whether the supply or pay mentioned here is same as ship or pay.
4	(viii) Such claim may be submitted annually by the transporter to the Board within 60 days of the end of each financial year with details such as details of amounts incurred by it, its	<ul style="list-style-type: none"> It may be noted that Transporter has to deposit amount on quarterly basis but they will receive claim amount from total deposit on yearly basis. The same



	bank account details, Permanent Account Number and detailed rationale of such claim, along with a certificate from a Chartered Accountant certifying such details.	should be amended in line with deposition of charges by transporter, i.e. on quarterly basis.
5	(x) The accumulated amounts lying in the escrow account established by the transporter along with interest and any other earnings thereon shall be deposited by the transporter into the escrow account established by Board within thirty days of this regulation coming into force. Transporter shall submit year-wise, pipeline-wise, shipper-wise details of accumulation of such charges in the escrow account, details of withdrawal from the escrow account and details of interest or any other earnings from such escrow account along with a certificate from a Chartered Accountant certifying these details within thirty days of these regulations coming into force.	Details of already existing escrow account by Transporter should be provided since inception of such account to PNGRB.

