

# ENERGY

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Ref: HEPL/BD/PNGRB/2018/018

21<sup>st</sup> November 2018

To,  
Smt. Vandana Sharma  
Secretary  
Petroleum and Natural Gas Regulatory Board  
1<sup>st</sup> Floor, World Trade Centre  
Babar Lane, Connaught Place  
New Delhi - 110001

**Sub: Open House Discussion for Provisional Initial Unit Natural Gas Pipeline Tariff of Jagdishpur Haldia Bokaro Dhamra Natural Gas Pipeline Network**

Dear Madam,

With reference to Public Notice No PNGRB/M(C)/209 dated 20<sup>th</sup> November 2018 regarding the Open House Discussion for provisional initial unit natural gas pipeline tariff of the Jagdishpur Haldia Bokaro Dhamra Natural Gas Pipeline (JHBDPL), our queries on the subject pipeline are as follows:

1. It is mentioned in the Public Consultation Document No. PNGRB/M(C)/209 webhosted on 17<sup>th</sup> October 2018 that the PNGRB has issued a Provisional Authorization vide letter no INFRA/NGPL/GAIL/JHBDPL/01/18 dated 02<sup>nd</sup> February 2018 for the Barauni - Guwahati Natural Gas Pipeline as an integral part of JHBDPL. It is requested that this Provisional Authorization may be webhosted and placed on public record.
2. The Barauni - Guwahati Natural Gas Pipeline is being treated by the PNGRB as an extension of JHBDPL. By the same logic, the proposed Angul - Mumbai Natural Gas Pipeline is also another extension of JHBDPL.

While, the PNGRB has suo motu initiated the process for inviting bids for the Angul - Mumbai extension vide Public Notice No. Infra/NGPL/145/MAPL/01/18 dated 06<sup>th</sup> November 2018, it has not done so for the Barauni - Guwahati extension of JHBDPL even though an EoI was submitted by M/s Assam Gas Company on 24<sup>th</sup> May 2017 to Lay, Build and Operate a Natural Gas Pipeline along the same route.

The reasons for not inviting bids prior to granting provisional authorisation for the Barauni - Guwahati extension of JHBDPL may be clarified.

3. The MoPNG vide its Letter No L-14014/44/2006-GP-I (Pt.II) dated 07<sup>th</sup> October 2016 wrote to the CMD, GAIL (India) Limited stating that

*"The Cabinet Committee on Economic Affairs in its meeting held on 21<sup>st</sup> September 2016 on the subject pipeline has inter-alia approved 40% Capital Grant i.e. Rs. 5,176 Crore of the estimated capital cost of Rs. 12,940 Crore by GoI to GAIL (India) for execution of Jagdishpur Haldia Bokaro Dhamra Natural Gas Pipeline*

Five months later, the MoPNG vide its Letter No L-14014/44/2006-GP-I (Pt.II) dated 15<sup>th</sup> March 2017 wrote to the Secretary, PNGRB stating that

*"The Board shall authorize GAIL to develop Bokaro - Dhamra Gas Pipeline (BDPL) (earlier identified as a pilot PPP project under VGF scheme) which has already been clubbed with Jagdishpur - Haldia Pipeline. GAIL shall provide the necessary information in this regard, as may be required by the Board in a timely manner"*

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In this regard, the following may be kindly clarified:

- i. Since the Board was directed by the MoPNG vide its letter dated 15<sup>th</sup> March 2017 to authorize GAIL to develop the Bokaro – Dhamra Gas Pipeline (earlier identified as pilot PPP under VGF scheme) which has already been clubbed with the Jagdishpur –Haldia Pipeline, please let us know the basis for granting provisional authorisation for the extension of JHBDPL to Guwahati via Barauni.
- ii. Moreover the Capital Expenditure declared by GAIL for JHBDPL (including Barauni – Guwahati Pipeline) excluding interest during construction, as shown in the table below is Rs. 14,895.93 Crore (including inflation).

Particulars	Amount (Rs. Crore)
Actual Capital Expenditure (Including Pre-Commissioning Cost) excluding IDC till 31.03.2018	2,339.43
Future Capital Expenditure for laying JHBDPL and Guwahati – Barauni P/L connectivity (excluding IDC and including inflation)	12,556.51
<b>Total Capital Expenditure</b>	<b>14,895.94</b>
Capital Grant in form of Viability Gap Funding from MoPNG (excluding IDC)	(4,995.41)
<b>Net Capital Expenditure</b>	<b>9,900.53</b>

It may be clarified whether the Capital Grant in the form of Viability Gap Funding to GAIL has been changed and if the revised capital grant has been approved by the CCEA.

- a) It is requested that the Board may kindly define, elaborate and place on public record the various factors taken into consideration, including the minimum IRR Value acceptable during the project feasibility analysis in order to determine the tariff for which this project will be economically viable on a standalone basis.

We would request that our above mentioned queries may be taken on record and placed for discussion in the Open House scheduled for the 26<sup>th</sup> of November 2018.

Thanking you

Yours faithfully



**Abhirup Bhattacharya**  
*Vice President, Business Development*

CC

1. Shri D.K. Sarraf, Chairperson, PNGRB
2. Shri Satpal Garg, Member C&M, PNGRB
3. Dr. S.S. Chahar, Member Legal, PNGRB
4. Shri S. Rath, Member I&T, PNGRB

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