



S.No 7640

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Hazira LNG Private Ltd.

Ref: SEI/MC/2019/PNGRB/PCD/02
08 March 2019

The Secretary,
Petroleum & Natural Gas Regulatory Board,
1st Floor, World Trade Centre,
Babar Road,
New Delhi – 110001

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Subject: Comments on the proposal of M/s IMC Limited for Extension of Kakinada-Vijayawada-Nellore Natural Gas Pipeline from GSPC/ONGC Terminal to ONGC's Odalarevu Terminal

Respected Madam,

This has reference to the public notice soliciting views on the proposal of M/s IMC Limited for Extension of Kakinada-Vijayawada-Nellore Natural Gas Pipeline (KVNPL) from GSPC/ONGC Terminal to ONGC's Odalarevu Terminal in terms of Regulation 21(2) of Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipeline) Regulation 2008. Please find below our views on the subject matter.

- 1) Extension of the proposed pipeline will provide optionality to the existing and new gas customers enabling faster penetration of gas in this area.
 - a. Multiple sourcing options will boost the confidence of potential customers on the availability of natural gas at competitive prices which will in turn enables them firm-up their investment and operational plans for switching over from liquid fuels to natural gas. Additionally, the optionality will help the customers to safeguard against potential mismatch of commercial terms (e.g. Ship or Pay and Take or Pay) between the capacity and commodity contracts.
 - b. Gas sourcing optionality will also act as the positive trigger for maximisation of the gas off-take by customers as lower pipeline tariffs, driven by higher utilisation of pipelines, will further improve economic attractiveness of natural gas vis-à-vis alternative fuels and enhance the competitiveness of their end products.
 - c. Connecting to multiple gas sources by extension of the KVNPL pipeline will be a win-win scenario for all the pipeline developers along the coastal corridor (Ennore to Angul) and gas customers (existing/new). Additional gas feeder option will not only improve the economic viability of the proposed/under-construction pipeline projects but also augurs well for faster development of the gas market along the corridor.

- 2) We request M/s IMC Ltd. to review the capacity of the KVNPL pipeline considering the latest production profiles of KG offshore fields and other feeder options along the Ennore-Angul corridor. M/s IMC Ltd. may also review the pipeline route esp. spur lines with a view to providing connectivity to the small discovered fields (KG onshore) awarded by the Government to promote domestic production.

The honourable Board may review the proposal of M/s IMC Limited favorably as it enables development of the gas market in a relatively under-penetrated area and protects the interest of consumers by fostering fair trade and competition amongst the gas suppliers.





We will be happy to provide any further information if required.

Your Sincerely,
For **Hazira LNG Private Limited**

Ashwani Dudeja
Chief Commercial Officer

