



इंडियन ऑयल कॉर्पोरेशन लिमिटेड

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पाइपलाइन्स प्रभाग  
Pipelines Division

By E-Mail

PL/PJ/S/PNGRB/III

Date: 17.06.2020

To,

The Secretary

Petroleum and Natural Gas Regulatory Board

1<sup>st</sup> floor, world trade centre, Babar road

New Delhi - 110 001

**Kind Attention: Ms Vandana Sharma**

Sub: Views of IOCL on proposed regulation on PNGRB (Determination of Petroleum and Petroleum Products Pipeline Transportation Tariff) Amendment Regulations, 2020 – Subsequent to the open house discussion on 15.06.2020

Ref: Public notice. PNGRB/COM/3-PPPL Tariff(1)/2012 dated 19.2.2020

Ma'am,

This has reference to the public notice no. PNGRB/COM/3-PPPL Tariff(1)/2012 dated 19.2.2020 and subsequent open house discussion on proposed amendments in the subject regulation.

At the outset, we would like to thank PNGRB for permitting IOCL to join the open house discussion though we could not submit our comments earlier. Subsequent to the deliberations in the open house discussion, we would like to submit our views on record:

Proposed amendment in regulation 5:

*“Petroleum and petroleum products pipeline transportation tariff shall be determined by benchmarking against alternate mode of transport, that is rail at a level of seventy-five per cent except LPG where it will be one hundred per cent on a train load basis for the actual pipeline distance.”*

Our Views:

- As the benchmarking is with respect to rail transportation, equivalent rail distance along the pipeline route needs to be adopted for tariff determination rather than the actual pipeline distance as proposed in this amendment.

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- Till now, base rail freight has been used for tariff determination, however, we would like to draw your attention towards the other Railway charges such as busy season surcharges, terminalling charges etc., which accumulate to significant portion of the actual rail tariff. As the actual rail freight includes the above additional charges, pipeline tariff also need to include these elements for purpose of benchmarking in realistic manner.

Further, during the open house, one of the entities expressed a view that the definition of "petroleum and petroleum products pipeline" given in Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010 is very vast. It was suggested that PNGRB should clarify and take stand on the issue whether the storage facilities so referred to in the said definition in the Regulation should also be extended to product storage facilities of Marketing Terminals & Refineries and make them part of tariff structure.

In this regard, IOCL humbly submits that the issue raised is no way related to the public notice and subsequent open house on the subject matter and it should not have been raised in the open house. Once raised and subsequent advice by Hon'ble Chairperson PNGRB during open house, we hereby submit that the suggestion of the said entity is not proper. As clarified by representative of HPCL during Open House, the storage terminals of marketing terminals are meant for activities related product receipt and distribution also by others modes like coastal, Road or Rail (apart from Common Carrier Pipelines). Similarly, the storage tanks at Source location of Common Carrier pipelines, say Refinery or Import terminals, also cater to many other modes like Coastal, Road or Rail (apart from Pipelines). Marketing and Refining activities are, thus, separate activities and cannot be part of the pipeline infrastructure or referred for working out tariff. The "storage" referred is only those which the Pipeline company may need to establish for temporary storage within their pipeline installation battery limits i.e. Suction and Discharge manifolds of respective Pumping & TOP/ Receipt stations. This requirement is only in the context of Interface generated during pipeline transportation etc. This aspect was already clarified earlier by PNGRB and suitably addressed in Access code as well.

Our views on the above issues are submitted for your perusal please.

Thanking You,

Yours Sincerely,



(S.S. Sawant)

Chief General Manager (PJ-Systems)

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