

Subject: **IOCL's comments on PCD for DBPL tariff**

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 Annexure-I_DBPL PCD Comments_IOCL.PDF (109kB)

Respected Madam,

This has reference to PNGRB Public Consultation Document ref. no. PNGRB/M(C)/ 73-VOL IV dated 03.06.2019 in respect of Tariff review for Dabhol Bangalore Natural Gas Pipeline, soliciting views from stakeholders.

In respect of above, the views of IOCL are attached as **Annexure-I** for kind consideration please.

Regards,

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अस्वीकरण

संदेश इंडियन ऑयल मेसेजिंग गेटवे, भारत से भेजा गया है। इस इलेक्ट्रॉनिक संदेश में निहित जानकारी और इसके साथ कोई भी संलग्नक केवल प्रेषित व्यक्ति (यों) के लिए ही है और इसमें स्वामित्व, गोपनीय या विशेषाधिकार प्राप्त जानकारी हो सकती है। यदि आप वांछित प्राप्तकर्ता नहीं हैं तो आपको इस ई-मेल को प्रसारित, वितरित या कॉपी नहीं करना चाहिए। कृपया इसकी सूचना तुरंत प्रेषक को दें और इस संदेश की सभी प्रतियां और सभी संलग्नक नष्ट कर दें। राजभाषा हिन्दी में हम आपके पत्रों का स्वागत करते हैं।

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**IOCL's Views on PCD by PNGRB for Tariff Review of
GAIL's Dabhol-Bangalore Natural Gas Pipeline (DBPL)**

1. Clause 4.2.1: Actual Capex Outgo

Actual Capex outgo for the period 2009-10 to 2013-14 is in variation with the approved figures under last tariff order TO/04/2016 dated 01.07.2016.

2. Clause 4.2.2: Future Capex Projections

Basis for calculation of future PD Capex on LMC has not been provided.

Project Execution Capex for additional connectivity to certain consumers has been claimed. The same may be reviewed.

The O&M capex figures are projected to be significantly higher than that claimed under earlier tariff order. Further, inclusion of cost of land under Capex may be reviewed.

It is seen from similar tariff orders passed by PNGRB that only nominal projected Capex has been considered and impact of future Capex is considered in subsequent reviews.

3. Clause 4.3: Line Pack

Assuming the consideration of actual line-pack quantity upto FY 2017-18, consideration of line pack quantity beyond FY 2018-19 may be reviewed.

4. Clause No 4.4: Opex

Significant rise in Opex for the years 2015-16 and 2017-18 is observed even though there are no major capex additions during the period.

Inflation rate of 4.58% has been considered as against 4.5% considered by PNGRB for other pipelines.

As followed in the earlier tariff order, as normative Opex calculations with relevant escalation are already considered in Opex, additional Opex may be reviewed. Further, future Opex against LMC connectivity is also submitted and the same may be reviewed.

5. Clause 4.8: Volume Divisor

As per sub-clause (1) of clause 6 of Schedule A of PNGRB Tariff Regulations, the volumes of natural gas to be considered as divisor in the determination of the unit natural gas pipeline tariff over the economic life of the project shall be computed on a normative or actual basis, whichever is higher.

Based on the authorized provisional capacity of DBPL i.e. 16 MMSCMD including a common carrier capacity of 4 MMSCMD, volume divisor calculated as per the above regulations may be considered as below while tariff determination:

Financial Year	GAIL's consideration	As per Normative Basis
2012-13	6.32	7.20
2013-14	6.44	8.40
2014-15	7.50	9.60
2015-16	8.65	10.80
2016-17	9.71	12.00
2017-18 onwards	10.67 to 12.00	16.00

6. Clause 4.9: Terminal Value

Basis of calculation of terminal value has not been provided. Terminal value has also been observed to be on a higher side considering the value of line pack, working capital and phased capex figures claimed.
