

2298/2019/0/0/SCC

Subject: **Comments on Public notice -PNGRB/AUTH/7-MIS(3)/2015 dated August 22, 2019**

To: secretary@pngrb.gov.in

Cc: tariqahamad@pngrb.gov.in, arvinkumar@pngrb.gov.in, sec.png@nic.in

Date: 16/09/19 09:45 AM

From: vinod papal <openflygasconsultant@gmail.com>

Comments\_on\_common\_career\_contract.pdf (920kB)

Comments on common career contract soft copy.pdf (223kB)

Dear Sir/Madam,  
Kindly find comments letter attached on captioned subject.

Thanks and regards,

Vinod Papal  
9099964595

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# OpenFly GAS Solution and Consultant

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OFG/PNGRB/2019/001

15.09.2019

To,

Ms. Vandana Sharma,

Secretary

Petroleum and Natural Gas Regulatory Board (PNGRB)

1<sup>st</sup> Floor, World Trade Centre, Babar Road,

New Delhi – 110 001

India.

**Subject:** Comments on Public notice on draft on "PNGRB (Guiding Principles for Declaring City or Local Natural Gas Distribution Networks as Common Carrier or Contract Carrier) Regulations, 2019"

## Reference-

1. Public Notice No: PNGRB/AUTH/7-MIS(3)/2015 dated August 22, 2019
2. Minutes of Meeting of Open House discussion on Concept Paper webhosted on 28.06.2019 for Determination for transportation rate for CGD Network and Transportation rate for CNG
3. **Draft and Guiding Principles** for "Declaring City or Local Natural Gas Distribution Network as Common Carrier or Contract Carrier."

Dear Sir/Madam,

With reference to Public notice webhosted by the PNGRB, we would like to submit our views for your kind consideration.

Defining and implementing regulation for declaring CGD asset as a common carrier is progressive step. However there are hurdles for its implementation in the form of "conflict of interest among stake holders", "absence of mechanism for market discovery of gas price" "pending inclusion of natural gas under GST", and "under developed nationwide gas grid". These and few other things, collectively described as ecosystem is necessary to enable implementation and operation of the regulation on ground. PNGRB's anchoring and assistance from Ministry of Petroleum and Natural Gas (MoPNG), Ministry of Road and transport (MoRTH) can develop the ecosystem. The ecosystem will not only facilitate implementation of the said regulation but will also help to expand city gas sector rapidly.

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The honorable board has taken many bold decisions which have imparted never before momentum to City Gas Sector. The ecosystem described below will help to sustain the momentum generated and implementation of the said regulation.

- A. **Market discovery of Gas price**-There shall be gas trading hub in place and market forces shall discover price of gas. Unless there is gas price parity, common carrier concept can hardly take off. Arbitrage in gas sourcing price is going to foster competition. This is necessary for operation of common/contract career mechanism.
- B. **Augmentation of underdeveloped gas grid by LNG through road tanker**- Unlike electricity grid, gas grid is yet under development. "LNG through truck as pipeline" has potential to fill the void where cross country gas pipeline grid is not available. It will augment the existing grid system till full network is developed. It is solution for delivery of gas molecule across the nation. However it can work only when there is only category of gas sourced-"through market discovered price". L-PNG and L-CNG are superior quality fuel. Physical infrastructure for it can be created at much faster rate and so will be penetration of natural gas. LNG as replacement for Diesel has very high potential for increasing demand of Natural Gas.
- C. **Only single type of natural gas sourced at market rate to bring uniformity and facilitate gas trading hub operation**-It needs to be achieved without hurting interest of domestic PNG and CNG segment. The benefit to be passed in different way.
- **Treating PNG-LPG at par in the hands of domestic consumer**- APM Gas concept to be replaced with ADHAR linked Direct Bank Transfer (DBT) of subsidy to PNG consumer similar to LPG consumer (Domestic category). Customer can avail subsidy for only one type of fuel. At same cost, PNG will be preferred over LPG due to its superiority in convenience and safety properties. This is to facilitate market driven gas sourcing system.
  - **Push up CNG demand by state policy decision**- Gas for CNG to be sourced at market price so as to allow market forces work in gas sourcing. APM price benefit for CNG to be passed on in different way as described below. CNG/LNG can be made attractive by keeping registration and road tax charges of CNG vehicle at 50% or lower compare to Petrol-diesel vehicles.

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Or keeping parity in prices of CNG/LNG over petrol and diesel through differentiation in fuel taxes. Euro/Bharat VI norms will be boost for CNG/LNG use as an automobile fuel. It will reduce pollution and crude oil import bill.

- D. **Natural Gas under GST-** It will solve tax and logistic complexity. This will facilitate seamless flow of natural gas across the nation either through pipeline or in LNG form by truck transportation. Seamless gas flow will create nationwide demand-supply based uniform market. It is precursor for gas trading hub operation. It will develop gas price discovery system. (Similar to One nation-One Grid-One tax in electricity)
- E. **Asset and Marketing Arm-** CGD companies to be operated through two Arms- Asset management and Marketing Arm.
- F. **Centralized portal for Capacity booking-** All asset arms of CGD will report the capacity utilization and spare capacity to centralized system. The system shall be accessible to all interested and registered suppliers including their own marketing arms. This will ensure fair practices and Arm Length principle in operation. This will also help to increase capacity utilization.
- G. **Interest of all stake holder and Reasonable ROI on investment-** All above steps will reduce conflict of interest among stake holders and serve interest of gas consumer, CGD Company and Nation as a whole. It will enhance capacity utilization, fair competition, and efficiency of the system. It will also ensure reasonable return on asset and maintain safety-quality of assets.

All above suggestions are to be viewed together as a complete eco system. This ecosystem will enable implementation and operation of "Common or contract carrier regulation" and expand City Gas Distribution to all parts of India. Competitive forces will improve efficiency and quality of services.

Yours Truly,

  
15.09.2019  
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Mob. 9099964595

Copy to-Secretary MoPNG and secretary MoRTH

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