

PUBLIC CONSULTATION DOCUMENT

PNGRB/M(C)/65-Vol.-II Dated 29.11.2018

TARIFF STRUCTURE FOR HVJ-GREP-DVPL [HVJ] & DVPL/GREP Upgradation [HVJ Upgradation]

1. In terms of Section 22 of the Petroleum and Natural Gas Regulatory Board (herein after referred to as “PNGRB”) Act, 2006, the Board is entrusted with the responsibility of determining the natural gas pipeline (“NGPL”) tariff to be charged by the entities laying, building, operating or expanding a natural gas pipeline before the appointed day.
2. The methodology for determination of NGPL tariff has been specified in the relevant provisions of the PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations, 2008 (hereinafter referred to as “Tariff Regulations”) notified on 20.11.2008.
3. In terms of “Tariff Regulations”, PNGRB is to determine the initial unit NGPL tariff on a provisional basis (“provisional tariff”) first and then finalize the same (“final tariff”) considering the actual costs and data at the end of the financial year on the basis of audited accounts. The transportation tariff is determined using the Discounted Cash Flow (DCF) method using actual and projected pipeline Capital Expenditure (Capex) and Operating Expenditure (Opex) costs (in line with provisions of Tariff Regulations) over the entire economic life of the pipeline thus arriving at a single levelized transportation tariff.
4. PNGRB webhosted Public Consultation Document on 18.10.2018 for determining Final initial unit natural gas pipeline tariff for HVJ and HVJ Upgradation. The Public Consultation Document of GAIL consist of GAIL’s submission for determining Final Tariff for HVJ and HVJ upgradation pipeline (“integrated network”) considering the pipelines as integrated. Subsequently Open House was conducted on 26.11.2018 to discuss the stakeholder’s comments and GAIL’s response. During the Open House, PNGRB observed that once again comments may be sought

from the stakeholders on determination of tariff whether to consider HVJ and HVJ Upgradation as integrated pipeline or separately. In this regard, PNGRB asked GAIL to submit its views by 27.11.2018 and PNGRB to seek public comments on determination of tariff for integrated network.

5. GAIL vide letter no. GAIL/HVJ/Final Tariff/352283/2018/2242 dated 27.11.2018 submitted justification/ reasoning for integration of HVJ and HVJ Upgradation Network and the same is placed as Annexure-A.
6. Separate initial provisional unit natural gas pipeline tariff was fixed for HVJ and HVJ Upgradation natural gas pipelines. Details of Initial provisional unit natural gas pipeline tariff approved by PNGRB as well Final tariff submitted by GAIL for HVJ, HVJ Upgradation and HVJ Integrated system are as under:

(Rs./MMBTU-GCV)

S.No.	Name of Pipeline Network	Initial Provisional unit natural gas pipeline levelised tariff approved by PNGRB	Final levelised Tariff Submitted by GAIL
1	HVJ-GREP-DVPL	25.46	175.20
2	DVPL/GREP Upgradation	53.65	88.09
3	HVJ Integrated System	NA	97.04

7. Stakeholders comments

PNGRB solicits the views and comments of the stakeholders on determination of tariff whether to consider the HVJ and HVJ Upgradation as integrated pipeline or separately as determined earlier. The comments may be submitted by stakeholders within 10 days from the date of issue of this public notice through email at secretary@pngrb.gov.in and/or in writing through post at the address given below:

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

Secretary
Petroleum and Natural Gas Regulatory Board