



# Petronet MHB Limited

(A JV of HPCL & ONGC)

CIN U85110KA1998GOI024020

Regd. Office : Corporate Miller, 2nd Floor, Block B, 332/1, Thimmaiah Road, Vasanth Nagar, Bengaluru - 560 052.

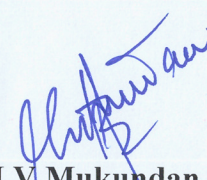
## Submission of views on the PNGRB decided route

### Devangonathi – Chitradurga Pipeline

Views in respect of the Expression of Interest		PNGRB decided route i.e. Devangonathi to Chitradurga
1	Name of the entity / person	Petronet MHB Limited
2	Complete address	Corporate Miller, Block B, 2 <sup>nd</sup> Floor, 331/2, Thimmaiah Road, Vasanth Nagar, Bangalore 560052
3	E-mail ID/ telephone / fax	udaypai@petronetmhbl.com 080-22262317/22262315/22262243
4	Identification proof (in case of an individual person)	Not Applicable
5	Views and suggestions related to:	Objections to PNGRB decided route i.e. Devangonathi to Chitradurga Pipeline
a)	Petroleum Products Pipeline proposed by the entity for laying, building, operating or expanding Petroleum and Petroleum Products Pipeline	EOI application of Petronet MHB Limited for Hassan – Chitradurga Pipeline.
b)	Other aspects of the proposal	As detailed in PMHBL representation dated 07.03.2022 enclosed as Annexure 'A'.
c)	Any other issue	As detailed in PMHBL representation dated 07.03.2022 enclosed as Annexure 'A'.

Date: 07.03.2022

Place: Bangalore

  
**M V Mukundan**  
Managing Director

**Mukundan Venkatesha Mukhami**  
Managing Director  
**Petronet MHB Limited**  
Corporate Miller, 2nd Floor, Block-B, 332/1,  
Thimmaiah Road, Vasanth Nagar  
Bengaluru-560 052



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PMHBL/PNGRB/EOI/21-22/01

07.03.2022

The Secretary,  
Petroleum and Natural Gas Regulatory Board,  
1<sup>st</sup> Floor, World Trade Centre, Babar Road,  
New Delhi-110001

**Sub: Representation for withdrawal of Public notice of PNGRB dated 07.02.2022**

**Ref: PNGRB/Auth/3-PPPL (01)/2018 Dated 07.02.2022**

Dear Sir/ Madam,

We invite your attention to the order of the Hon'ble Appellate Tribunal dated 01.12.2021, wherein under para 7;

**Quote:**

*"In above view, with the consent of all parties, we set aside the impugned decision and remit the matter for fresh consideration to the respondent board. The Board, we may add, shall be obliged to hear all stake holders who may wish to participate in the public hearing which shall be arranged for the purpose and take decision in accordance with law. Needless to add, the Board will not feel bound by the decision taken earlier not the least by any oral observation that may have been during the hearing by us. The fresh decision shall be taken expeditiously in as much as development of infrastructure has been hanging fire on account of this appeal for more than two years now"*

**Unquote:**

And para 8;

**Quote:**

*"By order dated 08.11.2019, this Tribunal had directed that the Respondent Board shall not open the financial bids till 15.11.2019 to which the matter had been adjourned. The said interim order has continued to operate till date. Since the very decision in the wake of which the bidding process was initiated has been set aside, the bidding process undertaken earlier cannot survive. It stands set aside"*

**Unquote.**

Upon perusal of the order, we give our representation as below:

1. The Public Notice dated 07.02.2022 issued by PNGRB inviting views for the impugned decision on Devangonhi – Chitradurga pipeline without concluding lawfully tabled EOI for Hassan Chitradurga pipeline, is not in line with the Law and contrary to the order of the Hon'ble Appellate Tribunal dated 01.12.2021 in letter & spirit.
2. For the public notice dated 07.02.2022, inviting views on Devangonhi Chitradurga pipeline, PNGRB do not have any tabled EOI for laying the line as per PNGRB

Regulations nor did PNGRB mention under what Regulations it is Suo-motu seeking views /comments for Devangonathi Chitradurga pipeline.

View above, we request PNGRB to set aside the invited comments on Devangonathi Chitradurga Pipeline and delink it from PMHBL tabled EOI for Hassan Chitradurga pipeline.

3. We note that Board has now published for the first time IOCL & BPCL comments, both dtd. 31.12.2018 on our EOI to alter our proposal. Without prejudice to our above request to Board to delink said Devangonathi-Chitradurga pipeline proposal for lack of valid Regulatory process, we convey our response on IOCL/BPCL comments as under:
  - a) Both IOCL/BPCL comments were conditional with materialisation of Common User Facility Terminal (CUF) at Chitradurga. IOCL, who is said to be the lead member for construction of this terminal did not commit any time frame for possession of requisite land or construction of the Chitradurga Terminal. Further, both IOCL & BPCL has given volume placement at Chitradurga on conditional basis which is subject to the net pipeline tariff being lesser than the cost of placement through alternate mode of transportation.
  - b) BPCL comments are having further conditionality that their Irugur Devangonathi pipeline which could not take off till date had to be completed for participation in Devangonathi Chitradurga pipeline.
  - c) IOCL wanted the pipeline to be an extension of PMHBL Pipeline. There is no Regulatory process for laying extension lines and PNGRB had followed fresh EOI route earlier for such extension lines like Awa Salawas, Rewari Kanpur pipelines. The logistic cost of product placement at Chitradurga will thus need to be Mangalore to Devangonathi and Devangonathi to Chitradurga. Thus, it makes the logistic cost of placement costlier by approximate Rs. 456/- per MT, compared to Mangalore Hassan and Hassan Chitradurga. Thus, Users desiring to bring product ex Mangalore will not use the line and will resort for other alternate means.
  - d) The other two sources for bringing product to Devangonathi are Chennai and Kochi where port and Refinery facilities exist. From these sources IOCL's Chennai Devangonathi pipeline and BPCL's Kochi Karur pipeline with intermediate Irugur station of BPCL are not authorised by PNGRB as common carrier Petroleum and Petroleum product pipeline and thus cannot serve any purpose for the common carrier users. PNGRB may hence first need to seek firm commitment from these entities to converting these lines as Common carrier Petroleum and Petroleum product pipeline before reviewing the sought change of direction.
  - e) Considering the hypothetical situation of establishment of such alternate common carrier Petroleum and Petroleum product pipeline, pipelines terminating at Devangonathi from Mangalore, Chennai, Kochi, we give hereunder the approximate logistic cost of product placement at Devangonathi & Chitradurga from these 3 sources. Further, the product being purchased by IOCL ex CPCL Chennai will bear additional CST which makes it costlier compared to within Karnataka ex Mangalore.

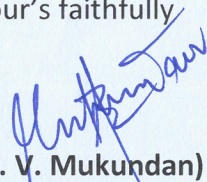
Sr. No	Route	Product Placement Logistic Cost (Rs/MT)
1	Mangalore to Chitradurga Via Hassan	622
2	Mangalore to Chitradurga Via Devangonhi	1078
3	Chennai to Chitradurga Via Devangonhi	897
4	Kochi to Chitradurga Via Devangonhi	1197

- f) We also note that IOCL, BPCL, HPCL have envisaged Common User Facility Terminal (CUF) at Chitradurga with Rail unloading facility. PMHBL notes that such joint participation will augur well for enhanced usage of connected infrastructures. To expedite construction of the connected Pipeline facilities, we can propose to **offer** constructing such a CUF facility in the vicinity of Chitradurga, **subject to** these 3 entities giving commitment of their usage of terminalling facilities with product input by proposed Hassan Chitradurga pipeline and cost economic viability for PMHBL.
- g) We also like to submit that the usage of PMHBL has been reducing with gradual shifting of IOCL/BPCL Volumes from other sources. The logistic cost of movement along with related taxes is not economical compared to within Karnataka ex Mangalore product source. We earnestly request the Regulator to regulate such criss-cross rail/road movements in accordance with Regulation 5 (4) of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Product Pipelines) Regulations, 2010, rendering the existing pipeline networks idle. This may become possible if suitable directions are given by Regulator, for increased oil exchanges by the market players in various geographies and mandating usage of existing pipeline infrastructures over Rail/ Road.
- h) We have represented earlier to PNGRB that allowing multitude of pipelines to Devangonhi would drastically reduce existing PMHBL utilisation. Despite our objection the Board gave authorisation to BPCL for laying Irugur – Devangunhi pipeline in 2013. We note that BPCL could not take forward this project due to ROU difficulties in the state of Tamilnadu. We sincerely request once again the Board to cancel this authorisation and restrict future pipelines to Devangonhi, which is severely impacting viability of investment made in PMHBL pipeline and is against one of the preamble objectives of the act to protect the interests of investing entity as well.

We hope to get a favourable consideration in the larger interest of National Savings.

Thanking You,

Your's faithfully

  
(M. V. Mukundan)  
Managing Director