



पेट्रोलियम एवं प्राकृतिक गैस विनियामक बोर्ड
Petroleum and Natural Gas Regulatory Board
प्रथम-तल, वर्ल्ड ट्रेड सेंटर, बाबर रोड, नयी दिल्ली 110001 :
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PNGRB/COM/2-NGPL/Tariff (3)/2019 Vol-II

Dated 29.04.2020

Public Notice

It is proposed to amend the Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008 (“Tariff Regulations”) to incorporate the changes in the Tariff Regulations, as per proposed draft amendment attached herewith in **Annexure-1**.

Further, suggestions/comments/views of stakeholders are invited to discuss various options during the open house meeting for amending certain other provisions of and related to Tariff Regulations are attached herewith in **Annexure-2**.

All concerned are requested to submit their comments/views on the proposed draft amendment provided in **Annexure-1** and options provided in **Annexure-2** to the Secretary, PNGRB by 01st June, 2020 through an email at secretary@pngrb.gov.in and/or in writing through post at the above mentioned address. For discussing the comments/views, the open house will be conducted on 08th June, 2020. The venue and time for the same shall be separately intimated.

(Pankaj Bhutani)
Joint Adviser



Annexure-1

THE PETROLEUM AND NATURAL GAS REGULATORY BOARD
NOTIFICATION

New Delhi, the _____ 2020

F.No. PNRGB/COM/2-NGPL/Tariff (3)/2019 Vol-II – In exercise of the powers conferred by clause (g) of sub-section (2) of section 61 of the Petroleum and Natural Gas Regulatory Board Act, 2006 (19 of 2006), the Petroleum and Natural Gas Regulatory Board hereby makes the following regulations, namely: --

1. Short title and commencement. –

(1) These regulations may be called Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Amendment Regulations, 2020.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008,-

a) in regulation 2, in sub-regulation (1),

in place of clause (d), the following shall be substituted

“(d) “capacity of natural gas pipeline” means the capacity of natural gas pipeline as originally authorized or accepted by the Board under the Petroleum and Natural Gas Regulatory Board (Authorizing Entities for Laying, Building, Operating or Expanding Natural Gas Pipelines) Regulations, 2008 or as subsequently amended under those regulations;”

b) in regulation 2, in sub-regulation (1),



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after clause (e), the following clause shall be inserted, namely: -

“(ea) "Imbalance Management Services" shall have the same meaning as given in the Petroleum and Natural Gas Regulatory Board (Imbalance Management Services) Regulations, 2016;”

c) for Clause 5, sub clause 8 of Schedule A, following clause shall be substituted, namely: -

“(8) Miscellaneous income realizable from a fixed asset included in the capital employed or out of an expense considered as an operating cost, but not including interest income, profit or loss on sale or transfer of any fixed or other asset, shall be netted from the operating cost. Notwithstanding anything provided in any regulations, income realizable from imbalance management services under the relevant regulations of the Board shall also be netted from the operating cost for tariff computations.”

d) for sub clause (1) (a) of clause 6 of Schedule A, following clause shall be substituted, namely: -

“(1) 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. Volume on normative basis shall be calculated as indicated below:-

(a) The divisor for various years of operations of the natural gas pipeline shall be arrived by multiplying the applicable percentage



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utilization for the year, as per the table below, with seventy five per cent of the capacity of natural gas pipeline :-

Year of natural gas pipeline operations	Percentage utilization
First	30%
Second	35%
Third	40%
Fourth	45%
Fifth	50%
Sixth	60%
Seventh	70%
Eight	80%
Ninth	90%
Tenth and subsequent years	100%

”

e) sub clause (1) (b) and (1) (c) and (1) (d) of clause 6 of Schedule A, stands deleted.

f) in clause 6 of Schedule A, following sub-clause 3 shall be inserted, namely:-

“(3) Notwithstanding anything provided in any regulations, 350 working days shall be considered in a year for the purpose of tariff determination under these regulations.”

g) for clause 7 of Schedule A, following clause shall be substituted, namely: -

“7. Economic Life.



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Notwithstanding anything provided in any regulations, economic life of the pipeline shall be considered as thirty years for the purpose of tariff determination under these regulations. Any replacement of the pipeline, either in full or in part before the completion of the aforesaid economic life, shall be considered for tariff determination if prior approval of the Board has been obtained for such replacement. In case, the natural gas pipeline has been authorized for more than thirty years or its authorisation has been subsequently extended beyond thirty years or is in operation beyond thirty years, the DCF model for the tariff computation would be made for the entire period of authorization or operation till the next tariff review, including the extended period.”

h) for clause 8 of Schedule A, the following sub-clauses shall be substituted, namely: -

“(1) The entity shall submit for the Board’s approval within such time as may be fixed by the Board, the calculations in respect of apportioning of the unit natural gas pipeline tariff over all the tariff zones during the economic life of the project in the form specified under regulation 5, by following the methodology as specified under sub-regulations (a), (b) and (c) regulation 7 of the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Laying, Building, Operating or Expanding Natural Gas Pipelines) Regulations, 2008 except that:-



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- (a) there shall be no requirement of bidding while following such methodology;
- (b) no weightage shall apply to such apportionment of the unit natural gas pipeline tariff over different tariff zones; and
- (c) the entity shall use its own numbers in determining such appointment.

(2) In case the entity fails to submit the information within such time, the Board may apportion the unit natural gas pipeline tariff over various tariff zones as per the last zonal tariff apportionment in respect of that pipeline or in any other manner as may be deemed fit by the Board.

(3) No adjustment shall be made by the entity with the customers for any over-achievement or under-achievement in the recovery of the natural gas pipeline tariff by the entity due to the volumes actually transported in different tariff zones being different than the volumes considered by the entity for apportioning the unit natural gas pipeline tariff for each of the tariff for zones during-

- (a) the period of initial unit natural gas pipeline tariff;
- (b) the first five and consecutive years after the end of the initial unit natural gas pipeline tariff; and
- (c) the period between any two consecutive tariff reviews.”

i) in schedule A, after clause 10, following clause shall be inserted, namely:-



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“11. Escalation in Tariff:

The DCF model for tariff computation shall provide for an annual increase in levelised tariff at the rate of XX%. Accordingly, zonal tariff would also increase year-by-year at the same rate.”

[Suggestions of the stakeholders on rate of increase “XX%” as above would be discussed in the open house meeting]

Vandana Sharma
Secretary

Foot Note : Principal regulations were notified vide G.S.R. 807(E), dated 20.11.2008 and amended vide G.S.R. 986(E), dated 20.12.2010, F.No. PNRB/M(C)/11/Final Tariff Filing, dated 30.05.2012, F. No. PS/Secy./M(C)/2012, dated 13.09.2012, F. No. PNRB/M(C)/48, dated 17.02.2014, F.No. PNRB/M(C)/100, dated 27.02.2014, F.No. L-MISC/VI/I/2007, dated 01.01.2015, F.No. PNRB/M(C)/110, dated 08.01.2016, F.No. PNRB/ COM/2 NGPL Tariff (3)/2019, dated 27.05.2019 and F.No. PNRB/COM/2-NGPL/Tariff (3)/2019 Vol-II, dated 27.03.2020.



Annexure-2

Suggestions/Comments/Views of stakeholders are invited for discussion during the open house meeting on the following;

A) Fuel Cost

- a. **Existing Clause in the Tariff Regulations:** In sub clause (2) (b) of clause 5 in Schedule A,

“(b)fuel (including the cost of natural gas and the natural gas pipeline tariff not recovered on the volume of system-use natural gas consumed in the natural gas pipeline);”

- b. **Views/comments of stakeholders are required for amending the above sub clause (2) (b) of clause 5 in Schedule A as per alternative formulation as under;**

“(b) fuel (including the cost of system-use natural gas and pipeline tariff thereon, relevant to the volumes considered as divisor for tariff determination);”

- B)** Suggestions of the stakeholders are sought regarding exclusion of provisions of regulation 12 and regulation 21 of Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008 for the purpose of determination of tariff in respect of ‘cost-plus’ natural gas pipelines (except in case of Jagdishpur-Haldia-Bokaro-Dhamra-Barauni-Guwahati pipeline, where the pipeline has already been allowed for capacity expansion based on the acceptance of applicability of Regulation 12 by pipeline entity) and also on whether or not



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to treat interconnection between two natural gas pipelines as extension/
expansion/ tie in.

C) Adjustment of Volume variation

a. **Existing clause in the Tariff Regulations:** In sub clause (1) and sub clause
(2) of clause 10 in Schedule A,

(1) Adjustment shall be carried out in the final unit natural gas pipeline
tariff determined under sub-clause (5) of clause 9 on a year-to-year basis by
the entity with the customers considering actual volumes in any of the first
five years of natural gas pipeline operation when-

(a) the actual volumes are higher than the normative volume
considered as divisors for determination of final unit natural gas
pipeline tariff on the basis specified in item (a) of sub-clause (1) of
clause 6; or

(b) the actual volumes are higher than the normative volume
considered as divisors for determination of the final unit natural gas
pipeline tariff on the basis specified in item (a) of sub-clause (1) of
clause 6 but are lower than that considered for determination of final
unit natural gas pipeline tariff.

(2) When the actual volumes are lower than the normative volumes in any
of the first five years of natural gas pipeline operations, a set-off of the
impact of such lower volumes shall be permitted. Such set-off shall be
allowed only to the extent of impact of higher actual volumes passed on in
any of the first five years and the balance set-off, if any, shall be carried over



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to subsequent years, but not beyond the first five years of natural gas pipeline operation, to be allowed for adjustment only in case there are higher actual volumes.”

- b. **Option on which comments/discussion is sought:** In sub clause (1) and sub clause (2) of clause 10 in Schedule A, suggestions of stakeholders are invited on increasing the period of five years to ten years and to make the same available to the entity on a rolling basis over the economic life of the pipeline. The same would be discussed during the open house meeting.