

Ref. No. RIL/GAS/PNGRB/20/11/01

November 09th, 2020

To
Secretary,
Petroleum and Natural Gas Regulatory Board,
1st Floor, World Trade Centre, Babar Road,
New Delhi – 110001.

Sub: Public Notice (PNGRB/COM/2-NGPLTariff (2)/2012(P-xxx)) dated Oct 17th, 2020, on amendment in PNGRB (Imbalance Management Services) Regulations, 2016

Respected Madam,

This is with reference to the above referred Public Notice on the amendment in the PNGRB (Imbalance Management Services) Regulations, 2016. We welcome the initiative taken by the Hon'ble Board to extend the existing Imbalance Management Services regulations and include additional services like Parking, Lending, Netting and Trading of imbalance, as followed in other matured gas markets.

We would like to submit our views / comments on the Public Notice dated Oct 17th '20 as under:

- 1) The proposed amendment to Imbalance Management Services regulations does not address the methodology of levying imbalance charges by the transporters for bundled sales. This results in discrimination against the gas sellers / consumers who sell / buy on an unbundled basis. Hence, to foster fair trade and competition and provide level playing field to all the market participants, it is requested that Hon'able Board should ensure separation of gas sales and gas transportation contracts at the earliest.
- 2) We understand that while the Parking and Lending services would depend on the pipeline capacity and operational flexibility of the pipeline, the Netting and Trading services are primarily for setting off of imbalances within the pipeline

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which may not have direct impact on pipeline operations. We therefore, request the Hon'able Board to clarify that proposed imbalance management services of Parking, Lending, Netting and Trading services should not be at the discretion of pipeline operators and should be mandatorily offered to all the shippers similar to pipeline capacity.

- 3) Further we request the Board to clarify that such Parking and Lending services can be availed by any market participant without being a shipper or signing a GTA on the relevant pipelines. For example, Hazira is connected to multiple pipelines such as HVJ-DVPL, DUPL, GSPL etc and therefor a shipper can seek parking facility in one pipeline (say HVJ) and seek transportation service in another pipeline (say DUPL) and pay for these services to respective pipelines.
- 4) We understand that the intent for the proposed imbalance services is to provide flexibility to the consumers to manage their imbalances portfolio and make it more customer friendly without disturbing operability of pipelines. This can also be offered by clubbing of Maximum Daily Quantities (MDQ) booked under different GTAs while providing netting services and this will facilitate shippers to manage imbalances under its different GTA's even if they are of same type i.e. either Positive or Negative determined at an aggregated MDQ level of all existing GTA's without disturbing the pipeline operators.

For example, a shipper having two GTAs with same pipeline with same entry point and two separate exit points can combine its MDQs for the purpose of imbalance management and such aggregation of MDQs may reduce imbalance quantities beyond permissible limits vis-à-vis separate imbalance charges under each GTA.

- 5) Proposed amendment provides that fifty percentage of the amount accrued from imbalance management services shall be considered as miscellaneous income for determination of the tariff. We request that PNGRB should consider entire amount generated from the imbalance management services be part of transporter's revenue for determination of tariff.

This would facilitate development of new pipelines in the country and also help reduce the overall transportation tariffs in country in long run and would benefit gas consumers. Further PNGRB in recent past has revised some of the fees and other charges and additionally as market expands and new market participants are added (e.g. new CGDs, pipelines, Gas Exchanges, Clearing Corporations, imbalance service providers, TSO, etc.) there would be new avenues for collection of fees and other charges to the Board.

- 6) To facilitate use of proposed imbalance management services by the shippers and other market participants, information dissemination on real time basis is a prerequisite. PNGRB should therefore mandate publishing of real time data on pipeline capacity, total intake and off-take volumes, shipper's imbalance portfolio, etc. by the pipeline operators to all the market participants and shippers on non-discriminatory basis. Further, regulations related to the Gas Access Bulletin Board should also be finalized and notified simultaneously.

We would happy to provide any clarifications required on the above.

Thanking you,

Yours faithfully,

For **Reliance Industries Limited**



Amit Mehta
Head Gases