



Sabarmati Gas Ltd.

(A Joint Venture of GSPC & BPCL)

No: SGL/PNGRB/2019-20

16.08.2019

To,

The Secretary,
Petroleum and Natural Gas Regulatory Board,
1st Floor, World Trade Centre,
Babar Road, New Delhi- 110 001

Subject:- Comments on Application for laying, building and operating a 3.5 km MDPE dedicated Natural Gas pipeline from ONGC GGS Gamij, Gujarat to Shree Shakti Metal Rolling Mill, Village-Palla Na Math, Taluka-Dehgam, and Dist.- Gandhinagar under regulation 19(2) of PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008.

Respected Madam,

Reference:- Webhost application of M/s Shree Shakti Metal Rolling to lay, build, operate or expand 3.5 km of MDPE dedicated natural gas pipeline from ONGC GGS Gamij to Shree Shakti Metal Rolling Mill Village Palla Na Math, Taluka-Dehgam, Distt-Gandhinagar, Gujarat for their manufacturing plant. In this regard, our comments are as under:

- 1.1 Sabarmati Gas Ltd, is an authorized entity for laying, building, and operating and expanding city gas distribution network in geographical areas of Gandhinagar, Sabarkantha, Mehsana, Aravali and Patan Districts.
- 1.2 The geographical area mentioned in the application submitted by Shree Shakti Metal Rolling Mill to lay, build, operate or expand 3.5 km of MDPE dedicated natural gas pipeline from ONGC GGS Gamij to Shree Shakti Metal Rolling Mill Village Palla Na Math, Taluka-Dehgam, Dist-Gandhinagar, Gujarat for their manufacturing plant falls under geographical area authorized to Sabarmati Gas Ltd.
- 1.3. M/s Shree Shakti Metal Rolling Mill, application is not valid since M/s Shree Shakti Metal Rolling Mill does not fall under the purview of definition of "Entity" as defined under PNGRB pipeline authorization regulations which can lay pipeline.
- 1.4. Further, the application of Shree Shakti Metal Rolling Mill for laying pipeline in SGL's authorized areas is a clear violation of SGL's right of network exclusivity rights vested by Honorable Board.

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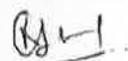
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- 1.5. Your kindly attention is drawn to the fact that any such acceptance of application of Board will sent precedence to any future cases all across the India. PNGRB should discourage such practices as in future all the customers would start laying dedicated line and erode potential market of CGD Company.
- 1.6. SGL, abiding to its commitment, has invested more than 750 Crs in development of CGD network. All these investment and CGD business model would be jeopardized by accepting dedicated pipeline application. Also such applications defeat Honorable Board's mission of avoiding infructuous investment.
- 1.7. SGL would further like to draw your attention to the fact that ONGC's marketing such gas in our authorized area is a clear violation of SGL's marketing exclusivity. In GAs authorized to SGL, GAIL is also supplying gas to industrial customers through its north Gujarat network and expanding its network in SGL's authorized GA. SGL has already filed complaint against GAIL for the same in PNGRB.
- 1.8 If application such as the applicant is accepted, it would further lead to crisscross of pipelines in the authorized area, leading to safety concerns. The authorized entity have dedicated staff and qualified personnel to look after the infrastructure. The individual pipeline would lack any incentive to incur expenditure for constant maintenance and safety of the small dedicated pipeline.
- 1.9. Further, as the customer's consumption is less than 50,000 SCMD, it should be a CGD customer as per CGD regulations "PNGRB CGD Authorization Regulations" Regulation 3(2)(a). It imperative that such application should be rejected.
- 2.0 M/s Shree Shakti Metal Rolling Mill application is not valid under PNGRB's regulations of Natural Gas Pipeline and CGD regulations.
- 2.1 As per Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Regulations, 2008 clause 3(2)(a), M/s Shree Shakti Metal Rolling Mill is CGD customer and should be served by CGD entity.
- 2.2 Allowing laying of dedicated network in authorized area by any applicant other than CGD Company would defeat PNGRB's concept of CGD business and would hamper future of CGD business.
- 2.3 PNGRB should reject M/s Shree Shakti Metal Rolling Mill application.

We are hopeful that the Hon'ble board shall consider SGL's comments.

Thanking You,

Yours Faithfully,



C R Bakde
Sr Manager (Com)