



**Shell Energy India Private Limited**  
(Formerly known as Hazira LNG Private Limited)

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India

Ref: SEI/MC/2020/PNGRB/PCD/07  
14 August 2020

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

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**Subject: Comments on the proposed draft "Petroleum and Natural Gas Regulatory Board (Levy of Fee and Other Charges) Second Amendment Regulations, 2020"**

Respected Madam,

This has reference to the public notice (Ref: No. S/Admin/197/2019) soliciting views on the proposed draft Petroleum and Natural Gas Regulatory Board (Levy of Fee and Other Charges) Second Amendment Regulations, 2020. We have reviewed the draft regulation and propose the following recommendations for the consideration of the honourable Board.

The draft regulation proposed to levy an annual charge of INR 50 Lakhs or 0.02% of the trade value (excluding taxes) in the exchange, whichever is higher, for both the standalone Gas Exchanges and Gas Exchanges with Clearing Corporations. In the case of standalone Clearing Corporations, the proposed fee is INR 20 Lakhs or 0.01% of the trade value (excluding taxes), whichever is higher.

The proposed charges appear to be too high and may potentially translate into high transaction charges, which could adversely impact the development of gas exchanges. Additionally, the annual charges shouldn't be linked to the trade value to avoid any unintended incentive to influence the price discovery as the Gas Exchange/Clearing Corporation operators are likely to recover the annual charges by building the same into transaction charges based on the trade value instead of trade volume. While we acknowledge that the Board may choose to recover the costs incurred for various regulatory and oversight activities to ensure the proper functioning of the exchanges, the charges should be determined considering a more appropriate fee structure/parameter reflecting the nature of the costs which are largely fixed in nature without any correlation with the trade value.

Considering the above aspects, we request the Board to levy a nominal annual charge during the initial phase to support the market development. It is recommended to consider volume slab-based annual charge structure on the lines of the CERC regulation for Power exchanges, where the annual charges vary between INR 6 Lakhs to INR 52 Lakhs for different annual volume turnover levels.

We request the honourable Board to review and consider the above inputs while finalizing the regulation. We will be happy to provide any further information if required.

Your Sincerely,  
For **Shell Energy India Private Limited**

**Ashwani Dudeja**  
Director