

2726/2019/0/0/Secy.

Subject: **Comments : Guiding Principles, Common Carrier or Contract Carrier Regulations**

Date: 11/10/19 11:02 AM

From: Smruti Datt <smruti.datt@think-gas.com>

To: "secretary@pngrb.gov.in" <secretary@pngrb.gov.in>

Cc: Siddhesh Redkar <siddhesh.redkar@think-gas.com>, Hardip Rai <HR@think-gas.com>

Public Notice PNGRB-AUTH-7-MISC (3)2015.pdf (67kB)

Comm Carr Commnts.docx (22kB)

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AA (AA)

Dear Madam,

Pursuant to Public Notice No. PNGRB/AUTH/7-MISC(3)/2015 dated 20<sup>th</sup> September 2019 (attached), issued by your office please find attached our comments to the draft "PNGRB (Guiding Principle for Declaring City or Local Natural Gas Distribution Networks as Common Carrier or Contract Carrier) Regulations, 2019 for your kind perusal.

AA (AA)

Kindly acknowledge the receipt of the same.

We also request you to please inform us when the same will be taken up for public consultation or any public discussions.

Regards, Smruti

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**Petroleum and Natural Gas Regulatory Board**  
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20<sup>th</sup> September 2019

**Public Notice No: PNRB/AUTH/7-MISC(3)/2015**

This has reference to the PNRB's Public Notice dated 22<sup>nd</sup> August 2019 on the draft "PNGRB (Guiding Principle for Declaring City or Local Natural Gas Distribution Networks as Common Carrier or Contract Carrier) Regulations, 2019"

PNGRB has received several requests from the stakeholders for extension of the last date of submission of comments on the draft regulations. Considering the requests of the stakeholders, PNRB has extended the last date of submission of the comments from 21<sup>st</sup> September, 2019 to 11<sup>th</sup> October, 2019. The views may be submitted to the Secretary, PNRB either through e-mail at [secretary@pngrb.gov.in](mailto:secretary@pngrb.gov.in) or through post at aforesaid address.

Deputy Adviser

**COMMENTS ON DRAFT PNGRB (GUIDING PRINCIPLES FOR DECLARING CITY OR LOCAL NATURAL GAS DISTRIBUTION NETWORKS AS COMMON CARRIER OR CONTRACT CARRIER) REGULATIONS, 2019**

1. It seems that the draft regulations have been drafted keeping in mind only those entities that were undertaking CGD operations since before the PNGRB Act or prior to the 9<sup>th</sup> CGD Bid Round. We would therefore request that entities that have obtained authorisations from 9<sup>th</sup> CGD Bid Round onwards be excluded from the applicability of these proposed regulations.
2. The draft regulations are contemplating a change in law that will adversely impact the competitive bids submitted by CGD entities that participated in the 9<sup>th</sup> and 10<sup>th</sup> CGD Bid Rounds. The bids of the 9<sup>th</sup> and 10<sup>th</sup> CGD Bidding Rounds were based on the bidding criteria specified in Regulation 7 PNGRB CGD Authorisation Regulations. Accordingly, the CGD entities have made their best competitive bid based on the bidding parameters and regulations made applicable in the 9<sup>th</sup> and 10<sup>th</sup> CGD Bidding Rounds. Based on this, significant amount of commitments, planning and investments have been made by the CGD entities in their respective Authorised Geographical Areas. Regulation 7, when requiring the submission of the transportation rate for CGD did not indicate that 20% of the capacity would then be required to be provided as common carrier. The change in law would require the entities who obtained authorisation to be compensated with either an extension of the exclusivity period or corresponding increase in the tariff to enable recovery of the economic loss of 20% capacity to common carrier obligation. It is suggested that entities that obtained authorisation in the 9<sup>th</sup> and 10<sup>th</sup> Round be excluded from the applicability and scope of the proposed regulations.
3. The draft regulations should stipulate that if the CGD entity has achieved its certain levels of revenues within the marketing exclusivity period and provided that it has undertaken the investment in accordance with the work plan, that it bid for, then the exclusivity period should be extended for a minimum period of five years at a time.
4. The framework providing for third party to establish CNG Stations and declaration of CNG Stations as an exclusion to infrastructure exclusivity should not be applicable to entities that have obtained their authorisation in 9<sup>th</sup> and 10<sup>th</sup> Round.
5. Regulation 11 and Regulation 12 that are permitting third parties to establish infrastructure (pipeline under Reg. 11 and CNG Stations under Reg 12) should not be applicable during the infrastructure exclusivity period as long as the CGD entity has achieved the work plan that it had bid for and stipulated in its respective authorisation. If the entity has complied with the work plan it should not be subjected to loss of market and removal of infrastructure exclusivity.
6. If Regulation 11 and 12 of the proposed draft regulations are made applicable to entities that have obtained authorisation in the 9<sup>th</sup> and 10<sup>th</sup> CGD Bid Round, then the entities should be compensated with either extension of the period of marketing exclusivity and/or revision of the tariff rates that the entity had submitted its bid. The bids were submitted on the assumption that infrastructure exclusivity would be available for the period stipulated as per the PNGRB (Exclusivity for City or Local Natural Gas Distribution Networks) Regulations, 2008.