

S.No. 4558



## गेल (इंडिया) लिमिटेड

(भारत सरकार का उपक्रम - महारत्न कंपनी)

### GAIL (India) Limited

(A Government of India Undertaking - A Maharatna Company)

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No.: GAIL/ND/RA/PN-DKPL/2018/354791/2064

Date: 21.06.2018

To  
The Secretary,  
Petroleum and Natural Gas Regulatory Board,  
1<sup>st</sup> Floor, World Trade Centre, Babar Road,  
New Delhi - 110001.

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**Subject: Laying of Natural Gas Pipeline for captive purpose by IOCL - Comments of GAIL on PNGRB Public Notice No.: Infra/NGPL/140/IOCL/DKPL/18 dated 07.06.2018.**

Madam,

This has reference to the Public Notice (Ref. No.: Infra/NGPL/140/IOCL/DKPL/18 dated 07.06.2018) regarding subject matter, soliciting public comments from stakeholders.

2. In this regard, the comments of GAIL (India) Limited are enclosed herewith as **Annexure-A**.

Submitted Please.

Yours Sincerely,

S. Kumar.

(Kumar Shanker)

Chief General Manager (Mktg-RA)

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**Laying of a Natural Gas Pipeline for Captive Purpose by M/s IOCL – Views of GAIL (India) Limited w.r.t. Public Notice No. Infra/NGPL/140/IOCL/DKPL/18 dated 07.06.2018**

1. M/s IOCL, vide their letter dated 02.12.2017, have submitted certain details to PNGRB in respect of their Board's approval for laying of a 106 km long 'Natural Gas Pipeline for Captive Purpose', which will be originating from PLL, Dahej LNG terminal and terminating at their Koyali Refinery. The letter states that the said details have been submitted by IOCL for PNGRB's information and records.
2. It appears from the above letter that the said information is not a submission made under sub-regulation 19(2) of the PNGRB NGPL Authorization Regulation, 2008. As per the said sub-regulation, the entity is required to submit, inter-alia, details including Capacity, DFR of the project to PNGRB at least 30 days before the commencement of laying of a 'Dedicated Pipeline'.
3. IOCL's letter has not mentioned their proposed pipeline as a 'Dedicated Pipeline', but as a 'Natural Gas Pipeline for Captive Purpose'. Per se, there is no category of pipeline called "Natural Gas Pipeline for Captive Purpose" under the extant PNGRB Regulatory framework. A pipeline for transportation of natural gas can fall either under the category of a 'Natural Gas Pipeline' or a 'Dedicated Pipeline' (i.e. a pipeline laid to transport natural gas to a specific customer to meet his requirement and not for resale), and in the latter case, the entity is required to submit details to PNGRB under the said sub-regulation 19(2).
4. As such the Capacity of the proposed pipeline is also not available in the IOCL letter.
5. It is important to mention here that, at present IOCL's Koyali Refinery is already connected with the Dahej-GIPCL section of GAIL's existing HVJ-GREP-DVPL pipeline system. As per PNGRB's capacity declaration letter no.: MI/NGPL/GGG/Capacity/GAIL dated 14.11.2012, the Dahej-GIPCL section has total capacity of 21.43 mmscmd, and as against this capacity, the overall gas flow through this section is only about 3.5 to 4.0 mmscmd, including gas drawl by Koyali Refinery at an average flow of 0.1 mmscmd. Therefore, this natural gas pipeline section which is available to all third parties, including IOCL, is already having sufficient surplus capacity and can very well cater to the total gas needs of the Koyali Refinery even after its capacity augmentation up to 18 MMTPA.
6. Furthermore, in addition to the said GAIL's existing pipeline connecting to Koyali Refinery, it is understood that this Refinery is also connected to M/s GSPL's Gujarat Gas Grid network. Thus the Koyali Refinery is already connected from PLL, Dahej, through two natural gas pipelines (with sufficient surplus capacities) of two entities i.e. GAIL and GSPL. In this situation there is no necessity or expediency for developing another natural gas pipeline infrastructure all the way from Dahej up to Koyali, involving laying of a 106 km pipeline at potential additional investment of more than Rs. 300 Crore.



7. In general, if relatively large volume consumers start bypassing the main pipeline grid by developing their own dedicated pipelines on the premise that it would help them saving some transportation tariff, then it may jeopardize the sustenance of the grid concept itself. Such an issue may come up even in the case of CGD networks because, there also, for consumers located nearer to an NG pipeline, dedicated pipelines bypassing CGD network can help them save the additional CGD network tariffs.
8. Therefore, the larger issue of promoting new Dedicated Pipelines, which may bypass the Natural Gas Pipeline Grid, needs a careful review because such duplicate dedicated pipelines would adversely impact the capacity utilization potential and viability of the existing pipeline Grid.
9. In the instant case also, given that the Koyali Refinery is already connected to existing Natural Gas Pipelines of two different entities i.e. GAIL and GSPL, and the fact that there is sufficient surplus capacity still available in the same, the Board may like to advise the concerned entity to restrain from laying the proposed 106 km Natural Gas Pipeline for Captive Purpose.

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