

**Rajeev Kumar**

Director – Regulatory Affairs & Business Development



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**Shri D.K. Sarraf**

**Chairperson**

Petroleum and Natural Gas Regulatory Board

1st Floor, World Trade Centre

New Delhi - 110001

Dear Shri Sarraf,

**Sub.: Additional comments on NGPL Tariff Regulations**

We thank PNGRB for organizing the Open House on 23 October 2020 to discuss views on NGPL Tariff Regulations.

We reiterate that we fully support the Unified Tariff regulation which we believe is a significant step forward and will go a long way in developing a gas market in India. This will also help in meeting the objective of increasing the gas share in the energy mix to 15%.

As mentioned, this policy is going to benefit all the stakeholders – the customers, the producers, the marketers and the transporters.

Starting with the customers, the policy will benefit customers who are far away from the supply sources and/or who require to transport gas through more than one pipeline. For those customers who are near to the supply source and only use one pipeline to transport gas, the benefit will be the ability to access gas from multiple sources. While we fully appreciate that the transportation tariff will increase for some of these customers, it is important to acknowledge even they will benefit from the overall reduction in the delivered price of gas through increased competition and choice. The policy must be viewed from the overall impact and from a perspective of delivered price of gas vs. focusing on transportation tariff, which is an element of the delivered price of gas. The short run increase in tariff will be offset as the unified tariff regime, being agnostic to the source of gas, will lead to increased gas on gas competition.

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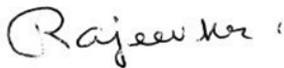
From sellers' point of view, unified pipeline tariff will provide level playing field for all marketers of gas giving fillip for additional investments across the value chain.

For the transporting entities, the policy is designed to be neutral and, in the long run, higher utilization will increase total revenue.

Most progressive gas regulatory regimes have evolved over time from a point to point transportation tariff model to an entry/ exit transportation tariff model (which transitions tariff from being a function of distance to being one of capacity utilization of entry and exit nodes). This leads to emergence of new gas demand at nodes where capacity utilization (and therefore tariff) is lower leading to equitable development of markets and equalisation of transportation costs – similar to the proposed unified tariff regime.

We, therefore, request you for immediate implementation of the proposed Unified Pipeline Tariff which would go a long way in development of the gas market in India. This will also be in line with Hon'ble Prime Minister's 'One Nation – One Gas Grid' concept stated while inaugurating the India Energy Forum on 26th October.

Yours sincerely,



**Rajeev Kumar**  
**Director – Regulatory Affairs & Business Development**