

Ref. No. RIL/GAS/PNGRB/20/10/02

October 27<sup>th</sup>, 2020

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

**Sub: Public Notice (PNGRB/COM/2-NGPL/Tariff (3)/2014 Vol-IV (Part-1) (P-1439) dated Sep 29<sup>th</sup>, 2020, on revised draft amendment to PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations, 2008**

**Ref.:**

1. **Open House conducted by PNGRB on Oct 23, 2020 for discussing suggestion / comments / views on Public consultation document dated Sep 29<sup>th</sup>, 2020.**
2. **RIL's letter (RIL/GAS/PNGRB/20/10/01) dated Oct 20<sup>th</sup>, 2020 regarding comments on Public Notice (PNGRB/COM/2-NGPL/Tariff (3)/2014 Vol-IV (Part-1) (P-1439) dated Sep 29<sup>th</sup>, 2020.**

Respected Madam,

This is with reference to the Open House conducted by PNGRB on Oct 23, 2020 through video conferencing for discussing suggestion/comments/views on Public Notice for unification of pipeline tariffs. Further to the Open House, we would like to submit following additional comments in support of the proposed subject amendments;

- 1) **Unlike the entity wise unification, the proposed amendment for unified tariff would provide a level playing field to all, instead of benefiting only a few gas sources or gas pipelines and ultimately benefit customers:**
  - a. **Gas Transporters:** The proposed unification does not discriminate between pipeline entities and keeps all the pipelines revenue neutral including the bid-out pipeline. This ensures that all pipeline companies earn same tariff they would have earned before unification ensuring pipeline companies do not gain at cost of consumers.

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- b. **Gas Sellers / LNG Terminals:** The proposed unification provides level playing field to all the existing terminals, new/upcoming terminals in west coast and east coast of India and domestic gas producers as they can reach all customers (subject to the zonal tariffs) removing locational advantage or disadvantage and therefore encourages gas on gas competition which ultimately benefits the customer.
- c. **Gas consumers:** Gas consumers on existing as well as upcoming pipelines can source gas on competitive basis from the existing and new LNG terminals & domestic gas sources which would result into reduced delivered cost of gas to end consumers. Further as the market grows the benefit from increased utilization accrues to all.
- 2) There is misconception that proposed unified tariff would result in huge increase in tariff and additional burden on consumers**
- a. The proposed unification would significantly increase gas on gas competition. Buyers across India can competitively access ~90 MMSCMD gas supplies from new/upcoming LNG terminals (e.g. Mundra, Chhara, Jaigarh, Pipavav, Dhamra) and ~50 MMSCMD from domestic gas sources (e.g. KG Basin, Rajasthan, Kutch) over next 2-3 years.
- b. While there would be increase in tariff for some customers closer to the gas sources, the benefits of competition in the delivered price would compensate for any increase in tariff for the customers. At around 50% of Zone 1 vs Zone 2 tariff distribution, we believe that majority of gas buyers would either benefit or have an impact of less than 30 cents/ mmbtu. This is small proportion of overall delivered gas price and ensuing gas on gas competition ushered by the proposed regulations is likely to more than compensate for this increase
- 3) It is being suggested that the proposed amendment is not legally tenable as under the proposed amendment shippers would be required to pay tariff for the pipelines which they do not use. However, it may be noted the concept/

basis of tariff determination is under the powers of PNGRB and accordingly they have determined tariffs in the past also for integrated networks.

- 4) In long term from overall Gas Market Development perspective the proposed amendment would benefit significantly to number of existing buyers located in far-flung areas away from gas sources and many new buyers on upcoming / under construction pipelines as they can access natural gas without cascading tariffs. Hence, the unification shall ensure equitable distribution of natural gas across the country and promote gas market development

We would happy to provide any clarifications required on the above.

Thanking you,

Yours faithfully,

For **Reliance Industries Limited**



**Amit Mehta**  
**Head Gases**