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**MAHANAGAR  
GAS**

**MAHANAGAR GAS LIMITED**  
(GAIL, Govt. of Maharashtra & BGAPH Enterprise)

MGL/COMM/NEW DELHI/8541

27 July 2018

To  
The Petroleum and Natural Gas Regulatory Board  
1<sup>st</sup> Floor, World Trade Centre,  
Babar Road  
New Delhi – 110 001

Kind Attn: Ms. Vandana Sharma, Secretary

Sub: Public Consultation Document bearing Ref: No. PNGRB/M(C)/74-Vol-II dated 13 July 2018

This is with reference to the captioned Public Consultation Document that was issued by PNGRB in order to determine the final initial natural gas pipeline tariff ('**Final Tariff**') for the Uran-Trombay Natural Gas Pipeline ('**UTNGPL**'). PNGRB has invited comments on the Public Consultation Document and it is in furtherance of the same that Mahanagar Gas Limited ('**MGL**') is writing this letter, setting out certain issues that may arise if the Public Consultation Document is finalized as a tariff order. These issues are set out below for your consideration:

1. The final initial unit gas pipeline tariff is issued in supersession of the provisional initial unit natural gas pipeline tariff, that was fixed by the PNGRB by a provisional tariff order dated 30 December 2013 and bearing number TO/12/2013-('Provisional Tariff Order'). The provisional tariff order is therefore the foundation and basis for fixation of Final Tariff. You would be aware that the question of applicability of the Provisional Tariff Order on MGL is presently being considered before the Hon'ble Appellate Tribunal for Electricity in the case entitled "*Mahanagar Gas Limited v Petroleum and Natural Gas Regulatory Board and Others*" and bearing number Appeal No. 147 of 2017 ('**APTEL Appeal**'), where the Oil and Natural Gas Corporation ('**ONGC**'), Gas Authority of India Limited ('**GAIL**') and PNGRB are Respondent.
2. One of the primary points of dispute in the APTEL Appeal is whether transportation tariff for UTNGPL, with a certain capacity being common carrier capacity, would be applicable where ONGC's pipeline is carrying ONGC's gas to Trombay and effecting sale of the gas at Trombay. MGL has thus far proceeded on the basis that this tariff would not be applicable where ONGC is carrying its gas through its pipeline and has strong arguments in its favour. In the APTEL Appeal, MGL has set out the provisions of the PNGRB Act and its allied Regulations that it relies on to assert that any tariff decided will not apply. It is also MGL's case that the delivery point of gas is at Trombay, thereby meaning that no part or capacity of the UTNGPL is being used on a common carrier basis.
3. At present, the APTEL has prohibited the parties to the dispute from demanding any transmission tariff. If the Public Consultation Document is finalized and an Order on Final Tariff is passed then MGL will be prejudiced by demands that ONGC is likely to make (on the same

## CONTINUATION SHEET



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premise which is under challenge) based on the Final Tariff. MGL objects to such a situation happening, specifically because it may result in overreaching the jurisdiction of the APTEL on this issue. MGL suggests that the PNGRB should only calculate and pass the Final Tariff Order after the resolution of the APTEL Appeal. In the alternative, PNGRB can clarify that there is no transportation tariff leviable by ONGC on the purchaser of gas i.e. GAIL (and consequently MGL).

4. From MGL's perspective, and further to the paragraph above, ONGC should be requested to disclose whether the present quantities of gas being transported by the UTNGPL as mentioned in the Public Consultation Document, are owned by itself or a third entity. ONGC's response (with supporting explanation on this issue should be considered while issuing the Final Tariff Order). If ONGC states that the gas is owned by ONGC then the quantities of gas submitted by the ONGC to the PNGRB are entirely irrelevant because it will be common carrier capacity gas transported which the PNGRB will have to consider before arriving at transportation tariff for a common carrier such as the UTNGPL.

MGL reserves its rights to comment on the draft final tariff order further, because the underlying question of its applicability cannot be considered without the resolution of the APTEL Appeal. If, despite MGL's objections, PNGRB proceeds with issuing the tariff order then MGL reserves its rights to challenge the tariff order or seek any remedy it deems appropriate.

Yours sincerely

**Rajesh Wagle**  
Sr. VP - Commercial