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# H-ENERGY

Ref no: HEGMPL/OTM/2018/03

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27th July, 2018

To,  
**The Secretary**  
**Petroleum & Natural Gas Regulatory Board**  
1st Floor, World Trade Centre  
Babar Road, New Delhi - 110001

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**Sub: Comments on PCD - Final initial unit natural gas pipeline tariff under the provisions of the PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations, 2008 for Uran Trombay Natural Gas Pipeline**

Dear Madam,

This is reference to PCD no. PNGRB/M(C)/74-Vol-II dated 13th July, 2018 on final initial unit natural gas pipeline tariff under the provisions of the PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations, 2008 (hereinafter referred as 'Tariff Regulations') for Uran Trombay Natural Gas Pipeline of Oil and Natural Gas Corporation Limited (ONGC).

In this regard, we would like to submit our following comments/suggestions:

**1. Economic Life:**

The entity has declared economic life of 25 years from the date of commissioning i.e. 29.05.2008 to 28.05.2033. However, under Net Block/Net Fixed Asset head, the entity has considered economic life of one year and has accordingly charged depreciation 100% for that year. The Hon'ble Board may like to review the same.

**2. Operating Expense:**

Since no replacement capex or future capex is planned, the opex projections from FY 2017 till the end of economic life which is Rs. 645.78 needs proper justification.

**3. Inflation Rate:**

The entity has considered inflation rate of 8%. The WPI headline inflation is an appropriate assumption for the inflation rate in pipeline CAPEX and OPEX. Further, in previous tariff orders, PNGRB has considered the WPI inflation rate for pipeline tariff determination. As per the 52nd round of Survey of Professional Forecasters on Macroeconomics Indicators report (copy attached for ready reference as **Annexure I**), the WPI headline inflation is projected at average of

3.95% for Q1 2018-19 to Q4 2018-19 and hence in this case also the inflation rate should not be allowed more than 3.95%. Basis for consideration of 8% inflation rate by ONGC is not clear.

#### 4. No. of working days:

The entity has considered 365 working days throughout the economic life of the pipeline. It appears the entity has not considered any planned maintenance for the said pipeline. Regulation 14(3) of the *Petroleum and Natural Gas Regulatory Board (Access Code for Common Carrier or Contract Carrier Natural Gas Pipelines) Regulations, 2008* provides a provision for planned maintenance period not exceeding ten days in a year. Hence the no. of working days as considered by ONGC should be in accordance with the extant Regulatory provisions.

#### 5. Unaccounted Gas

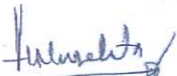
The entity has not considered any unaccounted gas in the said pipeline. The extant Tariff Regulations provides provision to consider system-use natural gas consumed in the natural gas pipeline as a fuel to operate the pipeline itself.

The Hon'ble Board may like to review that under which head, the entity has considered unaccounted gas or the entity may declare that there is no natural gas consumption as fuel in the question pipeline.

We request the Hon'ble Board to kindly consider the above mentioned comments/suggestions while finalizing the tariff for the said pipeline.

Thank you.

Yours faithfully,



**Hiren Mehta**  
General Manager - Marketing

## Survey of Professional Forecasters on Macroeconomic Indicators– Results of the 52<sup>nd</sup> Round<sup>1</sup>

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Growth is expected to firm up in 2018-19 and 2019-20 on the back of higher private consumption and investment, according to the 28 forecasters surveyed by the Reserve Bank. Consumer price inflation is expected to remain below 5.0 per cent from Q2:2018-19 to Q4:2018-19.

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The Reserve Bank has been conducting the Survey of Professional Forecasters (SPF) since September 2007. Twenty eight panellists participated in the 52<sup>nd</sup> round of the survey conducted during May 2018<sup>2</sup>. The survey results are summarised in terms of their median forecasts and consolidated in Annexes 1-8, along with quarterly paths for key variables.

### Highlights:

#### 1. Output

- Real gross domestic product (GDP) is likely to grow at 7.4 per cent in 2018-19 up from 6.7 per cent in 2017-18 and is expected to further accelerate by 20 basis points (bps) in 2019-20 on the back of support from private consumption and investment (Table 1).
- The investment rate, proxied by gross fixed capital formation, is expected to improve in 2018-19 and further in 2019-20, *albeit* at a lower rate than the upturn in the saving rate.
- Real gross value added (GVA) is expected to grow by 7.1 per cent in 2018-19 and by 7.4 per cent in 2019-20, supported by activity in the industry and services sectors.

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<sup>1</sup> The results of the last survey round were released on [April 5, 2018](#) on the RBI's website.

<sup>2</sup> The results presented here represent the views of the respondent forecasters and in no way reflect the views or forecasts of the Reserve Bank.

