

Gujarat State Petronet Ltd.

GSPL Bhavan,
E-18, GIDC Electronics Estate, Nr. K-7 Circle,
Sector-26, Gandhinagar-382028.
Tel.: +91-79-23268500/600 Fax : +91-79-23268506
Website : www.gspcgroup.com

GSPL/COMM/2017
19th September 2017

Secretary
Petroleum & Natural Gas Regulatory Board
1st Floor, World Trade Center
Babar Lane, Barakhamba Road
New Delhi-110001

Sub: Comments on Public Consultation Document for Final Initial Unit Natural Gas Pipeline Tariff of Gujarat Natural Gas Pipeline Network of GAIL (India) Limited

Respected Madam,

This is with reference to above referred "Public Consultation Document" webhosted on PNGRB website dated 25.08.2017 wherein PNGRB sought comments from the stakeholders on final tariff determination for M/s GAIL's Gujarat Natural Gas Pipeline Network. In this regard the GSPL's comments are as follows:

1. In the PCD, it is mentioned that as per the provisional acceptance issued by PNGRB, the Gujarat Natural Gas Pipeline System was consisting of two sub-networks i.e. South Gujarat Network of 632.54 Kms and North Gujarat Networks of 153 Kms. The total length as per the provisional acceptance was 785.54 Kms.

Subsequently, on 29.04.2014, PNGRB issued the final acceptance of Central Government Authorization dividing the network into seven sub-networks with the total length of 608.82 Kms. In addition to the above, PNGRB also identified some pipeline as dedicated pipeline with total length of 6.65 Kms. Therefore, as per the final acceptance the total length of network is 615.47 Kms.

At GAIL's website, the total length of Gujarat Natural Gas Pipeline Network including dedicated is 671 Kms.

Therefore, it is submitted that there is no clarity on the total length of the network and the pipelines included in it. Further, in PCD, the future capex in the Gujarat Natural Gas Pipeline Network only pertains to replacement of the existing pipeline. Therefore, if there is no alteration in the existing network, then there should be no difference in the length of the network pre and post replacement, unless there is some expansion project is also being undertaken by the entity.

2. As indicated in Final Terms and Conditions for Acceptance of Central Government Authorization, initial pipelines of Gujarat Natural Gas Pipeline Network were handed over by ONGC in year 1992, the economic life of which was ended in year 2017. Further, the economic life was extended for another 10 years upto 2027 as per the provisions 2(1)(e) of the PNGRB Authorization Regulation.


While extension of economic life is provided for in the regulation, it is not clear whether the extension can be given if the pipeline is no more technically capable of operations. The intention of extension of economic life could never be replacement of whole pipeline as the same would have major cost implications along with market related issues. Hence it needs to be analyzed whether an existing network near these markets can service these customers on a more cost effective basis avoiding the need of such huge capex, as we see that the exorbitant tariff proposed on account of such replacement capex is be much more than the tariff of the existing GSPL network. GSPL has state wide extensive network and the same can be used to cater the demand/market with minimal modification and cost implication.

Using the existing network in place of incurring huge expenditure on replacement would help in conservation of resources, which in turn could be used to build pipeline infrastructure in some other unserved areas and further also help in improving the utilization of existing network and thus would be in larger interest of consumers.

GSPL requests PNGRB to consider its concerns raised above and accept its comments while finalizing the tariff for GAIL's Gujarat Natural Gas Pipeline Network.

Best regards,

Yours sincerely,


Ravindra Agrawal
GED (Gas Business)