

GAIL's Views: PNGRB PCD on the Final Tariff Determination for the Assam Natural Gas Pipeline

GAIL supports the position of M/s AGCL for proper consideration of various parameters, viz., future Capex & Opex, Unaccounted Gas, No. of working days and Volume Divisor etc., and views on some key parameters are as follows:

1. **Future CAPEX and OPEX:**

Extant tariff regulations explicitly provide for consideration of future capex towards improvement, modification, optimization of equipment/facilities, expansion or replacement of any fixed asset as may be required in a natural gas pipeline over its economic life so as to create and sustain an efficient infrastructure and accordingly the same may be considered in the tariff calculations.

2. **Unaccounted Gas:**

PNGRB's Access Code Regulations explicitly states that transmission loss would include the quantity of gas which is unaccounted for due to whatsoever reason including blow downs, venting or releases during regular pipeline operation or due to inaccuracy of custody meter. There is no specific regulation in the PNGRB Tariff Regulations which indicates that unaccounted gas should not be considered in tariff determination. Hence, since extant regulatory framework explicitly recognize that certain quantity of gas would remain unaccounted due to blow downs, venting or metering inaccuracies etc., unaccounted gas may be factored in the tariff calculations.

3. **Number of Working Days:**

Extant Access Code Regulations, in the context of planned maintenance works for a pipeline facility, has provided for 10 days/year however, extant Tariff Regulation do not explicitly state that the number of operating days of a natural gas pipeline shall be considered as 355. Moreover, upstream/downstream facilities connected to a pipeline (LNG facilities, Fertilizer Plants etc.) do require a separate provision for allowing maintenance works, which may independently occur as per their respective maintenance schedules. For example, recently, Fertilizer Association of India (FAI) took up the issue of increasing the pipeline maintenance shutdown period with the Govt., on account of their plant maintenance. In view of the same, a reasonable period (10 days for pipeline and 10 days for all other connected facilities) may be considered as totally allowable maintenance period (i.e. 345 Working Days in a year) in the tariff calculations.
