



गेल (इंडिया) लिमिटेड

(भारत सरकार का उपक्रम - महारत्न कंपनी)

GAIL (India) Limited

(A Government of India Undertaking - A Maharatna Company)

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GAIL/RA/PNGRB/HPCL/LPG/EOI-Hassan-Cherlapalli/317812/2017/ 1666

10.02.2017

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

Madam,

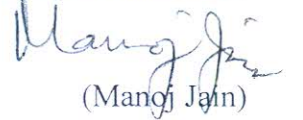
**Subject: HPCL's EoI to lay an LPG pipeline from Hassan to Cherlapalli**

This has reference to PNGRB Public Notice dated 10.01.2017, in respect of the subject matter.

In respect of the above, enclosed, please find GAIL's views as **Annexure A**.

Thanking You.

Yours sincerely,

  
(Manoj Jain)

Executive Director (Gas Mktg.)

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Enclosure: a/a

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**GAIL's views: HPCL's EOI to Lay, Build and Operate an LPG Pipeline from Hassan to Cherlapalli.**

It is observed that HPCL's proposal to lay a new LPG Pipeline from Hassan to Cherlapalli covers following details:

- i) Potential demand enroute of Pipeline: HPCL has considered potential demand of 2 more LPG plants further to the end point of proposed pipeline, which are not located enroute.
- ii) Assessment of total volume for transportation: Total volume assessed including additional 25% as per regulation specified over and above HPCL's own requirement, have been mentioned in EOI for the years 2021-22, 2025-26 and 2029-30.
- iii) Length of Pipeline: 620 Kms
- iv) Delivery Points : Anantapur and Cherlapalli ( LPG demand for 2 more Bottling plants i.e. Nagpur and Chandrapur has been considered which are not located enroute )
- v) Injection point : Existing TOP at Hassan on HPCL's MHMSPL

**Considering the above, GAIL's views are as follows:**

1. GAIL is already operating the Vizag-Secunderabad LPG pipeline (VSPL) having design **capacity of 1.33 MMTPA**, exclusively for meeting the LPG transportation requirement of HPCL / OMCs from dedicated sources viz. Refinery / Cavern / EIPL at Vizag to their Bottling plants at Rajahmundry, Kondapalli and Cherlapalli. GAIL is presently operating VSPL at about **1.0 MMTPA** and LPG is being transported and delivered to all three LPG Bottling plants of HPCL/IOCL/BPCL at Cherlapalli, with estimated annual drawl of about **0.54 MMTPA (HPCL- 0.22MMTPA, BPCL-0.11 MMTPA and IOCL -0.21 MMTPA)** at Cherlapalli TOP. GAIL is endeavouring to enhance VSPL throughput beyond the present level of about 1.0 MMTPA and progressively achieve the design throughput volume of 1.33 MMTPA.
2. HPCLs proposed pipeline envisages connectivity to the same Cherlapalli TOP from a western port (Mangalore), which is already connected to an eastern port (Vizag) through the VSPL. There is no mention of this fact in the EOI. Further, the EOI also does not indicate the capacity of HPCLs proposed new pipeline. Needless to say, creation of a new connectivity by HPCL at Cherlapalli through proposed Hassan-Cherlapalli LPG Pipeline shall result in duplication of infrastructure at a considerable cost to the exchequer, whereas the entire projected demand of Cherlapalli TOP is capable of being met by the existing VSPL. In this context, inference is drawn from Regulation 5 (4) (a) and 5 (4) (b) (ii) of the PNGRB (Authorizing entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010..
3. GAIL has strong apprehension that in case HPCL's proposed LPG pipeline comes into existence, HPCL may cater the entire demand of Cherlapalli from new connectivity and sooner or later, other two OMCs may also start utilisation of proposed pipeline, which would render VSPL, an existing and operating infrastructure created at a considerable cost to the Exchequer, starved and underutilized to a major extent. This apprehension is further borne out of the fact that OMCs may start importing LPG at Mangalore rather than at Vizag to cater the demand of Cherlapalli region, due to cheaper logistic cost at Western Coast import terminal (Mangalore) vis-a-vis Eastern Coast import terminal (Vizag).

Considering the fact that about 55- 60% of VSPL throughput is delivered at Cherlapalli to cater the demand of all three OMCs, if Hasan to Cherlapally is connected by LPG Pipeline of HPCL, then VSPL will lose PLT of around 2000 MT/day at Cherlapally location as this volume may immediately get shifted to the new proposed pipeline from Hassan to Cherlapalli, thereby adversely affecting the capacity utilization of VSPL.

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In view of the above, the aforesaid facts may be taken into cognizance and for ensuring that VSPL's capacity of 1.33 MMTPA is fully utilized by HPCL / OMCs before any new pipeline is allowed to come up in that region.

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