

Open House to discuss the comments of all stakeholders on proposed amendment in PNGRB (Access Code for Common Carrier or Contract Carrier Natural Gas Pipeline) Regulations, 2008

1. Open House (“OH”) discussion on proposed amendment in PNGRB (Access Code for Common Carrier or Contract Carrier Natural Gas Pipeline) Regulations, 2008 was held on 03.07.2019. Open house was chaired by Chairperson, wherein other Board members viz. Member (C&M), Member (Legal) were also present. List of other participants is attached.
2. During the OH, points raised/discussed are as follows:

At the start of the OH, Member (C&M) explained the objective of the proposed amendment. It was explained that at present income tax deducted at source (ITDS) by the Banks on interest on FDs booked in escrow accounts by NGPL companies is lost since neither it can be claimed by transporters nor PNGRB, and since PNGRB is exempt from income tax, this amendment will avoid tax leakage. Further Chairperson also assured the entities that this fund will only be used for the betterment of gas sector. It was also explained that the existing guidelines for operation of escrow accounts will be withdrawn since the requisite process has been made part of the proposed Regulations.

2.1. GAIL

- 2.1.1. GAIL supported the proposed amendments.
- 2.1.2. It stated that the requirement to submit pipeline wise information in this regard for past period may be dispensed with. However the same will be provided prospectively on annual basis.
- 2.1.3. GAIL requested that 90 days in place of 60 days be allowed to submit the information.
- 2.1.4. GAIL has also requested PNGRB to give the guidelines under which such fund can be utilised.
- 2.1.5. GAIL also highlighted that imbalance charges should not be as per zonal tariff, as customer at zone 1 is paying less penalty as compared to the customer at subsequent zone for the same imbalance created in the pipeline system.

2.2. H-Energy

- 2.2.1. H-Energy stated that bundled contracts should also be brought under the purview of imbalance and overrun charges.
- 2.2.2. In this regard, GAIL commented that this is a commercial issue and should not be discussed in OH as it is upto the customer to ask for a bundled delivery of gas or through separate contracts.
- 2.2.3. H-Energy also stated that deferred delivery services should not go in the escrow account as is the case at present.

- 2.2.4. Withdrawal from escrow account should be allowed quarterly instead of annually.
- 2.2.5. H-Energy also requested not to restrict the withdrawal upto the deposit made by respective transporter and any overdrawl may be adjusted with future deposits.
- 2.2.6. H-Energy also insisted that PNGRB should help the transporter to recover any outstanding imbalance charges by way of some regulations to which Chairperson asked GAIL, PIL and GSPL to provide details of outstanding imbalance charges.
- 2.2.7. H-Energy also added that there may be a mechanism for approval of eligible withdrawal in advance, which may be netted by transporter before depositing the amount in escrow account. It will save the transaction cost as well as any tax implications.

2.3. GGL

- 2.3.1. GGL stated that it is maintaining escrow account as a current account and is not receiving interest income on it.
- 2.3.2. It requested that more descriptive modalities for the escrow account to be maintained by the Board be detailed out. In this regard, Chairperson clarified that there will be only one escrow account and no entity wise separate escrow account will be maintained.
- 2.3.3. GGL also stated that accounting of such transaction will be difficult and their auditors may ask periodic confirmations of their balances in the escrow account from PNGRB.

2.4. PIL

- 2.4.1. PIL stated that transporter should be allowed to withdraw from escrow account for under recoveries of transportation revenue once it is approved by the Board.
- 2.4.2. PIL also requested for more clarity on GST implication on such transactions.
- 2.4.3. PIL also suggested that imbalance charges are the result of transmission activity done by transporter and should be given to them as they any way have to maintain the pipeline irrespective of the amount collected from imbalance charges.
- 2.4.4. Periodicity of the information sought by PNGRB may be synchronised in order to avoid any duplicity and efforts.
- 2.4.5. PIL also suggested that there should be one single certificate reflecting balance as on date as against submitting the year wise audited statement of the escrow account.
- 2.4.6. PIL also requested Board to look into the possibility of effective imbalance management of Gas as commodity such as hourly/ daily balancing as is the case in developed gas markets in order to reduce the loss suffered by transporter due to variation in gas cost.

2.5. IOCL

- 2.5.1. IOCL suggested that imbalance charges should also be levied on own use volumes of the transportation entity and supported the H-Energy's argument of inclusion of bundled contract under the preview of imbalance charges.
 - 2.5.2. It also insisted imbalance and overrun charges should be billed by transporter after netting off, among all shippers i.e. after netting the positive and negative imbalance of each shipper. Further, it added that no imbalance charges should be levied if it doesn't impair the services of the pipeline system.
 - 2.5.3. IOCL also suggested that periodicity of billing of imbalance charges to the shipper and deposit by transporter to the escrow account should be same.
 - 2.5.4. IOCL also insisted that the balance in escrow account may be remitted to transporter while determining the tariff and accordingly tariff may be reduced in order to benefit the end customers.
3. Meeting concluded with a vote of thanks to the chair.

List of Participants

S. No.	Name	Organisation	Designation
1	Ms. Vandana Sharma	PNGRB	Secretary
2	Shri Arvind Kumar	PNGRB	Additional Adviser
3	Shri Tarun Kumar Chopra	PNGRB	Dy. Consultant
4	Shri Sameer Agrawal	PNGRB	Assistant Adviser
5	Shri Neville Desai	Gujarat Gas	AVP – C&M
6	Shri Sumit Bengali	Gujarat Gas	AVP – F&A
7	Shri Hemendra Goyal	IOCL	GM (RA)
8	Shri P. Sham Rao	IOCL	GM (RJ- Gas)
9	Shri Hiren Mehta	H Energy	GM (Marketing)
10	Shri R. K. Zutshi	IOCL	GM (Gas Infra)
11	Shri Sanjay Saxena	IOCL	CM (Gas)
12	Shri Neeraj Pasricha	PIL	Sr. Lead
13	Shri Kumar Shanker	GAIL	CGM
14	Shri R Kannan	GAIL	CM
15	Shri T.K. Dasgupta	GAIL	CGM
16	Shri Anant Khobragade	GAIL	DGM