Open House discussion on Public Consultation Document on Integrated Authorization for Unified/Pooled Tariff

Open House ("OH") was held at 15:00 Hrs on 17.07.2018. The following submissions were made by the participants. List of the other participants is attached.

1. **Kajaria Ceramics Limited (Kajaria):**

- Kajaria wanted to know the impact of change to unified tariff on its plants located at various places in country to enable them to decide the issue of supporting the proposal, as they have to be globally competitive, since, any upward revision in tariff would impact its competitiveness

  It was clarified that the workings of the unified tariff could be done only on freezing the level of unification, the purpose of unification of tariff is to increase the penetration of gas to far flung areas at reasonable tariff but in general the tariff in respect of customers nearer to the source of gas would increase and the tariff for the gas customers farther to the source of gas would reduce, as compared to the existing system.

2. **Shell Energy Marketing & Trading India Pvt. Ltd. (Shell):**

- Shell supported the idea of unified tariff, as this will enable development of market and consequently lead to matured market.

- Suggested that if not possible to include all pipelines at initial stage then in future all pipelines including bid out pipelines should be included.

However, following should also be done as pre-requisite to implementation of unified tariff:

a) Legal unbundling of Gas trading and transmission business, so that benefit goes to all shippers.
b) Independent system operator (TSO), uniform code of conduct and online booking of capacity to ensure transparent allocation of capacity.
c) Connectivity of all pipelines.

- In calculation of tariff, cost of HVJ should not be included, as it is fully depreciated. Future expenses should not be allowed now and should be allowed as & when incurred while recalculation of tariff.

3. GAIL (India) Limited (GAIL):

- The issue of unification of tariff for GAIL pipelines was put up in line with the vision of Govt of India. Unified tariff was one of the consideration for laying Urja Ganga project.

- GAIL’s proposal is for unified tariff for GAIL’s interconnected pipelines, all other pipelines can be integrated in phases, based on success of phase1. Unified tariff shall enable:

a) Reach of gas to far flung areas and development of gas market to increase the share of gas from current 6.5% to 15%.
b) Will avoid cascading impact of tariff.
c) Eliminate the differential tariff between the customers nearer to source and away from source.

d) Equitable access to new/old RLNG terminals.

e) Development of infrastructure.

- Old customers are getting cheaper gas as well as levied lower tariff. New customers are getting costlier gas and levied higher tariff. Problem of higher tariff for customers near to source of gas can be managed by making some sort of zonal recovery of tariff within unified tariff.

- Unbundling is not related to unification of tariff. Unification of tariff is a separate exercise and should be implemented on standalone basis.

- Issue of creation of independent TSO is also an independent exercise which a committee will take care in the future.

- Future Capex in tariff calculation is factored as per the present tariff regulation of PNGRB to calculate tariff as per DCF methodology, non-consideration of the same will result in higher tariff on next review.

4. GMR Energy Limited (GMR):

- GMR has three gas-based power plants in east coast. GMR supported unification of tariff, however suggested that, it should be applicable on all the pipelines except for the bid out pipelines as bid out tariff is lower.

  It was clarified that weighted average price would be paid by consumer and the pipeline entity would get the quoted tariff for bid out pipeline and other would get the worked out by PNGRB as per Tariff Regulations.

5. Indian Oil Corporation Limited (IOCL):

- IOCL did not support unified tariff as:

  a) It would only help old LNG terminal and pipeline entities.

  b) Refinery input cost will increase, IOCL would have extra outgo of approximately Rs. 1000 crore for its three refineries namely Koyali, Mathura and Panipat due to this proposal.

  c) Low pressures pipeline are not part of this proposal.

- Unbundling of business and creation of TSO should be there before unification of tariff.
- Supported Zonal Tariff with entry exit option, with unbundling and TSO.

6. Jindal Steel and Power Limited (JSPL):

- JSPL has a steel plant of 1.8 MT at Angul, Orissa, which is currently closed.
- JSPL has to compete with steel manufacturers domestically with landed cost of gas as 13-14 dollar per mmbtu whereas in Oman it is USD 5/ mmbtu. Industry has to be globally competitive.
- Unified tariff will bring down the input cost for their plant. JSPL supports unified tariff for all cross country interconnected pipelines.

7. Hazira LNG Private Limited:

- Unified tariff is a progressive step and good for development of gas market.

- Supported option 2 i.e. unification of all the inter-connected cross-country natural gas pipelines of all the entities but excluding bid out pipelines as changing tariff for bid out pipelines have certain other (contractual) implications.

8. CESC Limited (CESC):

- CESC Limited has a 400 MW power plant and requires gas quantity of 1.6 MMSCMD, they are pursuing for gas supplies and they expect to get the same after completion of Urja Ganga project.
- The power tariff with current gas price is Rs. 7/KWH.
- Due to existing cascading tariff mechanism, delivered price for consumers far off from the source, is very high.
- Fully supported unified tariff as it will make their plant viable at least for seasonal demand.

9. Gujarat State Petronet Limited (GSPL):

- GSPL stated that they are presently limited to Gujarat, however, they are coming up with City Gas Distribution project at Amritsar and Thane.
- GSPL supported unified tariff for all cross country interconnected pipelines of all entities and not of a single entity.
- Consumers near to source may choose to lay dedicated pipelines due to increased unified tariff as they would not be ready to share the burden of higher tariff.

10. Torrent Power (Torrent):

- Torrent has 2700 MW gas-based power plants in Gujarat.
- Power plant near to source was put based on cheaper input cost, any increase in tariff is going to increase power price that will make power production unviable.
- Torrent has long term capacity booking with LNG terminal so they have to stick with the source, which will be disadvantageous in case of unified tariff.
- Torrent wanted to continue with the current tariff methodology.

11.Oil and Natural Gas Corporation Limited (ONGC):

- ONGC supported unification/ integration of all the inter-connected cross-country natural gas pipelines (including bid-out pipelines) as it will be beneficial from producer and customers point of view.
- Unified tariff shall enable development of gas market.

12.BP India (BP):

- BP supported unified tariff for all cross country interconnected pipelines of all entities and not of a single entity otherwise it would create distortion in transition from entity wise unified tariff.
- Unified tariff would lead to increase in share of gas in energy basket and development of market.
- It should be done after unbundling of transmission and marketing functions of an entity.

13.Reliance Industries Limited (RIL):

- Significant gas is expected to be produced from K.G Basin.
- Unification of tariff should be for all cross country interconnected pipelines (including bid out pipelines) of all entities and not of a single entity.

14. East West Pipeline Limited (EWPL):

- It should be for all cross country interconnected pipelines of all entities and not a single entity.
- Tariff may be calculated based on cost of service method instead of DCF, as DCF is based on various assumptions.

15. Matix Fertilisers and Chemicals Limited:

- Supported Unification of tariff, further it should be for all cross country interconnected pipelines of all entities and not a single entity.

16. Zuari Agro Chemicals Limited (ZACL):

- Supported Unification of tariff, further it should be for all cross country interconnected pipelines of all entities and not a single entity.

17. PPCL:

- Supported Unification of tariff, further it should be for all cross country interconnected pipelines of all entities and not a single entity.

IOCL raised the issue that in the past, Board has not accepted integration of GAIL’s HVJ and DVPL. The issues/ concerns raised therein be looked into.

Participants to the open house were informed that they may submit their comments/ views, in writing also in case they wish so, by 19th July 2018.

Meeting ended with a vote of thanks to the chair.

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Participants list

S.No.	Name	Organisation	Designation
1	Mr. D. K. Sarraf	PNGRB	Chairperson
2	Mr. S.S. Chahar	PNGRB	Member (Legal)
3	Mr. S. Rath	PNGRB	Member (I&T)
4	Ms. Vandana Sharma	PNGRB	Secretary
5	Mr. Arvind Kumar	PNGRB	Additional Adviser
6	Mr. Rakesh Kumar Jain	PNGRB	Joint Adviser
7	Mr. S.C. Gupta	PNGRB	Deputy Adviser
8	Mr. Md. Tanweer Akhter	PNGRB	Deputy Adviser
9	Mr. Sameer Agrawal	PNGRB	Assistant Adviser
10	Mr. Pranav Shah	Torrent Power	VP-Commercial
11	Mr. Vinay Ganatra	RIL	VP-Gas Sales
12	Mr. EVS Rao	EWPL	Sr. V.P.
13	Mr. Neeraj Pasricha	RIL	Sr. Lead
14	Mr. Bhojveer Singh	ONGC	Dy-SE(P)
15	Mr. D. Agarwal	GSPL	G.M.
16	Mr. Utpal Maru	BP India	Chief Comm. Officer
17	Ms. Saumya	DSH Legal	Associate
18	Ms. Riwali Batra	DSH Legal	Senior Associate
19	Ms. Iti Agarwal	DSH Legal	Principal Associate
20	Mr. Ashwani Dudeja	Shell India	G.M.
21	Mr. Manoj Jain	GAIL	Dir. (BD)
22	Mr. D. Nanda	IOCL	CGM (Gas)
23	Mr. R. Malhotra	HCPL	COMM MGR
24	Mr. Yadu Nandan	Matix Fertilisers	DGM-Corp. Affairs
25	Mr. Arunesh Bharti	Jindal Steel & Power Ltd.	Dy GM (CEO Officer)
26	Mr. S. Ramamurthy	GMR Energy	Vice President

27	Mr. Kumar Shanker	GAIL	CGM
28	Mr. Siddharth Garg	Torrent	Assistant Manager
29	Mr. F.C. Rastogi	Kajaria Ceramics Ltd.	AVP
30	Mr. Manas Das	CESC Ltd.	Sr. Mgr.
31	Mr. R.K. Gupta	ZACL	GM-F&A
32	Mr. Vikas Kr. Singh	PPCL/IPGCL	Manager (Tech)