

18/3/2019/0/0/Secy. 248

Subject: **Public Notice regarding Comments/Views on the proposed draft amendment in Tariff Regulations**

To: "secretary@pngrb.gov.in" <secretary@pngrb.gov.in>

Date: 17/08/19 01:07 PM

From: Neeraj Pasricha <neeraj.pasricha@pipelineinfra.com>

Dear Madam,

This is in reference to PNGRB Public Notice dated 02<sup>nd</sup> August, 2019 regarding comments/views on the proposed draft amendment in Tariff Regulations.

PIL views on the proposed draft are as below:

1. Views on the Concept:

1. Intent of the proposed draft seems to be limited to combining entity specific inter-connected natural gas pipelines. This may results in unification of tariff at entity level, therefore, our comments are similar to the comments given earlier on the proposal of unified tariff.
2. Any interconnection of entity specific gas pipeline may results in discrimination against other transportation entities. As interconnection of network particularly when connected with source would provide undue advantage to the entity operating such interconnected network and gas marketers on that network and hamper the overall consumer interest and equitable distribution of natural gas which are also two major objective Board intend to achieve by the proposed amendment. *This would deprive other entities the level playing field. Therefore, such exercise which restricts the inter-connection of pipelines at the entity level for the purpose of unification is not equitable as regards other entities and should be avoided.*
3. In case of PIL pipeline which is connected to field of ONGC/RIL from where major domestic gas source is expected, there will be still tariff pancaking for western market as they are on inter-connected network of different entities, further unification of entity specific network may result in higher tariff for some of the consumers compared to the tariff that would have been applicable prior to such implementation of unified tariff at the entity level. In the instant case, this may impact adversely the demand from western buyer for the gas from domestic sources on eastern side and result in under- utilisation of PIL Pipeline .
4. Further as southern gas pipeline network is being laid by different entities this will further result in segmentation of gas market and work against the principle of equitable distribution and also against overall consumer interest and development of gas market at the country level.
5. However, combining networks of different entities at the country level by integrating all the major trunk pipelines will be one possible option to achieve the intended objective.
  - i. This will provide level playing field to all the transporter, consumers and gas traders.
  - ii. Tariff design at the country level can be introduced on the principle of uniform tariff or entry exit

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tariff.

- iii. Focussed group/committee of stakeholders can be constituted to develop the mechanism of revenue sharing and contract administration which would be required in case of country level combining of network.

2. **Suggestions on the regulatory aspect:** With regard to proposed regulatory mechanism to workout combined tariff as per the current Schedule A of the tariff determination regulations. It is suggested that we may review other regulations which have impact on tariff workings as per the current Schedule A, to ensure that there are provisions to address the combined network scenario, like capacity regulations with regard to declaring capacity of the combined network, declaring the point of origin for the combined network in Authorisation regulations, etc.

We may also like to participate in the open house, to be conducted by PNGRB on the subject matter, to share our views in detail on the same.

Thanking you

Yours faithfully

For Pipeline Infrastructure Limited

Neeraj Pasricha

Authorised Signatory