

PETROLEUM AND NATURAL GAS REGULATORY BOARD

NOTIFICATION

New Delhi, the 29th April, 2016

F. No. PNGRB/M(C)/48.-In exercise of the powers conferred by section 61 of the Petroleum and Natural Gas Regulatory Board Act, 2006 (19 of 2006), the Petroleum and Natural Gas Regulatory Board hereby makes the following regulations, namely:-

1. Short title and commencement.

- (1) These regulations may be called the Petroleum and Natural Gas Regulatory Board (Imbalance Management Services) Regulations, 2016.
- (2) ¹[****]
- (3) They shall come into force on the date of their publication in the Official Gazette.

2. Definitions.

(1) In these regulations, unless the context otherwise requires,-

- (a) “Act” means the Petroleum and Natural Gas Regulatory Board Act, 2006;
- (b) “Board” means the Petroleum and Natural Gas Regulatory Board established under sub-section (1) of section 3 of the Act;
- (c) “GTA” means Gas Transportation Agreement between transporter and shipper;
- (d) “Imbalance Management Services” means such services that enable customers or shippers to manage their imbalances in an orderly fashion;

²[“(da) operational balancing agreement (“OBA”)] means an agreement among the transporters of interconnected natural gas pipeline in respect of balancing the differences in the scheduled and actual quantities of natural gas at agreed delivery and receipt points]

- (e) “shipper” means a consumer, a marketer or any entity which utilizes the capacity in the natural gas pipeline;
- (f) “transporter” means an entity authorized by the Board or authorized by

¹ The words and expression mentioned are omitted by Cl. (i) of Reg. 2, the Petroleum and Natural Gas Regulatory Board (Imbalance Management Services) Third Amendment Regulations, 2020 (w.e.f. 23.11.2020).

² Ins. by Cl. (ii) of Reg. 2, *ibid.* (w.e.f. 23.11.2020).

the Central Government for laying, building, operating or expanding a natural gas pipeline.

- (2) Words and expressions used and not defined in these regulations, but defined in the Act or in the rules or regulations made thereunder, shall have the meanings respectively assigned to them in the Act or in the rules or regulations, as the case may be.

³[3. Application.

These regulations shall apply to a natural gas pipeline covered under the regulations 9, 17 and 18 of the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008, a dedicated pipeline which is converted into a natural gas pipeline under the provisions of sub-regulation (1) or (2) of regulation 19 of the said Regulations, 2008 and a natural gas pipeline authorized by the Board pursuant to a policy directive issued by the Central Government under sub-section (2) of section 42 of the Act.]

4. Terms and conditions for providing imbalance management services.

[“(1) Subject to availability of pipeline capacity and without affecting the services to any shipper, transporter shall provide the following imbalance management services to a shipper to manage transportation imbalances, namely: –

- (a) parking service, which shall mean a service under which the transporter and shipper agree on a day-wise plan for receipt of agreed quantities of shipper’s natural gas into the pipeline at one or more agreed points for parking in the pipeline and subsequent day-wise re-delivery of the agreed quantities by the transporter to shipper, either at the same point or any other point on the pipeline:

Provided that shippers which are marketers or traders may also avail the said service from the transporter without booking any capacity for the transmission services in the natural gas pipeline through an agreement:

Provided further that in case the point or points at which the natural gas is received is different than the point or points at which such gas is re-delivered, the shipper shall also pay to the transporter the applicable transportation tariff:

Provided also that the natural gas parked but not withdrawn within the agreed period shall be treated to have created a positive imbalance and dealt with in

³ Subs. by pt. (a) of Cl. (iiv) of Reg. 2, *ibid.* (w.e.f. 23.11.2020).

accordance with Petroleum and Natural Gas Regulatory Board (Access Code for Common Carrier or Contract Carrier Natural Gas Pipelines) Regulations, 2008. The natural gas parked but not withdrawn within the agreed period by the marketers or traders who have not availed the transmission services from the transporter shall also be dealt in a similar manner as applicable for shippers who have availed transmission services from transporters;

- (b) lending service, which shall mean a service under which the transporter and shipper agree on a day-wise plan for lending of agreed quantities of natural gas by the transporter to shipper at one or more agreed points and subsequent agreed day-wise return of such loaned quantities by shipper to the transporter either at the same point or any other point on the pipeline:

Provided that shippers which are marketers or traders may also avail the said service from the transporter without booking any capacity for the transmission services in the natural gas pipeline through an agreement:

Provided further that in case the point or points at which the natural gas is loaned is different than the point or points at which such gas is returned, the shipper shall also pay to the transporter the applicable transportation tariff:

Provided also that natural gas loaned but not returned within the agreed period shall be treated to have created a negative imbalance and dealt with in accordance with Petroleum and Natural Gas Regulatory Board (Access Code for Common Carrier or Contract Carrier Natural Gas Pipelines) Regulations, 2008. The natural gas loaned but not returned within the agreed period by the marketers or traders who have not availed the transmission services from the transporter shall also be dealt in a similar manner as applicable for shippers who have availed transmission services from transporters;

- (c) netting service, which shall mean a service under which the shipper offsets its positive and negative imbalances under different Gas Transportation Agreements with the transporter; and
- (d) trading service, which shall mean a service under which more than one shippers offset their respective positive and negative imbalances under different Gas

Transportation Agreements resulting into reduction of their total imbalances.]

- (2) The transporter shall provide the facility of the imbalance management services referred to in sub-regulation (1) on a non-discriminatory basis but without affecting its ability to meet the rights and obligations under its gas transportation agreements with other shippers.
- (3) The transporter may charge a fee for providing the imbalance management services referred to in sub-regulation (1) from the shipper utilising such service where the charge for the service shall be based on the number of days such service is utilized.

⁴[(4) The transporter shall charge from the shipper an amount not exceeding rupees ten per Million British Thermal Unit (“MMBTU”), for imbalance management services referred to in clauses (a) and (b) of sub-regulation (1) and an amount not exceeding rupee one per MMBTU, for services referred to in clause (c) and (d) of sub regulation (1).The said charges shall be excluding all taxes and duties as applicable to the transaction.]

⁵[“(5) Fifty per cent of the amounts accrued to the transporter from imbalance management services referred to in sub-regulation (1) shall be considered as miscellaneous income for determination of tariff under Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008:

Provided that fifty percent of the amounts accrued to the transporter from imbalance management services referred to in sub-regulation (1) in respect of pipelines authorised under regulation 9 of Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008 shall be deposited in the Escrow account maintained by the Board within the time and manner as specified in Petroleum and Natural gas Regulatory Board (Access Code for Common Carrier or Contract Carrier Natural Gas Pipelines), Regulations, 2008.]

- (6) In case a transporter denies a request from the shipper for the imbalance management services referred to in sub-regulation (1), the reasons for denial shall be provided by the transporter to the shipper.
- (7) A transporter shall provide information on the details of the imbalance management services referred to in sub-regulation (1) and the amount received from such services for the financial year to the Board through a statement certified by a Chartered Accountant to be filed within sixty days from the end of the relevant financial year.
- (8) The Board may permit a transporter to undertake projects for other imbalance management services ⁶[****] from time to time on a pilot basis with a view

⁴ Subs. by pt. (b) of Cl. (iv) of Reg. 2, *ibid.* (w.e.f. 23.11.2020).

⁵ Subs. by pt. (c) of Cl. (iv) of Reg. 2, *ibid.* (w.e.f. 23.11.2020).

⁶ The words and expression mentioned are omitted by pt. (d) of Cl. (iv) of Reg. 2, *ibid.* (w.e.f. 23.11.2020).

to include such imbalance management services in the regulations on such terms and conditions as may be decided by the Board.

⁷[(9) Under an OBA, all the imbalances at the interconnect point of natural gas pipelines are operational imbalances and may be cured only by the parties to an OBA and in case transporters of two interconnected pipeline have entered into an OBA, then, the transporters shall consider the two pipelines as single gas balancing network for measuring the imbalance quantities of the shipper who has availed the imbalance management services from both the transporters.

(10) Transporter shall publish relevant information about imbalance management services along with the applicable charges on its website.

(11) Notwithstanding anything contained in these regulations, the Petroleum and Natural Gas Regulatory Board (Affiliate Code of Conduct for Entities Engaged in Marketing of Natural Gas and Laying, Building, Operating, or Expanding Natural Gas Pipeline) Regulations, 2008 shall not be applicable to the services mentioned under these regulations.]

5. Interpretation of regulations.

If any question arises as to the interpretation of these regulations, the same shall be decided by the Board.

K RAJESWARA RAO, OSD (R)

[ADVT.III/4/Exty./51]

Foot Note: Principal regulations were notified vide F. No. PNGRB/M(C)/48, dated 29th April, 2016 and subsequently amended vide F. No. PNGRB/M(C)/48, dated 23rd March 2018, PNGRB/COM/2-NGPL Tariff (2)/2012, dated 19th June, 2020, PNGRB/COM/2-NGPL Tariff(2)/2012(P-910), dated 11th November, 2020 and F. No. PNGRB/COM/2-NGPL Tariff (2)/2012 (P-3116) dated 23rd November, 2020.

⁷ Ins. by pt. (e) of Cl. (iv) of Reg. 2, *ibid.* (w.e.f. 23.11.2020).