



Tariff Order

Subject	Tariff Review of Unit natural gas pipeline tariff of Assam Gas Company Limited's ("AGCL") Assam Natural Gas Pipeline Network ("ANGPN"), under the provisions of the Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008 ("Tariff Regulations")
File No.	PNGRB/COM/2-NGPLTariff(1)/2010 (PartFile) (E-6452)

Ref. No.: TO/NGPL/26-27/01

Date: 30.09.2026

1. Regulatory Framework

- 1.1. In terms of Section 22 of the Petroleum and Natural Gas Regulatory Board Act, 2006 ("PNGRB Act"), the Board is entrusted with the responsibility of determining the natural gas pipeline tariff to be charged by the entities laying, building, operating or expanding a natural gas pipeline ("NGPL").
- 1.2. The methodology for determination of NGPL tariff has been specified in the relevant provisions of the PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations, 2008 ("Tariff Regulations") notified on 20.11.2008. Under the provisions of these regulations, PNGRB is to determine the initial unit NGPL tariff on a provisional basis ("provisional tariff") first and then finalize the same ("final tariff") considering the actual costs and data at the end of the financial year, on the basis of audited accounts. Tariff review of the NGPL is to be done by Board in terms of Clause 2(1) (h) of Tariff Regulations, which inter-alia provides that first tariff review to be done after the end of five consecutive years after the end of the initial unit natural gas pipeline tariff period and the unit natural gas pipeline tariff so determined at the time of any tariff review shall apply for the period up to next tariff review and further the gap between two tariff reviews shall not be less than two consecutive financial years after the end of the financial year in which last tariff fixation occurred. The transportation tariff is determined using the Discounted Cash Flow (DCF) method using actual and projected pipeline Capital Expenditure ("Capex") and Operating Expenditure ("Opex") in line with provisions of Tariff Regulations, over the entire economic life of the pipeline thus arriving at a single levelized transportation tariff. If the length of the pipeline is more than 300 kms, the recovery of the transportation tariff is apportioned across such zones of 300 kms each, resulting in zonal tariff, where the zonal tariff of a later zone is higher than that of an earlier zone.

2. Authorization and Capacity:

2.1. Provisional Authorization: PNGRB has issued the Provisional Terms and Conditions for Acceptance of Central Government Authorization for ANGPN of AGCL under Regulation 17(1) of PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008 (“Authorization Regulations”) vide letter No: Infra/PL/Exis/17/Assam-NGPL/AGCL/01/13 dated 20.12.2013. This authorization mentioned provisional system capacity of the AGCL’s ANGPN equal to 2.428 MMSCMD (including provisional common carrier capacity of at least 0.607 MMSCMD). This capacity was accepted as provisional and final capacity shall be determined as per the PNGRB (Determining Capacity of Petroleum, Petroleum Products and Natural Gas Pipeline) Regulations 2010 (“Capacity Regulations”). As per the Authorisation Letter, AGCL's Assam Natural Gas Pipeline Network was commissioned from year 1986 to year 2004, the economic life of which has ended in year 2011. Considering the submissions made by AGCL, the economic life of AGCL's Assam Natural Gas Pipeline Network was extended by a block of ten years up to year 2021.

It may be noted that in the previous tariff of AGCL’s ANGPN, the economic life was considered till 31.03.2031 for the purpose of tariff determination.

2.2. Capacity Determined: The capacity has not yet been determined by PNGRB.

3. Previous Tariff Orders: PNGRB notified a tariff order no: TO/03/2014 dated 30.05.2014 (“Provisional Tariff Order”) determining the provisional initial unit natural gas pipeline tariff and tariff order no. TO/2019-20/09 dated 04.06.2019 (“Final Tariff Order”) determining the final initial unit natural gas pipeline tariff under the provisions of Tariff Regulations, for AGCL’s ANGPN.

The details of previous tariff determined by PNGRB in past are as follows:

Rs. /MMBTU			
Period	20.11.2008 to 31.03.2014	FY 2014-15 till 30.06.2019	01.07.2019 onwards
Levelized Tariff	4.05	As charged by AGCL	1.81

4. Legal Cases pertaining to AGCL

4.1. The AGCL, i.e., the Appellant, had obtained authorization from the Central Govt. for laying and operating the ANGPN pipeline as a common carrier and therefore in pursuance to Section 17(1) of the PNGRB Act, read with Regulation 17(1) of the Authorization Regulations, 2008 furnished the particulars of the activities being undertaken by it to the Respondent-Board vide letter dated 19.10.2012. The Board accepted the Central Govt’s authorization in favour of Appellant’s ANGPN on 20.12.2013.

4.2. Vide letter dated 19.05.2011, the Appellant filed its submissions before the Board for determination of provisional tariff for ANGPN. Vide Order dated 30.05.2014, the Board arrived at a transportation tariff of Rs.4.05/MMBTU for the said pipeline for the period 20.11.2008 up to financial year 2013-14 provisionally. The Board vide its order dated 10.08.2022 held that the tariff determined for the Appellant’s pipeline ANGPN is applicable w.e.f. 20.11.2008, i.e., the date of notification of the NGPL Tariff Regulations, 2008.

4.3. AGCL (Appellant) challenged the said Tariff Order before Hon’ble APTEL on the ground that Tariff Order is being applied retrospectively and is erroneous. Tariff Order shall be made applicable from the date of acceptance of authorization, i.e., 20.12.2013.

- 4.4. Hon'ble APTEL, vide its judgment dated 21.05.2024, while disposing the appeal held as under: - "In view of the above discussion, we find the impugned order of the Respondent-Board erroneous and un-sustainable. The same is hereby set aside. We hold that the tariff determined by the Board for Appellant's ANGPN would be applicable w.e.f. 15th July, 2010. The Appeal stands allowed to the above extent. All the IAs stands disposed of."
- 4.5. Aggrieved by APTEL's Order - PNGRB has filed Civil Appeal in Hon'ble SCI challenging Judgment dated 21.05.2024 wherein Hon'ble APTEL held that tariff determined by Board for Assam Gas Company's ANGPN will be effective from 15.07.2010 and not from 20.11.2008, as contended by Board. The Board was of the view that decision of Hon'ble APTEL may have cascading implications on other tariff determinations done by PNGRB for other Central Government authorized entities w.e.f. 20.11.2008.
- 4.6. **Current Status:** The Civil Appeal diary no 45440 of 2024 titled Petroleum and Natural Gas Regulatory Board Vs. Assam Gas Company Limited, is pending before the Hon'ble Supreme Court of India. The matter was listed last on 17.03.2025. Vide order dated 17.03.2025, it was directed that the matter be listed on 20.05.2025 for final hearing. However, the matter has not been listed since 17.03.2025 and the next date of hearing in the matter is also not available on the website of Supreme Court of India.
5. **Isolated Natural Gas Pipeline as per Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008:**
- 5.1. PNGRB, vide notification dated 07.07.2025, has also brought out amendments in the NGPL Tariff Regulations 2008 regarding "isolated natural gas pipelines". The list of isolated natural gas pipelines is provided at Schedule E of NGPL Tariff Regulations wherein the AGCL's ANGPN is part of Schedule E.
- 5.2. Regulation 2(1) (eab) of Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008 states that "isolated natural gas pipeline" means 'natural gas pipeline' as defined under the Petroleum and Natural Gas Regulatory Board (Authorizing Entities for Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008 which is neither part of 'national gas grid system' as defined in Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008 nor connected to any 'liquefied natural gas terminal' as defined in Petroleum and Natural Gas Regulatory Board Act and provided in the Schedule E of these Regulations, but excludes- (i) dedicated pipeline laid to transport natural gas to a specific customer to meet his requirement and not for resale, and declared as common carrier or contract carrier under section 20 of Act.
- 5.3. **Regulation 4A- Determination of tariff for isolated natural gas pipeline listed under Schedule E of Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008**
The tariff for the isolated natural gas pipeline authorised under regulation 17 and Regulation 18 of the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008 and listed under Schedule E of Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008 shall be the Tariff determined in line with Regulation 4 of Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008. Notwithstanding anything contained in these regulations, in case the tariff of any isolated natural gas pipeline works out to be negative during tariff review in terms of the

Regulation 4, then in such case the previous positive tariff determined by the PNGRB in terms of the Regulation 4 shall continue till the next tariff review.

5.4. Schedule E - List of natural gas pipelines which are considered as Isolated Natural Gas Pipeline Network for calculation of tariff in line with Regulation 4A of Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008

S. No.	Entity	Name of the Pipeline
1.	GAIL (India) Limited	Cauvery Basin Network a. Narimanam-Kuthalam sub-network b. Ramnad Sub-network
2.	GAIL (India) Limited	Gujarat Regional Network a. Motwan sub-network b. Ex-Hazira (GGCL) c. Kalol-Ramol sub-network d. Kadi-Kalol sub-network e. Paliyad sub-network f. Mehsana sub-network
3.	GAIL (India) Limited	Agartala Regional Gas Pipeline Network
4.	Assam Gas Company Limited	Assam Natural Gas Pipeline Network

6. Details of Public Consultation for determining the tariff:

- 6.1.** Assam Gas Company Limited (“AGCL”), vide email dated 26.12.2025 submitted revised tariff filing for tariff review of Assam Natural Gas Pipeline Network (“ANGPN”) proposing a levelized tariff of Rs.12.03/MMBTU on GCV basis with effect from 01.04.2025 to 31.03.2031. Entity in its filing mentioned that tariff submitted is calculated with actual data up to FY 2024-25 and future projections from FY 2025-26 & onwards.
- 6.2.** PNGRB webhosted PCD of the tariff review of AGCL’s Assam Natural Gas Pipeline Network on 26.02.2026 for comments from stakeholders. Comments were received from Gujarat State Petronet Limited (“GSPL”) only. Subsequently, the response of AGCL on GSPL’s comments was also received and the same was webhosted on PNGRB website.
- 6.3.** PNGRB conducted an Open House to discuss the comments of all the stakeholders on PCD of Tariff Review of Unit Natural Gas Pipeline Tariff for ANGPN of AGCL on 05.06.2026 at 1100 Hrs at PNGRB’s office.
- 6.4.** The salient features of the tariff filing submitted by AGCL are as follows:

Particulars	Submission
Economic life (Years) (from 1986)	45 Years
From	20.11.2008
To	31.03.2031
Number of working days in a year	355
Annual inflation rate	4.50%
Capex (excluding IDC) till the end of economic life (Rs. in Crore)	60.74
- NFA as on 20.11.2008	25.62
- Actual Capex from FY 2008-09 to FY 2024-25	35.12

Particulars	Submission
- Future Capex from FY 2025-26 to FY 2030-31	NIL
Opex till the end of economic life (Rs. in Crore) (including tariff not recovered on SUG and Additional SUG)	362.77
- Actual Opex from FY 2008-09 to FY 2024-25	202.25
- Future Opex from FY 2025-26 to FY 2030-31	158.69
Transmission Loss (Rs. in Crore)	Not Claimed
Line Pack (Rs. in Crore)	0.13
Capacity (MMSCMD)	2.428
Average working capital during the economic life (Rs. in Crore)	2.29
Terminal Value including line pack of Rs.0.13 Crore and working capital of Rs.3.90 Crore at the end of the economic life (Rs. in Crore)	19.73
Levelized Tariff: (Rs. /MMBTU on GCV basis) from 01.04.2025 onwards	12.03

7. **Details of tariff filing by AGCL:** The various aspects of ANGPN's tariff filing submitted by AGCL are as follows:

7.1. Economic Life:

- 7.1.1. AGCL has considered economic life up to 31.03.2031. As per the provisional Authorisation letter dated 20.12.2013, the economic life of AGCL's ANGPN had been extended by a block of 10 years up to year 2021. However, in the Final Tariff Order TO/2019-20/09 dated 04.06.2019, the economic life for the purpose of tariff was considered till the year 2031.

7.1.2. Stakeholder Comment:

- 7.1.2.1. **GSPL Comment:** The economic life of AGCL's Assam Natural Gas Pipeline Network was extended till 2021 in the original authorisation. In 2019 during tariff determination, the economic life was considered till 2031. Thereafter, 7 years have passed but the economic life has not been officially extended till 2031.
From this case, it seems that even if an entity does not apply for extension of the economic life, the same gets extended automatically. If this is the case, we request the Hon'ble Board to make the same principle applicable for other pipeline entities, as otherwise considerable time and efforts are spent in conducting various studies and submitting a formal proposal for economic life extension to PNGRB.

AGCL Reply: AGCL had submitted formal request to the PNGRB for extension of economic life of its ANGPN Network vide its letter dated 31.12.2021. In response, PNGRB vide letter ref no. PNGRB/Auth/2-NGPL (10)/2013 dtd. 20.10.2022, had advised AGCL to submit various compliance documents in order to process the application. Accordingly, AGCL had submitted all the requisite details to the PNGRB. Subsequently, the same were also shared and all the submitted details were clarified by AGCL to PNGRB during the physical meeting held on 30.09.2024 regarding the stated subject at PNGRB Office, New Delhi.

Further some additional clarification has been sought by PNGRB vide email dated 09.03.2026 and AGCL has submitted its reply on 23.03.2026.

In view of above we are hopeful that extension of economic life of the Network to be granted by PNGRB at the earliest.

7.1.3. Applicable Regulatory Provision: Regulation 2 (1) (e) of NGPL Authorisation Regulations and Clause 7 of Schedule A of NGPL Tariff Regulations.

Regulation 2 (1) (e) of NGPL Authorisation Regulations: “economic life” of natural gas pipeline shall be a period of twenty-five years commencing from –

(i) the date of grant of authorization to the entity by the Board in case an entity proposes to lay, build or expand a natural gas pipeline on or after the appointed day;

(ii) the start-up date of the commencement of physical activities of laying, building or expanding the natural gas pipeline in case an entity started up laying, building or expanding a natural gas pipeline before the appointed day and the entity has either an authorization from the Central Government before the appointed day or an authorization from the Board under these regulations:

Provided that at the end of the aforesaid period of twenty-five years extension of the period of economic life may be considered by the Board for a block of ten years at a time depending on the satisfactory compliance of the service obligations under these regulations and on such terms and conditions, as it may deem fit at that point in time.

Clause 7 of Schedule A of NGPL Tariff Regulations: Notwithstanding anything contained in any regulations made under the Act, economic life of the pipeline shall be considered as thirty years from the date of commissioning for the purpose of tariff determination under these regulations. In case, the natural gas pipeline has been authorized for more than thirty years or its authorisation has been subsequently extended beyond thirty years or is in operation beyond thirty years, the DCF model for the tariff computation may be made for the entire period of authorization or operation till the next tariff review, including the extended period. Any replacement of the pipeline, in excess of five per cent of the length of the pipeline including spur-lines and tie-in lines, before the completion of the aforesaid economic life, shall not be considered for tariff determination if approval of the Board has not been obtained by the entity for such replacement.

7.1.4. In response to PNGRB’s query regarding extension of economic life AGCL vide response dated 02.02.2026 submitted that - AGCL, vide its letter dated 31.12.2021, submitted a proposal seeking extension of the economic life of the Assam Natural Gas Pipeline Network (ANGPN). Subsequently, PNGRB, vide its letter Ref. No. PNGRB/Auth/2-NGPL (10)/2013 dated 20.10.2022, advised AGCL to furnish the requisite documents for processing of the proposal. In compliance thereof, AGCL submitted the required documents vide its letter dated 28.09.2024 and further provided clarifications during a meeting held on 30.09.2024 at PNGRB, New Delhi. Some additional clarification was also sought by PNGRB vide email dated 09.03.2026 and AGCL has submitted its reply on 23.03.2026.

7.1.5. During the Open House discussion, the Board expressed its disappointment with AGCL for not completing the safety audit required for extension. AGCL informed that they had empanelled a consultant in 2022 for conducting a direct assessment of the network and have been submitting the reports to PNGRB. AGCL submitted that, the remaining life of the 1 KM 32” OIL-AGCL P/L was assessed up to 2029, while life of other three pipelines was assessed beyond 2031.

In view of the above, the economic life of AGCL’s ANGPN may be considered till 31.03.2031 only for the purpose of current tariff determination exercise. This

consideration of economic life till 31.03.2031 is only for the purpose of tariff and shall in no way considered or claimed as extension of authorised economic life of the pipeline by the pipeline entity. Further, the entity shall follow due process for obtaining economic life extension in line with extant regulatory provisions.

7.1.6 Status of Technical Compliance for Extension of Economic Life

Based on the Open House Meeting held on 15.06.2026 at PNGRB, AGCL was advised to submit the status of technical compliance for extension of the economic life of the Assam Natural Gas Pipeline Network (ANGPN) for the period beyond 31.03.2031.

In response, AGCL submitted that, based on the integrity assessment reports already furnished to PNGRB, out of the four pipeline sections constituting the ANGPN (total length 104.73 km), three pipeline sections having a cumulative length of 103.73 km were assessed to have a remaining life beyond the proposed period of 31.03.2031.

For the remaining 32-inch NB × 1 km pipeline section, whose earlier integrity assessment indicated a remaining life only up to the year 2029, AGCL informed that defect rectification works were carried out in accordance with the recommendations of the integrity assessment report. Based on the reassessment after completion of the rectification works, AGCL submitted that the remaining life of the said pipeline section has been enhanced beyond 31.03.2031.

Accordingly, in compliance with the directions issued by PNGRB, AGCL submitted the integrity re-assessment report for the aforesaid 32-inch × 1 km pipeline section vide its email dated 02.07.2026, indicating the remaining life of the pipeline up to April 2032, thereby covering the proposed tariff period up to 31.03.2031.

Further, AGCL in its email mentioned that, as directed during the Open House Meeting, it has issued Letter of Intent (LOI) No. C&P/PL/2026-27/02 dated 25.07.2026 to an independent third-party agency for validation of the integrity assessment findings. AGCL has submitted that the independent validation report shall be furnished to PNGRB by October 2026, in accordance with the directions issued during the Open House Meeting.

7.1.7 PNGRB Conclusion:

In view of the submissions made by AGCL, the integrity assessment reports available on record and the deliberations held during the Open House, the economic life of ANGPN is considered up to 31.03.2031 solely for the purpose of the present tariff determination. This shall not be construed as an extension of the authorised economic life of the pipeline under the Authorisation Regulations. AGCL shall obtain all the requisite approval(s) for extension of economic life in accordance with the applicable regulatory provisions.

7.2. Capital Expenditure (Capex)

7.2.1. Submission Made: AGCL in its tariff filing has claimed Capex of Rs.60.74 Crore for ANGPN during the entire economic life. The following are the details of the same:

Rs. in Crore	
Particulars	Amount
NFA as on 20.11.2008	25.62
Actual Capex from FY 2008-09 to FY 2024-25	35.12
Future Capex from FY 2025-26 to FY 2030-31	NIL

Particulars	Amount
NFA as on 20.11.2008	25.62
Total Capex Claimed	60.74

7.2.2. The entity has claimed actual capex for the period till FY 24-25 and future capex from FY 25-26 to FY 30-31. Year wise capex claimed by entity in current filing and capex considered in previous Tariff Order dated 04.06.2019 are as follows:

Rs. in Crore			
FY	Previous TO	Current Filing	Difference
Opening Block	25.63	25.63	-
FY 2008-09	0.04	0.04	-
FY 2009-10	0.06	0.06	-
FY 2010-11	0.21	0.21	-
FY 2011-12	0.54	0.54	-
FY 2012-13	1.15	1.15	-
FY 2013-14	1.41	1.41	-
FY 2014-15	0.52	0.52	-
FY 2015-16	1.28	1.28	-
FY 2016-17	0.19	0.19	-
FY 2017-18	-	-	-
FY 2018-19	1.59	0.91	-0.67
FY 2019-20	-	5.16	5.16
FY 2020-21	-	1.43	1.43
FY 2021-22	-	4.29	4.29
FY 2022-23	-	2.56	2.56
FY 2023-24	-	12.14	12.14
FY 2024-25	-	3.21	3.21
FY 2025-26	-	-	-
FY 2026-27	-	-	-
FY 2027-28	-	-	-
FY 2028-29	-	-	-
FY 2029-30	-	-	-
FY 2030-31	-	-	-
Total	32.63	60.74	28.11

Future Capex considered in tariff order dated 04.06.2019: PNGRB while determining the final tariff in 2019 has considered Rs.1.59 Crore on account of future capex. However, the actual capex incurred and applicable to ANGPN shall be trued up in current tariff review.

7.2.2.1. PNGRB observed that approx. 50% of total capex considered has been incurred in the period FY 18-19 to FY 24-25. In response, AGCL submitted that the major pipelines and compressors forming part of the ANGPN network were constructed during FY 2004-05. Consequently, as on 20.11.2008 (the date of applicability of the Tariff Regulations), the residual value of these assets had significantly reduced, despite the fact that the actual cost of additions was considerably higher. Further, considering that a substantial portion of the economic life of these assets has already expired, the company is required to undertake major expenditure on activities such as hydrotesting, intelligent pigging, major pipeline repairs

under the ANGPN network, and major overhauling of compressors during the relevant period. These activities necessitate substantial capital expenditure.

In addition, the company has incurred capex on other assets, including the implementation cost of SAP ERP. A portion of this expenditure is attributable to ANGPN network and has been included in the total capex considered in the calculations.

- 7.2.2.2.** AGCL has clarified that a substantial portion of the Capex incurred during FY 2018-19 to FY 2024-25 pertains to pipeline works, compressors, common assets, intangible assets and land. The detailed year-wise break-up of the Capex under various asset heads has been furnished as under:

(Rs. in Lacs)							
Particulars	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
P&M Pipeline	-	388.12	103.68	157.70	60.73	100.87	216.40
P&M Compressor	-	-	-	145.88	86.50	-	
Share of P&M Others	-	10.09	-	-	5.66	-	-
Land	0.33	0.31	-	-	-	-	-
Share of other Common Assets	51.33	117.47	39.41	125.64	103.08	757.56	102.68
Share of Intangible Assets	39.62	-	-	-	-	356.01	1.87
Total	91.28	515.99	143.09	429.22	255.97	1,214.44	320.95

- 7.2.2.3.** AGCL has submitted that no Interest During Construction (IDC) has been considered in the Capex claimed for the ANGPN. Accordingly, no IDC has been included in the Capex incurred for any of the years considered in the present tariff review.

- 7.2.2.4.** During review it was observed that there was mismatch of Rs.0.73 lacs for FY 20-21 and Rs.0.22 Lacs for FY 22-23 between the CA certificate and the working excel model provided by AGCL. Subsequently, AGCL confirmed to consider the values as per CA certificate in the tariff model. Accordingly, the CA certified values have been considered.

- 7.2.2.5.** AGCL, vide email dated 18.02.2026, informed that the CAPEX figures attributable to ANGPN for FY 2023-24 have been revised. AGCL informed that this adjustment in Capex is due to the reclassification of certain common assets. A small portion of assets that was previously grouped under the general common category has now been shifted to CGD – CNG segments as these are directly attributable to the said segments. Accordingly, the revised capex for FY 23-24 submitted by AGCL is Rs.1047.22 Lacs has been considered in the tariff.

7.2.2.6. Common Asset Allocation

PNGRB sought details of the common assets considered for the ANGPN network and the methodology adopted for their allocation among different business segments. AGCL submitted that PM-Pipeline, PM-Compressor and PM-Other Assets are mostly identifiable for each segment and have been directly allocated to the respective segment. However, Common Assets and Intangible Assets, which cannot be directly attributed to a particular segment, have been apportioned among ANGPN, Dedicated Pipeline and CGD (including CNG) networks based on the inch-km length of the steel pipeline of each segment.

Further, AGCL informed that major CAPEX incurred in respect of PM-Pipeline and PM-Compressor relates to Health Testing CAPEX like Hydrotesting, Intelligent pigging, etc of

pipeline and rectification small defects identified on such testing and Major overhauling of Compressors and engines. These CAPEX were required to incurred considering the old age of Pipeline and compressor to meet the safety compliances imposed by PNGRB.

7.2.2.7. Maintenance of Separate Financial Records and Books of Accounts

In the previous Tariff Order dated 04.06.2019, under Para 6.2.2.6 (PNGRB's Ruling), AGCL was directed to maintain separate accounts for the regulated activity in compliance with Regulation 5 of the PNGRB (Affiliate Code of Conduct for Entities Engaged in Marketing of Natural Gas and Laying, Building, Operating or Expanding Natural Gas Pipeline) Regulations, 2008 ("Affiliate Code") so as to avoid the need for allocation of common assets and expenses in future tariff determination exercises.

However, it is observed that AGCL has continued to adopt an allocation methodology for common assets and expenses in the present tariff submission.

AGCL was requested to provide the reasons for not maintaining separate books of accounts for the regulated activity despite the specific direction contained in the previous Tariff Order. In response, AGCL vide response dated 30.07.2026 stated that it has maintained its books of accounts using Tally and other miscellaneous software applications until December 2023. To comply with the requirement of maintaining separate financial records and books of accounts in accordance with Regulation 5 of the PNGRB (Affiliate Code of Conduct for Entities Engaged in Marketing of Natural Gas and Laying, Building, Operating or Expanding Natural Gas Pipeline) Regulations, 2008 ("Affiliate Code"), which was difficult to achieve through the earlier scattered systems, AGCL implemented the SAP ERP system with effect from January 2024.

Under the new system, separate profit centres have been created, and accounting items are being mapped to the respective profit centres in a phased manner. Since SAP is being implemented for the first time, the Company has encountered certain practical challenges in ensuring complete segregation of all accounting items across the designated profit centres.

Consequently, some accounting items are presently being recorded under common heads.

To address these challenges, AGCL is conducting training programmes for employees across various departments to ensure effective implementation and proper utilisation of the SAP system.

With the stabilisation of the SAP system and completion of the ongoing mapping and training process, AGCL assures that proper segregation and maintenance of separate books of accounts for the respective business segments will be ensured with effect from Financial Year 2027-28 in accordance with Regulation 5 of *the PNGRB (Affiliate Code of Conduct for Entities Engaged in Marketing of Natural Gas and Laying, Building, Operating or Expanding Natural Gas Pipeline) Regulations, 2008*.

7.2.3. PNGRB Conclusion:

7.2.3.1. For the period till FY 2017-18, the capex claimed by entity is in line with the previous tariff order dated 04.09.2019. Accordingly, the same is considered in current tariff determination.

- 7.2.3.2. Based on the above deliberations and supporting submitted by the entity, the year wise capex as per previous Tariff Order, submitted by the entity in initial tariff filing and Capex considered by PNGRB for the period is as per the below table:

Rs. in Crore			
FY	Previous TO	Entity Filing	Considered by PNGRB
FY 2018-19	1.59	0.91	0.91
FY 2019-20	-	5.16	5.16
FY 2020-21	-	1.43	1.42
FY 2021-22	-	4.29	4.29
FY 2022-23	-	2.56	2.56
FY 2023-24	-	*12.14	10.47
FY 2024-25	-	3.21	3.21
FY 2025-26	-	-	-
FY 2026-27	-	-	-
FY 2027-28	-	-	-
FY 2028-29	-	-	-
FY 2029-30	-	-	-
FY 2030-31	-	-	-
Total	1.59	29.70	28.03

*Revised by entity vide email dt 18.02.2026 to Rs.10.47 crore

The Capex incurred up to FY 2024-25 has been examined based on the audited accounts, CA certificates and supporting documents furnished by AGCL. No future Capex has been considered, as none has been claimed by the entity.

- 7.2.3.3. Further, PNGRB observed that despite the specific directions issued in the previous Tariff Order, AGCL has not yet maintained fully segregated books of accounts for the regulated pipeline business. However, as AGCL has initiated implementation of SAP and creation of separate profit centres, the entity shall ensure full compliance with *Regulation 5 of the PNGRB (Affiliate Code of Conduct for Entities Engaged in Marketing of Natural Gas and Laying, Building, Operating or Expanding Natural Gas Pipeline) Regulations, 2008*, by maintaining separate books of accounts for the regulated activity.

- 7.3. **Operating Expenses (“Opex”):** Entity in its current tariff submission, has claimed Opex of Rs.362.77 Crore for the entire economic life till 31.03.2031 (including tariff not recovered on SUG and Additional SUG). The details of the Opex claimed are as follows:

- 7.3.1. **Actual Opex:** PNGRB in its previous tariff order dated 04.06.2019 considered actual Opex up to FY 2017-18. The Opex claimed by the entity in current tariff filing for the period till FY17-18 is in line with the Opex considered by PNGRB for the period. The Opex submitted by entity in its current tariff filing up to FY 2024-25 and as considered by PNGRB in its latest Tariff Order of ANGPN are as follows:

Rs. in Crore			
FY	Previous TO	Current Filing	Difference
31-03-2009	1.82	1.82	-
31-03-2010	4.74	4.74	-
31-03-2011	6.32	6.32	-
31-03-2012	9.33	9.33	-
31-03-2013	8.45	8.45	-

FY	Previous TO	Current Filing	Difference
31-03-2014	9.50	9.50	-
31-03-2015	11.25	11.25	-
31-03-2016	12.65	12.65	-
31-03-2017	11.51	11.51	-
31-03-2018	11.95	11.95	-
31-03-2019	12.83	11.21	-1.62
31-03-2020	13.48	12.38	-1.1
31-03-2021	14.09	13.21	-0.88
31-03-2022	14.72	16.19	1.47
31-03-2023	15.39	22.69	7.3
31-03-2024	16.08	18.27	2.19
31-03-2025	16.80	22.61	5.81
31-03-2026*	17.56	23.63	6.07
31-03-2027*	18.35	24.69	6.34
31-03-2028*	19.17	25.80	6.63
31-03-2029*	20.03	26.96	6.93
31-03-2030*	20.93	28.17	7.24
31-03-2031*	21.88	29.44	7.56
Total	308.83	362.77	53.94

*Future Opex in current tariff filing.

The entity has provided the total cost of fuel consumed for compressors. Entity has then bifurcated the total cost of fuel for compressors among the common carrier consumers and dedicated consumers on the basis of total volume flow for each consumer respectively. The details of entity's submission are as per below table:

Period	(A) Compressor Fuel (SUG) Volume (MMSCM)	(B) Compressor Fuel (SUG) (Amount in Lac Rs.)	(C) Volume Compressed for Dedicated Customer(s) (MMSCM)	(D) Volume Compressed for Common Carrier Customer (MMSCM)	(E) Total Volume Compressed (MMSCM)	(F) = (B*D/E) Compressor Fuel expenses attributable to ANGPN (in Lac Rs.)
FY 2018-19	3.249	184.18	173.75	189.22	362.97	96.01
FY 2019-20	6.318	482.59	137.12	172.00	309.12	268.52
FY 2020-21	6.900	351.83	114.00	155.12	269.12	202.79
FY 2021-22	8.622	539.31	137.01	250.69	387.70	348.72
FY 2022-23	6.815	1,183.09	134.04	307.75	441.79	824.14
FY 2023-24	3.584	516.91	106.42	417.33	523.75	411.88
FY 2024-25	5.923	990.65	112.38	426.05	538.43	783.88

*It may be noted that entity has considered compressed volume for cost allocation.

AGCL submitted that the majority of the System Use Gas (SUG) volume has been procured at the lowest available APM gas price with Northeast subsidy, thereby minimizing the overall SUG cost.

- 7.3.2.** The breakup of Total Opex including SUG claimed by entity for the period FY18-19 to FY24-25 is as under:

Rs. in Crore

Period	(A) SUG	(B) Other Opex	(C) Less: Other income	(D =A+B-C) Total Opex (excl. Addi SUG and Tariff not recovered on SUG)	(E) Additional SUG	(F) Tariff not recovered on SUG	(G=D+E+F) Total Opex Claimed
FY 2018-19	0.960	10.340	0.189	11.111	0.000	0.100	11.210
FY 2019-20	2.685	9.791	0.118	12.358	0.000	0.023	12.381
FY 2020-21	2.028	11.268	0.111	13.185	0.000	0.026	13.211
FY 2021-22	3.487	12.761	0.092	16.156	0.000	0.037	16.193
FY 2022-23	8.241	13.710	0.253	21.698	0.958	0.031	22.687
FY 2023-24	4.119	14.096	0.281	17.934	0.318	0.019	18.271
FY 2024-25	7.839	14.801	0.296	22.344	0.238	0.031	22.613
Total	29.360	86.765	1.340	114.785	1.515	0.267	116.566

7.3.2.1. Stakeholder Comment:

GSPL in its comments mentioned that the inconsistencies in the System Use Gas (SUG) consumption rate during FY 2018-19 to FY 2022-23 may be reviewed. Further, GSPL highlighted that in certain years the Compressor Fuel as % age of total actual volume is higher than 2%.

AGCL in its response submitted that gas offtake from downstream consumers has shown intermittent and unanticipated fluctuations. Such fluctuations necessitate frequent start-stop operations and part-load or restricted running of compressors, which lead to reduced efficiency and comparatively variation in fuel gas consumption during certain periods.

7.3.2.2. PNGRB Query and Entity Responses

i. Allocation of Compressor Fuel to ANGP Network

PNGRB observed that the proportion of compressor fuel attributable to the ANGP network has increased from approximately 52% of the total compressor fuel consumption in the earlier years to around 80% during the later years. AGCL was requested to justify the increase.

In response, AGCL submitted that SUG (compressor fuel gas) is utilized for transportation of natural gas through compressor stations catering to both the BVFCL pipeline network and the ANGPL network.

Year	Compressor Fuel		Total Volume Flow		Compressor Fuel as %age of Volume Flow*	Volume Divisor MMSCMD	Compressor Fuel as %age of Volume Divisor
	SCM	MMSCMD	MMSCM	MMSCMD			
FY 18-19	32,48,785	0.009	427.12	1.17	0.76%	1.821	0.49%
FY 19-20	63,17,885	0.017	459.65	1.26	1.37%	1.821	0.93%
FY 20-21	69,00,408	0.019	444.14	1.22	1.55%	1.821	1.04%
FY 21-22	86,22,409	0.024	444.89	1.22	1.94%	1.821	1.32%
FY 22-23	68,15,161	0.019	491.21	1.35	1.39%	1.821	1.04%
FY 23-24	35,84,256	0.010	596.48	1.63	0.60%	1.821	0.55%
FY 24-25	59,22,676	0.016	623.60	1.71	0.95%	1.821	0.88%

*in the PCD, inadvertently the compressor fuel as percentage of total volume compressed was considered, instead of compressor fuel as percentage of total actual volume flow for common carrier ANGP.

AGCL further submitted that following the expansion of Assam Petrochemicals Limited (APL) during FY 2022-23, the volume of gas transmitted through the ANGPL network increased significantly from approximately 0.15 MMSCMD to around 0.50 MMSCMD and above. In contrast, gas transmission through the BVFCL pipeline declined due to frequent operational interruptions and reduced gas off-take by the downstream consumer.

AGCL submitted that the allocation of total compressor fuel between the BVFCL (Dedicated Pipeline) and ANGPL networks has been carried out based on the respective gas compression volumes.

Period	(A) Compressor Fuel (SUG) Volume (SCM)	(B) Compressor Fuel (SUG) (Rs. In Lacs)	(C) Volume Compressed for Dedicated (MMSCM)	(D) Volume Compressed for ANGPL (MMSCM)	(E) Total Volume Compressed (MMSCM)	(F)=(B/E*D) Compressor Fuel expenses attributable to ANGPL (Rs. In Lacs)
FY 2018-19	32,48,785	184.18	173.75	189.22	362.97	96.01
FY 2019-20	63,17,885	482.59	137.12	172.00	309.12	268.52
FY 2020-21	69,00,408	351.83	114.00	155.12	269.12	202.79
FY 2021-22	86,22,409	539.31	137.01	250.69	387.70	348.72
FY 2022-23	68,15,161	1,183.09	134.04	307.75	441.79	824.14
FY 2023-24	35,84,256	516.91	106.42	417.33	523.75	411.88
FY 2024-25	59,22,676	990.65	112.38	426.05	538.43	783.88

ii. Variation in System Use Gas Consumption

PNGRB observed that the SUG consumption as a percentage of total gas compressed varies from 0.60% to 1.94% of the actual volume flow during the period under review. AGCL was advised to furnish the reasons for such variation.

In response, AGCL submitted that the variation in SUG consumption was attributable to the following operational factors:

(i) Variation in Consumer Demand: Gas off-take from downstream consumers has shown intermittent and unanticipated fluctuations during the respective financial years. Such variations necessitate frequent start-stop operations and part-load operation of compressor units, resulting in comparatively higher compressor fuel consumption during certain periods.

(ii) Ageing of Compressor Equipment: Over the years, the compressors have undergone normal ageing. Progressive wear and tear of mechanical components has resulted in gradual reduction in operating efficiency, thereby increasing compressor fuel consumption compared to earlier years.

(iii) Station Piping Modifications: Certain modifications in compressor station piping were undertaken to improve operational reliability and streamline the network configuration. These changes affected compressor operating characteristics and consequently influenced SUG consumption.

(iv) Transition to Actual Metered Measurement: Initially, compressor fuel consumption was estimated based on manufacturer-rated consumption figures. Subsequently, dedicated fuel gas metering arrangements were installed following station piping modifications, enabling actual measurement of compressor fuel consumption. This transition from estimated values to actual metered consumption has also contributed to the variation observed in SUG percentages across different financial years.

AGCL further submitted that the reported SUG figures are cumulative in nature and include compressor fuel consumption for both the BVFCL and ANGPL networks. Accordingly, the

percentage of SUG varies depending upon annual throughput, compressor loading, operating conditions and equipment performance during the respective financial years. Further, AGCL submitted that the total SUG cost considered in Operating Expenditure is based on the actual bills raised by supplier of Natural Gas.

iii. Price Build-up for SUG:

Entity provided the SUG price buildup details as per the table provided for each year and each type of gas utilized such as Subsidized, Non-Subsidized, non-nominated considered in tariff working from FY 2018-19 to FY 2024-25. For example, the Gas Price details for FY 2024-25 are as follows-

Particulars	APM (Nominated) with NE subsidy	APM (Nominated) without NE subsidy	Non subsidised
Gas Cost (US\$/ MMBTU) (A)	3.9	6.5	8
Exchange Rate (Rs./US\$)(B)	84.27	84.27	84.27
Gas Cost (Rs/ MMBTU) (C=A*B)	328.653	547.755	674.16
Marketing Margin (D)	0.01	0.01	0.01
VAT 14.5% (E)	47.66	79.43	97.75
Total Gas Cost (per MMBTU) (F=C+D+E)	376.323	627.195	771.92

iv. Variation in Operating Expenditure (OPEX)

PNGRB observed that OPEX (other than SUG) had increased by more than 5% over the previous year during FY 2020-21 to FY 2022-23 and sought the reasons for such increase. In response, AGCL submitted that there was no significant increase in OPEX other than compressor fuel expenses.

AGCL submitted that Legal and Professional charges include payment made against various legal and professional advisory and consultancy services availed by Company from across the field like that from lawyers, company secretaries, Tax consultants, Credit Rating of Company, various technical safety audit expenses, etc.

With regards to Vehicle Hire Charges has increased over the year with inflation cost, enhancement in organisational activities across different locations, increase in fuel prices, implementation of GST on vehicle hiring, enhanced cost of hiring of vehicles from outside agency on time-to-time basis, increase in Driver's salary and allowances to comply with various statutory norms, etc.

AGCL submitted that these are regular business expenses and increase in amount is attributable to normal inflation. Further, only a portion of the above expenses are apportioned to common carrier pipeline network.

v. Reconciliation of Other Income

PNGRB observed that the Miscellaneous Income/Other Income reported for FY 2019-20 to FY 2023-24 did not reconcile with the figures furnished in the detailed Break-up submitted by AGCL for Other Income Details for the FY 2018-19 to FY 2024-25. AGCL was requested to reconcile the differences and provide the reasons for the mismatch.

In response, AGCL requested to not consider Other Income for deduction from OPEX for FY 23-24 onwards, in line with the extant regulatory provision as the actual volumes were less than normative.

Further, AGCL requested that for Other Income for the FY 2022-23, proportionate income from the effective date of amendment (based on number of days) may kindly not be deducted from OPEX.

vi. Details of Non-recurring Amount Considered in Tariff Calculations as OPEX for FY 2024-25

AGCL was advised to confirm whether any one-time or non-recurring expenditure (including expenses such as Diamond Jubilee Celebration, if any has been included in the OPEX for FY 2024-25. If so, details of the expenditure, the amount attributable to ANGPL, and the basis of allocation may be furnished so that the same may be appropriately considered for tariff determination.

In response, AGCL submitted that on verification of various OPEX items considered for Tariff calculation of ANGPL Network during the FY 2024-25, it has found that most of the items are regular and recurring in nature and no significant amount with non-recurring nature has come to its notice.

vii. Contractual and Actual Delivery Pressure

PNGRB advised AGCL to confirm the contractual delivery pressure and the actual delivery pressure at all entry and exit points of the AGCL network, including dedicated consumers.

In response, AGCL submitted the details for the same. **DE**

7.3.2.3. Regulatory Provision

- a)** In terms of the clause 5 (2) (b) of Schedule A of Tariff Regulations, “fuel (including the cost of natural gas and the natural gas pipeline tariff thereon, corresponding to the volumes of natural gas considered as divisor for tariff determination subject to maximum of 2% of the volumes of natural gas considered as divisor for tariff determination of the natural gas pipeline;

Explanation: Actual fuel cost for the respective years shall be multiplied by the volumes considered as divisor for determining tariff and divided by actual volumes flow.

Entity to procure at least 75% of their annual gas volume for fuel requirements under the long-term contract(s) on least cost basis either domestically or internationally for a period of at least 3 years from the end of the period for which SUG volumes are already contracted. The entity shall inform PNGRB immediately but not later than three months after the notification of this amendment.

However, if the entity has surplus gas available in their portfolio at the time of procurement which can be allocated to SUG at a price lower than the above, then such cheaper gas price will be allocated for SUG. The entity shall provide the details of the gas procured to PNGRB on immediate basis after the procurement or allocation, as the case may be.

Clarification: Gas price and quantity for long term contract (formula or fixed; as the case may be) finalized on least cost basis at which procurement or allocation is done, shall be the basis for working out fuel cost for such quantity and period.

- b)** Clause 5 (8) of Schedule A of Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008 till 23.11.2020 provides that, “Miscellaneous income realizable from a fixed asset included in the return on total capital employed or out of an expense considered as an operating cost, but not including income from imbalance management services under relevant regulations of the Board, interest income,

profit or loss on sale or transfer of any fixed or other asset, shall be netted from the operating cost.”

In terms of extant clause 5 (8) of Schedule A of Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008, “Adjustment of Miscellaneous income against Operating Costs: Financial Year-wise actual revenue earned by the entity from the regulated asset base, including Miscellaneous income realizable from a fixed asset included in the capital employed or out of an expense considered as an operating cost, including income from imbalance management services in accordance with the provisions of Petroleum and Natural Gas Regulatory Board (Imbalance Management Services) Regulations, 2016, but excluding interest income, profit or loss on sale or transfer of any fixed or other asset, shall be worked out. If considering such actual revenue, return earned by the entity on the date of review results in more than the allowed rate of return as per clause 3 of Schedule A, then adjustment would be made in the tariff to make the return earned by the entity on the date of review equals to the allowed rate of return as per clause 3 of Schedule A.”

7.3.2.4. PNGRB Conclusion:

- a) The Opex up to FY 2017–18 claimed by the entity is in line with the previous Tariff Order approved by PNGRB.

The opex (other than SUG) for the FY 2018–19 to FY 2024–25 have been reconciled with the supporting provided by the entity. Adjustment of Misc. Income/Other Income has been made in line with Clause 5(8) of Schedule A of NGPL Tariff Regulations.

- b) **Actual SUG:** The details as submitted by entity are considered as SUG cost for FY 2018-19 to FY 2024-25. The actual SUG cost has been reconciled with the supporting documents provided by the entity. Further, the amendment with respect to normative SUG and ceiling of 2% was notified on 18.11.2022. Accordingly, the same has not been made applicable for period before the notification date.

For calculation of the additional SUG cost for FY 22-23, the total SUG cost attributable to ANGPN of Rs.824.14 Lacs is divided into two parts, namely:

- SUG cost before 18.11.2022: Rs.521.58 Lacs (i.e. $824.14 / 365 * 231$)
- SUG cost 18.11.2022 onwards: Rs.302.56 Lacs (i.e. $824.14 / 365 * 134$)

Further, in line with the regulatory provisions, this SUG cost after 18.11.2022 shall be multiplied by the volumes considered as divisor for determining tariff and divided by actual volumes flow. Accordingly, the additional SUG cost is calculated as Rs.106.84 Lacs [i.e., $(302.56/1.346*1.821) - 302.56$] for the period 18.11.2022 to 31.03.2023.

Similarly, the additional SUG for FY 23-24, FY 24-25 and FY 25-26:

Particular	FY 23-24	FY 24-25
Claimed by Entity (Rs. in Lacs)	411.88	783.88
Considered by PNGRB (Rs. in Lacs)	411.88	783.88
Actual Volume (MMSCMD)	1.634	1.708
Normative Volume (MMSCMD)	1.821	1.821
Additional SUG (Rs. in Lacs)	47.08	51.63

Accordingly, the total SUG considered FY18-19 to FY24-25 is as per following table:

(Rs. in Lacs)

FY	Actual SUG	Additional SUG	Tariff not recovered on SUG	Total SUG Cost
FY 2018-19	96.02	-	9.601	105.62
FY 2019-20	268.52	-	2.311	270.83
FY 2020-21	202.79	-	2.612	205.40
FY 2021-22	348.72	-	3.684	352.40
FY 2022-23	824.14	106.84	3.144	934.12
FY 2023-24	411.88	47.08	1.889	460.85
FY 2024-25	783.88	51.63	3.093	838.60

7.3.3. The breakup of Total Opex including SUG considered by PNGRB for the period FY18-19 to FY24-25 is as under:

Rs. in Lacs						
Period	SUG	Additional SUG	Tariff not recovered on SUG	Other Opex	Less: Other income	Total Opex Considered
FY 2018-19	96.02	0.00	9.601	1033.965	18.92	1,120.666
FY 2019-20	268.52	0.00	2.311	979.050	11.79	1,238.091
FY 2020-21	202.79	0.00	2.612	1126.790	11.11	1,321.082
FY 2021-22	348.72	0.00	3.684	1276.050	9.15	1,619.304
FY 2022-23	824.14	106.84	3.144	1370.950	16.03	2,289.043
FY 2023-24	411.88	47.08	1.889	1409.600	-	1,870.452
FY 2024-25	783.88	51.63	3.093	1480.068	-	2,318.667
Total	2935.95	205.55	26.334	8676.47	67.00	11,777.30

7.4 Future Opex: For arriving at the opex of FY 25-26, the entity has escalated the opex for FY24-25 (including compressor gas fuel expenses) by 4.5%. Similarly, entity has also escalated the other income by 4.5% p.a. to arrive at year wise other income for future period. Entity has then reduced the year wise other income from year wise opex to arrive at the final opex to be considered in the tariff determination for each year.

Further, entity has also escalated the additional SUG by 4.5% p.a. in its submission. For tariff not recovered on SUG entity has claimed the amount for FY 24-25 for future years without escalation.

Accordingly, the year wise submission of future opex by the entity is as follows:

Rs. in Lacs						
Period	Opex Amount (incl. SUG)	Less: Other income	Final Opex Claimed (incl. SUG)	Additional SUG	Tariff not Recovered on SUG	Total
FY 2025-26	2,365.83	30.93	2,334.90	24.90	3.09	2,362.89
FY 2026-27	2,472.29	32.32	2,439.97	26.02	3.09	2,469.08
FY 2027-28	2,583.54	33.77	2,549.77	27.19	3.09	2,580.05
FY 2028-29	2,699.80	35.29	2,664.51	28.41	3.09	2,696.01
FY 2029-30	2,821.29	36.88	2,784.41	29.69	3.09	2,817.19
FY 2030-31	2,948.25	38.54	2,909.71	31.03	3.09	2,943.83
Total	15,891.00	207.73	15683.27	167.24	18.56	15,869.07

7.4.1 Stakeholder Comment:

GSPL Query: From FY25-26 (Rs.117.87 Crores) to FY30-31 (Rs.158.69 Crores). the

cumulative OPEX projected has increased by more than 33% as compared to OPEX projected for this period in previous TO. Kindly provide details on whether more than 33% increase in OPEX is only attributable to SUG or there are other reasons as well.

AGCL Reply: AGCL has calculated future OPEX for the period from FY 2025-26 to FY 2030-31 considering inflation of 4.50% p.a. the future years with actual figures for the FY 2024-25 as base year. This is in line with the principal followed by PNGRB in our earlier Tariff Order dated 06.06.2019.

7.4.2 PNGRB Conclusion:

7.4.2.1 Opex (other than SUG): The entity has projected future OPEX for FY 2025–26 to FY 2030–31 by escalating the FY 2024–25 OPEX at an annual inflation rate of 4.5% p.a. The inflation rate of 4.5% is consistent with the methodology adopted in the previous tariff determination. Accordingly, the future Opex has been worked out by escalating the Opex (other than SUG) for FY 2024-25 considered by PNGRB by escalation of 4.5% p.a. Further, in line with the extant regulatory provisions, the Other Income have not been reduced from future opex.

7.4.2.2 Future SUG: For the purpose of calculation of future SUG, PNGRB sought the details of procurement of gas – price and quantity, exchange rate etc for FY 2024-25. The break-up is as follows-

Particulars	APM (Nominated) with NE subsidy	APM (Nominated) without NE subsidy	Non subsidised
Gas Cost (US\$/ MMBTU) (A)	3.9	6.5	8
Exchange Rate (Rs./US\$)(B)	84.27	84.27	84.27
Gas Cost (Rs/ MMBTU) (C=A*B)	328.653	547.755	674.16
Marketing Margin (D)	0.01	0.01	0.01
VAT 14.5% (E)	47.66	79.43	97.75
Total Gas Cost (per MMBTU)(F=C+D+E)	376.323	627.195	771.92
Gas Volume (MMBTU) (G)	153067.17	55966.26	6955.04
Total Gas Cost Amount (in Rs.) (H=F*G)	57602696.62	35101758.44	5368734.477
Total Gas Cost for FY 2024- 25 (in Rs.)	9,80,73,189.53		
For ANGPL @79% (in Rs.)	7,74,77,819.73		

*79% is based on the compressor fuel cost allocation methodology adopted by AGCL

For the purposes of calculating SUG for the period FY 2025-26 onwards, the following has been considered-

- a) **Gas Price:** For FY 2025-26, the average gas price declared by PPAC for the period is considered. For FY 2026-27 and onwards, the average gas price from April 2026 to August 2026 has been considered. However, the same shall be trued up in the next tariff review. The details of gas price considered are as under:

(US\$/ MMBTU)

Year	APM (Nominated) with NE subsidy	APM (Nominated) without NE subsidy	Non subsidised
2025-26	4.038	6.73	6.73
2026-27 onwards	4.2	7	9.974

- b) **Exchange Rate:** The US\$ exchange rate for FY 2025-26 is being considered as Rs.88.31/US\$ based on the average RBI reference rate for the year. Further, the US\$ exchange rate for FY 2026-27 has been considered as Rs.95.06/\$ based on the average for April 2025 to 15 August 2026. The Rupee depreciation of 1% p.a. in exchange rate has been considered from FY 2027-28 onwards till the end of economic life. However, the same shall be trued up in future based on the actuals and extant regulatory framework.
- c) **Additional SUG:** The quantity for FY 2024-25 has been considered for future years also. Accordingly, the additional SUG has been worked out considering the actual volume of FY 24-25 and normative volume of 1.821 MMSCMD.
- d) **Tariff not Recovered on SUG:** For tariff not recovered on SUG for future years, the entity claim is based on the FY 2024-25, considering the SUG fuel consumption of FY 2024-25 for future years as well. However, entity did not consider the revised tariff in its working. Therefore, the SUG quantity for FY 24-25 has been considered for all future years for calculation of tariff not recovered. However, the amount has been calculated based on the applicable year-wise revised tariff.

In view of the above, the future opex claimed by entity considered by PNGRB is as follows-
(Rs. in Lacs)

Period	Claimed By entity	Considered by PNGRB
FY 25-26	2,362.89	2,449.50
FY 26-27	2,469.08	2,657.33
FY 27-28	2,580.05	2,753.27
FY 28-29	2,696.02	2,839.51
FY 29-30	2,817.20	2,929.27
FY 30-31	2,943.83	3,022.72
TOTAL	15,869.074	16,651.597

The break-up is as under:

(Rs. In Lacs)						
Period	Opex Amount (incl. SUG)	Less: Other income	Final Opex Claimed (incl. SUG)	Additional SUG	Tariff not Recovered on SUG	Total
FY 2025-26	2,390.81	-	2,390.81	55.59	3.09	2,449.50
FY 2026-27	2,577.91	-	2,577.91	63.33	16.08	2,657.33
FY 2027-28	2,660.15	-	2,660.15	63.96	29.15	2,753.27
FY 2028-29	2,745.76	-	2,745.76	64.59	29.15	2,839.51
FY 2029-30	2,834.89	-	2,834.89	65.23	29.15	2,929.27
FY 2030-31	2,927.69	-	2,927.69	65.88	29.15	3,022.72
Total	16,137.22	-	16,137.22	378.59	135.79	16,651.60

7.5 Transmission Loss

PNGRB observed that entity has not claimed Transmission Loss as part of operating expenditure for the calculation of tariff.

7.5.1 AGCL submitted that it transports gas to industrial consumers is covered under the ANGPL network, where such consumers have direct Gas Sale and Purchase Agreements (GSPA) with the gas producers.

The Gas Transportation Agreement (GTA) between AGCL and the customers provides for sharing of discrepancies in gas volumes between the custody transfer point of the Producer and the delivery point at the customer end. Such discrepancies are shared among the consumers and AGCL in a predefined ratio.

Accordingly, through monthly reconciliation of gas volumes, all parties mutually agree on the share of discrepancy losses to be absorbed by each entity. The respective share is directly billed by the Producer to the consumers and AGCL. The amount so billed to AGCL is booked as Gas Transmission Loss in AGCL's accounts.

Since the consumers have already been charged by the producer for their agreed share of discrepancy volumes, the same has not been considered again in the tariff calculations in order to avoid double recovery.

7.5.2 Subsequently, AGCL was requested to confirm:

- (a) whether AGCL bills this Transmission Loss to its downstream consumers;
- (b) whether this Transmission Loss is part of the OPEX considered in the tariff submission
- (c) whether this Transmission Loss quantity is higher or lower than 0.1% of actual volume flow.

In response, AGCL submitted that in continuation of earlier submission on the above subject, we would like to reiterate that the total gas difference between the Producer's Master Meter volume and the aggregate metered volume at the consumers' end, arising due to metering discrepancies and/or transmission loss, is shared among the Producer, consumers, and AGCL in the pre-agreed ratio as per the mutually agreed terms of the respective agreements.

Further, as the consumers connected to the ANGPL network are directly billed by the Producer for their share of such differential volume, AGCL does not raise any separate bill on the consumers of the ANGPL network towards transmission loss.

The differential volume charged by the Producer to AGCL on account of metering discrepancies/transmission loss relating to gas supplied through the ANGPL network and other sources is accounted for as Gas Loss in Transmission in AGCL's Profit and Loss Account. AGCL further confirm that the said gas loss has not been considered as a part of the OPEX for the purpose of tariff determination.

7.5.3 Further, vide letter dated 30.07.2026, AGCL submitted that with reference to query raised in VC meeting on the subject we hereby declare that AGCL do not raise invoice for realising amount of gas loss volume from consumers of ANGPL Network.

Transmission loss @ 0.1% of the actual volume, multiplied by the gas price plus applicable transmission charges.

Clarification: The 'applicable transmission charges' referred above also includes the natural gas pipeline tariff not recovered due to transmission loss.

Provided that for the future years, likely future volumes of the pipeline shall be considered for calculating the transmission loss.

Provided further that the gas price used for calculation of transmission loss shall be the gas price ceiling issued by Petroleum Planning & Analysis Cell in accordance with Ministry of

Petroleum and Natural Gas, Govt of India, Notification No.O-22013/27/2012-ONG-D-V (Vol-II) dated 21.03.2016 for marketing including pricing freedom for gas being produced from discoveries in Deepwater, Ultra Deepwater and High Pressure-High Temperature areas or actual gas price, whichever is lower for the respective period.

7.5.4 PNGRB Conclusion: AGCL has not claimed Transmission loss in its tariff filing. Further, AGCL has also confirmed that they do not raise invoice for realising amount of gas loss volume from consumers of ANGPN. Accordingly, transmission loss has not been considered in the tariff determination by PNGRB.

7.6 Volume Divisor: Year-wise normative volume considered by entity in its tariff submission for ANGPN is as follows:

Period	Previous TO	In MMSCM
		Current Filing
FY 09-10 to FY 30-31	1.821	1.821

The entity has considered the 75% of the authorized capacity of 2.428 MMSCMD as the divisor. In its submission, entity has converted the 75% of authorised capacity to MMSCM by considering 355 as number of days for the entire economic life.

The actual volume flow vs the normative volume in MMSCMD for the period FY 18-19 to FY 24-25 is as under:

Period	Normative Capacity (MMSCMD)	Actual Volume (MMSCM)	Actual Volume (MMSCMD @365 days)
FY 18-19	1.821	427.12	1.170
FY 19-20	1.821	459.65	1.259
FY 20-21	1.821	444.14	1.217
FY 21-22	1.821	444.89	1.219
FY 22-23	1.821	491.21	1.346
FY 23-24	1.821	596.48	1.634
FY 24-25	1.821	623.60	1.708

7.6.1 Stakeholder Comment:

GSPL Comment: PNGRB had mentioned provisional capacity of 2.428 MMSCMD in the authorisation letter in 2013. Even 13 years later, the capacity, has not been determined once. The capacity as declared by the entity is deemed to be actual capacity being considered in tariff determination. While in case of GSPL, the capacity determination was made a prerequisite for tariff determination which got delayed ultimately- though GSPL had submitted its own capacity details. We request the Hon'ble Board to have a clear regulatory provision regarding need for capacity determination prior to tariff determination so that all entities are treated at par. We request the Hon'ble Board that only if there are clear unambiguous provisions in the existing Regulations that even without capacity having being determined once and without the extension of the authorization of the pipeline. the tariff review should be carried out.

AGCL Reply: Considering the operating parameters, capacity remains same as 2.428 MMSCMD as there is no derating of the pipeline as per integrity assessment of the pipeline. All pipeline assessment reports were submitted to PNGRB for their consideration.

GSPL Comment: Since the capacity has never been determined and normative volume is being used for tariff determination, it is suggested that capacity should be determined first as it will have direct bearing on the tariff determined. If the actual capacity has derated over time and is less than 2.428 MMSCMD, the entity benefits by of lower normative volume and if it is higher than 2.428MMSCMD. the customers benefit.

AGCL Reply: Considering the operating parameters, capacity remains same as 2.428 MMSCMD as there is no derating of the pipeline as per integrity assessment of the pipeline. All pipeline assessment reports were submitted to PNGRB for their consideration. In view of above revised tariff has been calculated considering the capacity of 2.428 MMSCMD.

7.6.2 Regulatory Provision:

i. **Clause 6(1) of Schedule A of NGPL Tariff Regulations w.e.f. 18.11.2022:**

(1) The volumes of natural gas to be considered as divisor in the determination of the unit natural gas pipeline tariff over the economic life of the project shall be computed on a normative or actual basis, whichever is higher. Provided that in case of future years, PNGRB shall consider the volumes taking into account various factors including normative volumes and likely future volumes as provided by the entity, if higher than the normative volumes. Volume on normative basis shall be calculated as indicated below: -

(a) The divisor for each of phase of natural gas pipeline for the first ten years of its operations or any subsequent expansion in the capacity (other than expansion to which clause 6(1)(c) is applicable) shall be arrived by multiplying the applicable percentage utilization for the year, as per the basis indicated below, with seventy-five per cent of the capacity of each phase of natural gas pipeline or of natural gas pipeline or each expansion of capacity, as the case may be:

Year of Natural Gas Pipeline Operation	Percentage Utilization
First	30%
Second	35%
Third	40%
Fourth	45%
Fifth	50%
Sixth	60%
Seventh	70%
Eighth	80%
Ninth	90%
Tenth and onwards	100%

(b) The divisor for the eleventh and the subsequent years of operation of each phase of natural gas pipeline or of natural gas pipeline or each expansion of capacity, as the case may be (other than expansion to which clause 6 (1) (c) is applicable) shall be equal to the seventy-five per cent of the capacity of natural gas pipeline or actual volumes (including ship or pay volumes)], whichever is higher.

(c) Notwithstanding anything contained in any other regulations, in case of addition of any new natural gas source to a natural gas pipeline which comes anytime from 01.04.2020 and onwards, any increase in the capacity of the pipeline, if any, because of such addition of such

new source shall not be considered in the tariff determination for a period of five years from the date of commissioning of the pipeline connectivity due to the relevant source.

(d) It is clarified that any new injection point on a common carrier or contract carrier natural gas pipeline due to interconnection from another common carrier or contract carrier natural gas pipeline shall not be considered as capacity expansion for determination of tariff. Provided that the entity has taken approval wherever required in terms of Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008 along with the increase in capacity due to such interconnection as per Petroleum and Natural Gas Regulatory Board (Determining Capacity of Petroleum, Petroleum Products and Natural Gas Pipeline) Regulations, 2010.

ii. **Sub-regulation 1(d) of Regulation 2 of Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008, as amended on 18.11.2022 provides as under:**

“Capacity of natural gas pipeline” for the purpose of determining natural gas pipeline tariff under Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008 shall be the authorized capacity as defined in the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008. Provided that wherever there is any change between the authorised capacity and the capacity as already considered in the latest tariff order issued by the Board prior to the notification of this amended regulation, then such capacity as already considered in the latest tariff order shall be considered as capacity of natural gas pipeline for the purpose of determining tariff.

Provided further that entity shall submit the revised capacity of the natural gas pipeline, if any as may be necessary, in terms of clause (g) of sub regulation (5) of regulation 5 of Petroleum and Natural Gas Regulatory Board (Determining Capacity of Petroleum, Petroleum Products and Natural Gas Pipeline) Regulations, 2010. Such revised capacity or as modified in terms of clause (g) of sub regulation (5) of regulation 5 of Petroleum and Natural Gas Regulatory Board (Determining Capacity of Petroleum, Petroleum Products and Natural Gas Pipeline) Regulations, 2010, shall be considered for the tariff determination after its approval by the Board.

Regulation 2 (1) (ba) of Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008 provides as under, “authorized capacity” means the initial design capacity of the natural gas pipeline as provided in the Letter for grant of authorization or letter of acceptance for Central Government authorization; Provided that the Board may issue amendment in the Letter for grant of authorization or letter of acceptance for Central Government authorization in case there is any revised capacity approved by the Board in terms of clause (g) of sub regulation (5) of regulation 5 of Petroleum and Natural Gas Regulatory Board (Determining Capacity of Petroleum, Petroleum Products and Natural Gas Pipeline) Regulations, 2010, and such revised capacity approved by the Board shall be considered as the amended authorized capacity of the pipeline.”

Clause (g) of sub regulation (5) of regulation 5 of Petroleum and Natural Gas Regulatory Board (Determining Capacity of Petroleum, Petroleum Products and Natural Gas Pipeline) Regulations, 2010, as amended on 18.11.2022 states that: “Wherever there is any change in

the capacity of natural gas pipeline in the past or in future due to reason(s) as approved by the PNGRB's Board, in such cases entity shall submit the revised capacity of the natural gas pipeline, separately due to each such reasons, to PNGRB in terms of these regulations for capacity determination and approval of the Board.”

7.6.3 PNGRB's Conclusion:

In view of the applicable provisions of the PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations, 2008, as amended and in the absence of a Board-approved revised capacity, the authorized capacity of 2.428 MMSCMD is being considered for determination of the normative volume divisor in the present tariff review. Any revised capacity approved by the Board may be considered in the subsequent tariff review, as per the applicable regulation.

7.7 Working Capital: Entity in its tariff submission, has considered average working capital of Rs.2.2893 Crore during the entire economic life. Working capital is calculated as sum of 30 days of Opex (excluding depreciation) and 18 days of revenue (tariff receivables). Entity, while calculating the 30 days of open and 18 days of revenue, has considered number of working days 355.

7.7.1 Regulatory Provision: In terms of sub-clause 2 of clause 4 of Schedule A of Tariff Regulations, normative working capital is equal to thirty days of operating costs excluding depreciation and eighteen days natural gas pipeline tariff receivables.

Clause 6(3) of Schedule A provides that, notwithstanding anything contained in any regulations made under the Act, 350 working days shall be considered in a year for the purpose of tariff determination.

7.7.2 PNGRB's Conclusion:

In terms of the extant regulations, the entity has computed the normative working capital by considering 355 working days for calculating 30 days of operating expenses and 18 days of tariff receivables. However, the Tariff Regulations provide that 350 working days shall be considered in a year for the purpose of tariff determination. Accordingly, the Board may consider recomputing the normative working capital by adopting 350 working days, in accordance with the provisions of the PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations, 2008. Further, PNGRB has considered 365 days in the year for determining part working capital based on 30 days Opex. Accordingly, after the adjustments done as per earlier para, average working capital considered in tariff determination is Rs.2.31 Crore (Rs.4.49 Crore closing working capital).

7.8 Line Pack: Entity in its tariff filing has considered the line pack at Rs.12.96 Lacs during as opening block. Thereafter, there has been no change in the line pack during the economic life. In the terminal value, the line pack of Rs.12.96 Lacs has been considered as inflow.

7.8.1 Regulatory Provision: As per clause 6 of Attachment 2 to Schedule A of NGPL Tariff Regulations, Line pack is the value of gas which always remains in the pipeline and it is considered as cash outflow in the initial year and to be considered as cash inflow in the last year of the economic life of the pipeline. “(6) Treatment of line-pack volume in natural gas pipeline shall be as per the procedure indicated below: - (a) Assessment of the volume of natural gas required as line pack in the natural gas pipeline as and when commissioned shall be as specified in the relevant regulations for the technical standards and specifications,

including safety standards. (b) The line-pack value of natural gas in natural gas pipeline and included in the total capital employed for determination of the unit natural gas pipeline tariff shall be considered as a nondepreciating fixed asset and the value to remain fixed over the economic life of the project. (c) The value of the line-pack volume shall be derived by multiplying the volume of line-pack by the average cost of natural gas at the point on injection of natural gas into the natural gas pipeline at the time of commissioning of the natural gas pipeline. (d) The salvage value of the line-pack volume at the end of the economic life of the project shall be equal to its value assessed at the time of its capitalization specified under subclause (b) and shall be considered as a project inflow.

7.8.2 PNGRB's Conclusion: Line pack as submitted by entity has been considered by PNGRB.

7.9 Terminal Value

7.9.1 Entity in its tariff submission has considered a terminal value of Rs.19.73 Crore which consist of Rs.15.70 Crore on account of residual value of NFA, Rs.0.12 Crore on account of line pack and Rs.3.89 Crore on account of Working Capital.

The entity has considered 5% of total capex incurred till FY 2017-18 as residual value. For capex incurred during FY 18-19 to FY 24-25 the entity has considered 5% residual value at the end of 15 years and prorated the year wise depreciation value based on the remaining economic life.

Rs. in Lacs				
Period	Capex in Lacs	Life remaining up to 31-03-2031	Total depreciation till 31.03.2031 considering useful life years of 15 years	Terminal Value as on 31.03.31 (in Lacs of Rs.)
FY 2018-19	91.28	12	69.42	21.86
FY 2019-20	515.98	11	359.65	156.34
FY 2020-21	143.09	10	90.67	52.42
FY 2021-22	429.22	9	244.8	184.41
FY 2022-23	255.76	8	129.67	126.09
FY 2023-24	1,213.83	7	538.34	675.49
FY 2024-25	320.95	6	122.02	198.94
Total	2,970.12			

7.9.2 PNGRB Query and entity responses:

PNGRB observed that for determination of the terminal value, AGCL has considered a useful life of 15 years for the CAPEX incurred during FY 2018-19 to FY 2024-25 and a residual value of 5% for the CAPEX incurred up to FY 2017-18 which do not appear to be in conformity with the Company's depreciation policy disclosed in its Annual Accounts.

Further, under the NGPL Tariff Regulations, the residual value of fixed assets is required to be considered as a project inflow in the DCF calculations. Accordingly, AGCL was requested to justify the aforesaid assumptions and furnish depreciation calculations based on the applicable useful life of each asset category or confirm whether a uniform useful life of 30 years may be considered for tariff determination.

AGCL submitted that as per the Material Accounting Policies followed by the Company, depreciation is charged considering a useful life of 30 years for tangible assets such as

Pipeline and Compressor. The useful life of other major property, plant and equipment ranges from 3 years to 60 years. Further, major overhauling costs are depreciated over the remaining useful life of the respective assets or till the next overhauling date, whichever is earlier. Accordingly considering the different useful lives of various assets included in the CAPEX additions, the terminal value has been calculated by considering an average useful life of 15 years.

AGCL further submitted that the Company has revised its accounting policy with effect from FY 2023-24, whereby the residual value of pipeline assets has been changed from 5% to Nil. However, since the CAPEX incurred up to FY 2017-18 and the corresponding residual value were considered in accordance with the previous Tariff Order, no change has been made to the residual value adopted for the said period.

Further, considering the different useful lives of various categories of CAPEX ranging from 3 years to 30 years and the complexity involved in determining the useful life of each class of assets, AGCL requested PNGRB to kindly consider a uniform useful life of 30 years for all assets for the purpose of tariff determination.

7.9.3 Regulatory Provision: Terminal Value is the sum of the residual value of the assets at the end of the economic life, working capital and line pack. It is considered as cash inflow at the end of economic life of the pipeline.

7.9.4 PNGRB Conclusion: PNGRB has considered a uniform useful life of 30 years for all assets for the purpose of tariff determination. The Terminal value worked out based on the adjustments made as deliberated above is Rs.27.79 Crore and the same has been considered in determination of tariff. The details are as follows-

(Rs. in Cr.)		
Particulars	Claimed By Entity	Considered by PNGRB
Residual value of assets	15.71	23.14
Line pack	0.13	0.13
Working capital	3.90	4.52
Total	19.73	27.79

7.10 Gross Calorific Value: Entity in its tariff submission has submitted following Gross Calorific Value for the tariff review period.

Period	Calorific Value in kcal/SCM
FY 18-19	9246
FY 19-20	9153
FY 20-21	9143
FY 21-22	9199
FY 22-23	9219
FY 23-24	9208
FY 24-25	9190

For future years, entity has considered GCV of 9190 kcal/scm for calculating the tariff.

7.10.1 It was observed that for FY 2018-19 the value submitted in the excel model was different from the value in the CA certificate. Entity requested to consider the value as per CA certificate.

7.10.2 Regulatory Provision: As per sub-clause 2(d) in Clause 6 of Schedule A of Tariff Regulations, The volume of natural gas determined under sub-clause (1) shall be converted into its energy equivalence in MMBTU terms for the purpose of- any subsequent tariff review by considering the weighted average heat value of the natural gas delivered to the customers during the period between that tariff review and the immediate previous tariff review.

7.10.3 PNGRB Conclusion: Based on the actual volume flow and the calorific value submitted by the entity during the period between that tariff review and the immediate previous tariff review, weighted average gross calorific value works out to 9153.72 Kcal/SCM. Therefore, the same has been considered for determination of the tariff.

7.11 Number of Working Days:

PNGRB observed that AGCL had considered 355 working days for tariff determination. AGCL was requested to justify the adoption of 355 working days in view of the amended Tariff Regulations prescribing 350 working days.

Subsequently, AGCL submitted that the working days were inadvertently considered as 355 days in accordance with the Tariff Regulations (pre amendment). AGCL requested PNGRB to consider 350 working days, as stipulated under the amended Tariff Regulations, for the purpose of revised tariff calculation.

7.11.1 Regulatory Provision: As per the sub-clause 3 in Clause 6 of Schedule A of the Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Third Amendment Regulations, 2020, 350 working days shall be considered in a year for the purpose of tariff determination under these regulations.

7.11.2 PNGRB's Conclusion: In view of the above and extant regulatory provision(s), 355 days has been considered from FY 2008-09 to FY 2019-20, 353.25 days for FY 2020-21 and thereafter 350 working days have been considered from FY 2021-22 onwards for the purpose of calculating revenue and for the purposes of Opex, 365 days has been considered in a year.

7.12 Return on Capital Employed: Yearly rates of corporate income tax and pre-tax rate of return considered by the entity are as follows:

Year	FY 08-09 & FY 09-10	FY 10-11	FY 11-12 & FY 12-13	FY 13-14 & FY 14-15	FY 15-16 to FY 17-18	FY 18-19	From FY 19-20 to FY 22-23	FY 2024-25	FY 2025-26 onwards
Corporate Income Tax Rate	33.99%	33.22%	32.445%	33.99%	34.61%	34.94%	25.17%	24.48%	25.17%
Pre-Tax Rate of return	18.18%	17.97%	17.76%	18.18%	18.35%	18.44%	16.04%	15.89%	16.04%

7.12.1 Basis for Lower Corporate Tax Rate for the FY 2024-25

PNGRB observed that the basis for adopting the lower Corporate Tax rate of 24.48% for FY 2024-25 has not been disclosed in the tariff submission. AGCL was requested to provide the rationale for adopting the lower tax rate.

In response, AGCL submitted that the rate of 22.48% (i.e. 22% Tax + 7% Surcharge + 4% Cess) was considered in its earlier submission.

However, on reverification of the same, AGCL submitted that a surcharge of 10% is applicable in its case and, accordingly, the effective Corporate Tax Rate applicable works out to 25.17% (i.e. 22% Tax + 10% Surcharge + 4% Cess).

AGCL requested to consider the corporate tax rate of 25.17% for FY 2024-25 for the purpose of tariff determination.

7.12.2 Regulatory Provision: As per Clause 2 of Schedule A of the Tariff Regulations, natural gas pipeline tariff shall be calculated based on the DCF methodology after considering the reasonable rate of return (i.e. "twelve percent post-tax" as per clause 3 to Schedule A) to be the projects internal rate of return. The pre-tax rate of return on capital employed shall be computed by grossing-up twelve percent by the nominal rate of income tax applicable for corporate assesses as per the provisions of Income Tax Act, 1961. As per the amendment to explanation to clause 3, the lowest nominal rate of income tax shall be applied with effect from the financial year of the amendment regulation, i.e., FY 2022-23 onwards.

7.12.3 PNGRB's Conclusion: Based on the submission made by the entity, the applicable income tax rate for FY 2024-25 is corrected. Further, for other years the rates in sync with the rates of the income tax and the extant regulations have been considered as per the following table:

Year	FY 08-09 & FY 09-10	FY 10-11	FY 11-12 & FY 12-13	FY 13-14 & FY 14-15	FY 15-16 to FY 17-18	FY 18-19 to FY 21-22	FY 22-23 onwards
Corporate Income Tax Rate	33.99%	33.22%	32.445%	33.99%	34.61%	34.94%	25.17%
Pre-Tax Rate of return	18.18%	17.97%	17.76%	18.18%	18.35%	18.44%	16.04%

7.13 Applicability of Tariff:

AGCL in its tariff filing has proposed the tariff w.e.f. 01.04.2026 of Rs.12.03/MMBTU on GCV basis.

7.13.1 Applicable Regulatory Provision:

As per clause 9(4) of the amended PNGRB NGPL Tariff Regulations notified on 27.05.2019, "The adjustment on account of variation in the provisional initial unit natural gas pipeline tariff, final initial unit natural gas pipeline tariff and the tariff determined under tariff review shall be made in the DCF calculations and the derived tariff shall be charged from the customers on prospective basis till the next tariff review, that is the tariff shall be applicable from the first day of the month, following the month, in which the tariff order (zonal tariff in case of applicability of zonal tariff) is issued by the Board."

7.13.2 PNGRB Conclusion: In view of above, the tariff shall be applicable from the 1st day following the month in which tariff is issued by PNGRB. As the tariff order is being issued in the month of September 2026, therefore, tariff will be applicable w.e.f. 01.10.2026 onwards till further tariff review as per regulations.

7.14 Zonal Apportionment: Since the length of the ANGPN of AGCL does not exceeds 300 km, the apportionment of the levelized tariffs is not required to be undertaken post finalization of the tariff.

7.15 Tariff Reconciliation: Based on the above, the unit natural gas pipeline tariff for AGCL's Assam Natural Gas Pipeline Network on a levelized basis is given below:

(Rs./MMBTU on GCV basis)

S. No.	Particulars	Impact	Tariff
	Tariff Submitted by AGCL		12.03
1	Actual Capex (Para 7.2)	4.87	16.90
2	Actual Opex (Para 7.3)	0.47	17.37
3	Future Opex (Para 7.4)	0.64	18.01
4	Calorific Value (Para 7.10)	0.66	18.67
5	Tax Rate/ Terminal Value/ working capital (Para 7.7/7.9/7.12)	-1.86	16.81
6	Working Days (Para 7.11)	0.32	17.13
7	Levelized Tariff Determined by PNGRB w.e.f. 01.10.2026		17.13

Note: The entity has sought applicability of the revised tariff with effect from 01.04.2025. however, the revised tariff shall take effect only from 01.10.2026. Since, the economic life of the pipeline for the purpose of tariff determination extends up to 2031, the reasonable rate of return is to be recovered over the residual period of approximately 4.5 years. Accordingly, the various impacts mentioned in the above table have been computed after factoring in the deferred applicability of the revised tariff.

Reconciliation of final tariff notified by PNGRB vide order no.TO/2019-20/09 dated 04.06.2019 and tariff as determined under this order for AGCL's Assam Natural Gas Pipeline Network is as follows:

S No.	Particulars	Impact	Tariff
	Tariff as per previous tariff order w.e.f.		1.81
1	Capex (Para 7.2)	7.46	9.27
2	Actual Opex (Para 7.3)	3.03	12.30
3	Future Opex (Para 7.4)	4.93	17.22
4	Calorific Value (Para 7.10)	0.97	18.19
5	Tax Rate/ Terminal Value/ working capital (Para 7.7/7.9/7.12)	(1.39)	16.80
6	Working Days (Para 7.11)	0.33	17.13
	Tariff w.e.f. 01.10.2026		17.13

Note: The entity has sought applicability of the revised tariff with effect from 01.04.2025. however, the revised tariff shall take effect only from 01.10.2026. Since, the economic life of the pipeline for the purpose of tariff determination extends up to 2031, the reasonable rate of return is to be recovered over the residual period of approximately 4.5 years. Accordingly,

the various impacts mentioned in the above table have been computed after factoring in the deferred applicability of the revised tariff. The above impacts are based on revised tariff applicability w.e.f. 01.10.2026

7.16 Decision

7.16.1 The tariff of Assam Gas Company Limited's ("AGCL") Assam Natural Gas Pipeline Network ("ANGPN") is **Rs.17.13/ MMBTU on GCV basis w.e.f. 01.10.2026** onwards.

7.16.2 The above tariff has been worked out based on information provided by the entity and deliberations above. However, PNGRB may verify/audit the information provided for tariff determination and method of cost allocation, etc. by internal team of PNGRB or by an external agency. Accordingly, tariff as determined above will be subject to revision based on aforesaid verification/audit of the information, data, method of allocation, etc. submitted by the entity

Sd./

(Dr. Anil Kumar Jain)
Chairperson

Sd./

(Anjani Kumar Tiwari)
Member (Comm.)

Sd./

(Jayanta Narayan Das)
Member (Tech.)
