



Petroleum and Natural Gas Regulatory Board New Delhi

Tariff Order

Subject: Tariff for Indian Oil Corporation Limited's Paradip-Raipur-Ranchi Petroleum and Petroleum Products Pipeline ("PRRPL")

PNGRB/COM/3-PPPLTariff(2)/2018 (E-2263)

Ref. No. : TO/PPPL/2026-27/01

Date : 30th September, 2026

1. Regulatory Framework

1.1. In terms of Sections 11(e) and 22 of the PNGRB Act, 2006, the Board is entrusted with the responsibility of regulating the transportation rates for common carrier or contract carrier pipelines.

1.2. Tariff determination of PRRPL under PNGRB (Determination of Petroleum and Petroleum Product Pipeline Transportation Tariff) Regulations, 2010

The tariff of PPPL were governed by PNGRB (Determination of Petroleum and Petroleum Product Pipeline Transportation Tariff) Regulations, 2010 and tariff used to be determined in following manner: The period and methodology for determination of the pipeline tariff has been specified in the relevant provisions (Regulation 4 and 5) of the PPPL Tariff Regulations. Under the provisions of these regulations, the Board has to determine the Petroleum and Petroleum Products Pipeline Transportation Tariff by benchmarking against alternate mode of transport i.e. 75% of rail tariff except for LPG, where it will be 100%, on a train load basis, for equivalent rail distance along the Petroleum and Petroleum Product Pipeline route. This tariff was initially applicable for a transition period of two years. Subsequently, the transition period was extended through issuance of various amendments in regulations up to 30th June 2024. These Regulations were further extended up to 31st July 2024. The tariff of PRRPL up to 31st July'2024 were determined in the above manner. Thereafter, the tariff is governed by DCF method prescribed under new Regulations of 2024.

1.3. Tariff determination of PRRPL under PPPL Tariff Regulations

Clause 5 (2) of PNGRB (Determination of Petroleum and Petroleum Product Pipeline Transportation Tariff) Regulations, 2024 provides as follows:

Quote

Tariff for the Petroleum and petroleum products pipeline as specified under sub-regulation (1), (2), (3), or (4) of regulation 3 which has been commissioned after the notification of the Petroleum and Natural Gas Regulatory Board (Determination of Petroleum and Petroleum Products Pipeline Transportation Tariff) Regulations, 2010 shall be as per procedure at Schedule 'B' of regulation 5 of these regulations.

Unquote

In view of the above provisions, tariff needs to be determined for IOCL's Paradip Raipur Ranchi Pipeline (PRRPL) as the same was commissioned during the year 2015-16.

2. Authorisation

2.1. Regulatory Provision: Clause 3 (1) of PNGRB (Determination of Petroleum and Petroleum Product Pipeline Transportation Tariff) regulations, 2024 provides as follows:

Quote

These regulations shall apply to an entity:

(1) authorized by the Central Government before the appointed day and accepted by the Board under regulation 17 of the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010 for laying, building, operating, or expanding a petroleum and petroleum products pipeline.

Unquote

2.2. Acceptance of Authorisation: Paragraph 3 of MoPNG communication to PNGRB vide letter "No. R-25911/4/2006-OR.I" dated 11th June'2009 mentions as follows:

Quote

So far as the Paradip-New Sambalpur-Raipur-Ranchi Petroleum Product Pipeline (PRRPL) is concerned IOCL approached the Ministry in May 2006 in line with the provisions of the then prevailing guidelines for laying of product pipelines, for publication of Expression of Interest (EOI) for booking of pipeline capacity. The Ministry approved the EOI for publication vide its letter dated 26th July 2006 wherein it was clearly mentioned that the ownership of proposed project would be that of Indian Oil Corporation Limited or as may be decided by them.

Letter in its last para has mentioned that in view of the above, the Petroleum & Natural Gas Regulatory Board (PNGRB) may consider the project to have been authorized by the Central Government before the appointed date of the Board i.e. 1.10.2007."

Unquote

In view of above, the PRRPL is authorized and approved by Central Government before the Board came into existence.

Subsequently, PNGRB vide letter 'Infra/PL/PP/New/17/IOCL/PRRPL/01/15 dated 17.08.2015 had issued final terms and conditions for acceptance of IOCL's PRRPL under regulation 17(1)

of Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010.

2.3. Further on request of IOCL, the authorization was amended vide letter 'PNGRB/Auth/3-PPPL(01)/2008 (P-2583) dated 31.03.2023 for addition of new tap-off point at SV station – RCP 5 at Ch. 209.8 Km from Paradip and connecting to Meramandali Common User Facility (CUF) Terminal, Odisha. IOCL has informed that since the branch pipeline on PRRPL to Meramandali has not been commissioned and capitalized yet, impact of capital cost for the branch pipeline has not been considered in Tariff workings. Further, during discussion with IOCL, it has been informed that the Pipeline connecting to Meramandali Common User Facility (CUF) Terminal, Odisha is still under construction and expected to be completed in FY 2026-27 and data w.r.t. Capex will be submitted post commissioning of Pipeline.

3. Previous Tariff Order(s):

Previous tariff order of PRRPL was issued as per PPPL tariff regulations 2010. The period and methodology for determination of the pipeline tariff has been specified in the relevant provisions (Regulation 4 and 5) of the PPPL Tariff Regulations 2010. Under the provisions of these regulations, the Board has to determine the Transportation Tariff of PPPL by benchmarking against alternate mode of transport i.e. 75% of rail tariff except for LPG, where it will be 100%, on a train load basis, for equivalent rail distance along the Petroleum and Petroleum Product Pipeline route.

The tariff in the last tariff order dated 18.09.2024 for the period from 01.07.2024 to 31.07.2024, as given below, was issued under PPPL Tariff Regulations, 2010:

Entry Point	Tap-off Points (TOPs)	Equivalent Rail Distance (Km.)	Tariff for SKO Class 165 (Rs. /MT)	Tariff for HSD & Others Class 180A (Rs. /MT)
Paradip	Jatni	143.00	232.65	233.40
Paradip	Jharsuguda	413.50	560.78	562.58
Paradip	Raipur	746.20	955.65	958.65
Paradip	Korba	617.00	834.83	837.38
Paradip	Khunti	705.00	955.65	958.65

4. Filing for Tariff by Entity

4.1. IOCL, vide its communication dated 04.11.2024 has submitted its tariff filing with levelized tariff of Rs. 4.55 per MT/KM from 01.08.2024 till the end of economic life of pipeline, i.e., up to 24.03.2041.

4.2. IOCL has during the meeting held in PNGRB Office on 19th June' 2025 clarified that in their Tariff submission, the actuals have been considered upto the year 2023-24 and thereafter projections have been used.

4.3. The salient features of the tariff filing are as follows:

S. No.	Particulars	Details																				
1	Economic life (Years)	25 Years																				
	From	25.03.2016																				
	To	24.03.2041																				
2	Levelized tariff (Rs. MT/KM)	4.55																				
3	Effective date of tariff implementation	01.08.2024																				
4	Number of working days in a year	350																				
5	Annual inflation rate for Opex for future years																					
	<table><tr><th>Variable Opex</th><th>Percentage</th></tr><tr><td>Power (for prime movers)</td><td>3%</td></tr><tr><td>Chemicals</td><td>3%</td></tr><tr><td>Others</td><td>3%</td></tr><tr><td>Fixed Opex</td><td></td></tr><tr><td>Manpower</td><td>7%</td></tr><tr><td>General Administrative expenses</td><td>5%</td></tr><tr><td>RoU Surveillance</td><td>5%</td></tr><tr><td>Repair & Maintenance</td><td>5%</td></tr><tr><td>Others</td><td>5%</td></tr></table>	Variable Opex	Percentage	Power (for prime movers)	3%	Chemicals	3%	Others	3%	Fixed Opex		Manpower	7%	General Administrative expenses	5%	RoU Surveillance	5%	Repair & Maintenance	5%	Others	5%	
Variable Opex	Percentage																					
Power (for prime movers)	3%																					
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Fixed Opex																						
Manpower	7%																					
General Administrative expenses	5%																					
RoU Surveillance	5%																					
Repair & Maintenance	5%																					
Others	5%																					
6	Total Capex during economic life of pipeline (Rs. In Crore) including IDC Rs.145.48 Crore	1986.22																				
7	Total Opex during economic life of pipeline (Rs. In Crore)	5106.12																				
	a) Pre commissioning Opex (Rs. In Crore)	-																				
	b) Post commissioning Opex from FY 2015-16 till end of economic life (Rs. in Crore)	5106.12																				
8	Transportation loss during economic life (Rs. in Crore)	365.21																				
9	Line Fill (Rs. in Crore)	300.92																				
10	Average working capital during the economic life (Rs. In Crore)	60.18																				
11	Terminal Value (Rs.in Crore)	723.40																				
	Levelized Tariff from 1.8.2024 onwards: (Rs. MT/KM)	4.55																				

The first phase of PRRPL has been commissioned on 25.03.2016. So, the revenue of pipeline (PPRPL) from the date of commissioning (25.03.2016) till (31.07.2024) is governed by Railway tariff and subsequently from 01.08.2024 till end of economic life (24.03.2041) is governed by DCF Method as prescribed in Schedule B. However, calculations for levelized tariff applicable from 01.08.2024 as per illustration 2 given in attachment to Schedule B of PPPL Tariff Regulations shall be made from commissioning of pipeline considering revenue as per rail tariff up to 31.07.24 and subsequently from 01.08.2024 as per DCF method till the economic life of pipeline.

5. Details of Public Consultation Exercise

5.1. PCD for Determination of unit petroleum and petroleum products pipeline tariff ("Tariff"), under the provisions of the Petroleum and Natural Gas Regulatory Board (Determination of Petroleum and Petroleum Products Pipeline Transportation Tariff) Regulations, 2024 ("PPPL Tariff Regulations") for Indian Oil Corporation Limited ("IOCL") Paradip-Raipur-Ranchi Petroleum and Petroleum Products Pipeline ("PPRPL") was webhosted on PNGRB website on 09th September'2025.

5.2. As per Clause 8 of the PCD, PNGRB solicited the clause wise views of all the stakeholders in writing on IOCL's tariff filing for the Paradip Raipur Ranchi Pipeline within 15 days i.e. by 25th September'2025. IOCL was required to submit its response on comments of other stakeholders to PNGRB within 15 days from the last date of comments to be submitted by stakeholders i.e. by 10th October 2025.

5.3. No comments were received from any entity except IOCL itself. Also, no request for time extension from any of stakeholder was received.

5.4. Open House was held on 28th October'2025.

5.5. In view of non-receipt of any comments from any stakeholders (except IOCL), in addition to webhosting of notice of Open House, to make interactions more participative, email invitations were also sent to following 8 entities:

1. Indian Oil Corporation Limited
2. Bharat Petroleum Corporation Limited
3. Hindustan Petroleum Corporation Limited
4. GAIL India Limited
5. Reliance Industries Limited
6. Nayara Energy
7. Shell India
8. Indian Oil Adani JV

5.6. No entity (except IOCL) participated in the Open House Discussion.

5.7. Minutes of Open House were webhosted on PNGRB website on 04th November'2025.

6. Details of tariff filing by Entity

Various aspects of tariff filing submitted by IOCL are as follows:

6.1. Economic Life

6.1.1. Submission Made

IOCL has submitted the tariff filing considering 25 years of economic life of PRRPL from 25.03.2016 till 24.03.2041, for determination of tariff.

6.1.2. Regulatory Provision

Clause 8 of Schedule B of Petroleum and Natural Gas Regulatory Board (Determination of Petroleum and Petroleum Products Pipeline Transportation Tariff) Regulations, 2024 defines Economic Life as follows:

Quote

The economic life of the petroleum and petroleum product pipeline shall be as specified in the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010.

Notwithstanding anything contained in any regulations made under the Act, 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 economic life, shall not be considered for tariff determination if approval of the Board has not been obtained by the entity for such replacement.

Unquote

Clause 2 (e) of Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010 provides as follows:

Quote

“economic life” of petroleum, petroleum products 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 petroleum and petroleum products pipeline on or after the appointed day;
- (ii) the start-up date of the commencement of physical activities of laying, building or expanding the petroleum and petroleum products pipeline in case an entity started up laying, building or expanding a petroleum and petroleum products 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;

Unquote

6.1.3. PNGRB's Conclusion

The first phase of PRRPL has been commissioned on 25.03.2016. Therefore, the Economic Life of Pipeline is considered for 25 years starting from 25.03.2016 ending till 24.03.2041.

6.2. Capital Expenditure (CAPEX)

6.2.1. Submission Made

IOCL in its Tariff filing submission has considered CAPEX incurrence from the year 2009-10 to the year 2023-24 as follows:

Sl. No.	Year	Amount (Rs. In Lakhs)
1	2009-10	14.00
2	2010-11	28041.00
3	2011-12	31989.00
4	2012-13	15744.00
5	2013-14	17944.00
6	2014-15	12143.00
7	2015-16	27832.00
8	2016-17	37294.00
9	2017-18	12578.00

10	2018-19	2740.00
11	2019-20	3115.00
12	2020-21	854.00
13	2021-22	4161.00
14	2022-23	3152.00
15	2023-24	1021.00
TOTAL		198624.00

6.2.2. Regulatory Provision

Clause 8 (3) of PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010 provides as follows:

Quote

The entity shall be allowed a maximum period of thirty-six months from the date of grant of authorization for commissioning of the petroleum and petroleum products pipeline project as the case may be. However, if the Board is of the opinion that the reasons for delay are beyond the control of the entity implementing the project, the Board may take an appropriate view after giving reasonable time to the entity of being heard and may also allow certain extension period which it may deem fit for the commissioning of the project.

Unquote

6.2.3. Treatment by PNGRB at the time of PCD

Please refer Para 5.2.3. PNGRB's initial views of PCD which provides as follows:

Quote

It was observed that IOCL had considered an amount of Rs. 1986.22 crore in its working whereas Gross Block as per books of account comes to Rs. 1963.91 crore as on 31st March'2024. Difference of Rs. 22.31 crore was there. This difference was booked by IOCL in CWIP which was later capitalized as on 31st December 2024.

Further, entity considered IDC of Rs. 145.48 crore and then same has not been considered as part of capitalization. Accordingly, we have considered Rs. 1840.74 crore as CAPEX for this project. For future years, IOCL had not considered any CAPEX.

Unquote

Further, at the time of PCD, PNGRB considered all the CAPEX incurred from 2009-10 to 2015-16 in the year 2015-16 itself.

6.2.4. IOCL's observations

IOCL while submitting its comments/views on PCD made following observations:

Quote

PNGRB Tariff Regulations 2024 does not anywhere specify that capex is to be considered only in Y minus 1 year. IOCL has considered actual capex based on actual year of incurrence which is provided in the definition of Discounted Cash Flows as mentioned above.

Unquote

Further, during Open House Discussion too, IOCL raised this issue and suggested considering Capex based on actual incurrence, not restricted to one year. PNGRB replied that the same will be reviewed.

6.2.5. PNGRB's Conclusion

This particular Petroleum Products Pipeline of IOCL was authorised before appointed day (01.10.2007) and was authorised by MoPNG.

Subsequently, PNGRB vide letter 'Infra/PL/PP/New/17/IOCL/PRRPL/01/15 dated 17.08.2015 had issued final terms and conditions for acceptance of IOCL's PRRPL under regulation 17(1) of Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010.

Considering the Regulatory Provision and observations made by IOCL, it is worked out to treat the CAPEX incurred from 2009-10 to 2015-16 in 3 years equally as follows:

Sl. No.	Year	Amount (Rs. In Lakhs)
1	2013-14	39719.70
2	2014-15	39719.70
3	2015-16	39719.70
TOTAL		119159.00

6.3 Operational Expenditure (OPEX)

6.3.1. Submission made.

Entity has claimed Opex of Rs.5,106.12 Crore from FY 2016-17 till end of economic life. It comprises of Variable Opex of Rs.589.52 Crore and Fixed Opex of Rs.4,516.60 Crore. The break-up of Opex claimed over the period of 25 years from 2016-17 to 2040-41 is as follows:

	Particulars	Amount (Rs. In Crore)	Remarks
A	Variable Opex		
1	Power (for prime movers)	551.72	Annual Escalation @3%
2	Chemicals	37.81	Annual Escalation @3%
3	Others	-	Annual Escalation @3%
	Total A (1+2+3)	589.53	
B	Fixed Opex		
4	Manpower	2,037.23	Annual Escalation @7%
5	General Administrative Expenses	954.76	Annual Escalation @5%

6	RoU Surveillance	554.12	Annual Escalation @5%
7	Pipeline Transportation losses	365.21	
8	Repair & Maintenance	605.27	Annual Escalation @5%
9	Others	-	Annual Escalation @5%
	Total B (4+5+6+7+8+9)	4,516.59	
	Total A+B	5,106.12	

Note: Actual Opex has been claimed by IOCL upto 31.03.2024 and thereafter Annual escalation considered for the year 2024-25 and onwards.

Details of Opex over the years as submitted by IOCL is as under:

Sr No.	Year	OPEX (Total)	Power (for prime movers)	Chemicals	Manpower	General Administrative expenses	RoU Surveillance	Pipeline Transportation losses	Repair & Maintenance
		(Rs/ Cr.)							
1	2016-17	46.06	2.96		26.63	13.54	1.37	1.24	0.31
2	2017-18	114.55	10.78	0.67	39.96	31.30	12.84	5.83	13.18
3	2018-19	136.85	17.17	0.47	40.76	34.94	12.90	9.30	21.30
4	2019-20	141.95	16.66	0.48	36.53	37.10	14.47	8.61	28.11
5	2020-21	149.50	14.55	0.71	49.14	36.11	15.73	5.34	27.91
6	2021-22	158.58	16.57	1.10	50.66	44.00	14.08	9.79	22.37
7	2022-23	158.19	20.78	2.07	38.12	37.07	14.97	17.71	27.48
8	2023-24	146.56	19.47	1.28	51.63	25.62	16.63	15.42	16.52
9	2024-25	154.89	20.33	1.40	55.25	26.90	17.46	16.21	17.34
10	2025-26	161.92	20.52	1.42	59.11	28.24	18.33	16.08	18.21
11	2026-27	169.67	20.76	1.44	63.25	29.66	19.25	16.20	19.12
12	2027-28	178.04	21.00	1.47	67.68	31.14	20.21	16.46	20.07
13	2028-29	186.96	21.28	1.52	72.42	32.70	21.22	16.75	21.08
14	2029-30	196.44	21.59	1.56	77.49	34.33	22.28	17.06	22.13
15	2030-31	207.04	22.63	1.64	82.91	36.05	23.40	17.18	23.24
16	2031-32	218.28	23.73	1.72	88.71	37.85	24.57	17.30	24.40
17	2032-33	230.19	24.89	1.80	94.92	39.74	25.79	17.42	25.62
18	2033-34	242.83	26.11	1.89	101.57	41.73	27.08	17.55	26.90
19	2034-35	256.24	27.40	1.98	108.68	43.82	28.44	17.68	28.25
20	2035-36	269.75	28.22	2.04	116.29	46.01	29.86	17.68	29.66
21	2036-37	284.07	29.07	2.10	124.43	48.31	31.35	17.68	31.14
22	2037-38	299.26	29.94	2.16	133.13	50.72	32.92	17.68	32.70
23	2038-39	315.36	30.84	2.23	142.45	53.26	34.57	17.68	34.33
24	2039-40	332.43	31.76	2.30	152.43	55.92	36.30	17.68	36.05
25	2040-41	350.53	32.71	2.36	163.10	58.72	38.11	17.68	37.85

6.3.2. Queries and responses

On review of tariff filing by entities, PNGRB made some observations and the entity responded to that. The queries from PNGRB and entity's response are deliberated in following paragraphs:

6.3.2.1. PNGRB's Query vide email dated 13.06.2025: Please inform what is the basis of considering OPEX for the period April to July'2024. Whether actual expenses have been considered from April to July'24 or estimated numbers considered for full year 2024-25. Please clarify.

IOCL's reply vide email dated 24.06.2025: Opex of 2024-25 full year is based on escalation over actual and audited figures upto 2023-24.

6.3.2.2. PNGRB's Query vide email dated 13.06.2025: Conversion factor of KL to MT of 0.80 has been considered in IOCL submission. This factor is used for calculation of transportation loss. Please send the actual conversion factor year wise for petroleum products transported in PRRPL. The audited certificate in this regard may also be provided.

IOCL's reply vide email dated 24.06.2025: Conversion factor of KL to MT of 0.80 was considered in tariff workings of PRRPL as multiple products like HSD, MS and ATF with different specific gravities are being transported through PRRPL. Actual data is aligned with the average data considered.

PNGRB's initial views mailed to entity: Certificate from CA is required from the 2016-17 to 2023-24. Yearwise product wise quantity in KL and MT may be provided. Mail in this regard has already been sent separately to Pipeline Division of IOCL on 27.06.2025.

IOCL's further reply vide email dated 05.07.2025: CA Certificate is enclosed.

PNGRB's further initial views mailed to entity: It is observed that in excel sheet "TH'PUT & REVENUE" of tariff workings submitted by IOC vs. "CA Certificate of Conversion Factor" provided by IOC now, the transported quantity of PRRPL in any of the year 2016-17 to 2023-24 are not matching.

IOCL's further reply vide email dated 22.07.2025: It may be noted that quantity appearing in excel sheet "TH'PUT & REVENUE" pertains to delivery figures and transported quantity as per submitted certificate is the pumping figure. There will be differences between the two due to changes in linefill volume and loss/gain in the pipeline.

6.3.2.3. PNGRB's Query vide email dated 13.06.2025: Please provide which fuel (Electricity or HSD) is being used for prime movers which has been shown under the head 'Power' in OPEX. In case HSD is being used as fuel, whether escalation factor should be used for projection of cost for years beyond 2023-24. Kindly provide your views.

IOCL's reply vide email dated 24.06.2025: Both electricity and HSD are used for prime movers. Escalation factor must be considered to account for increase in rates as the same is beyond control of the entity. Last 5 years data is as follows:

	Amount in Rs crore						
	2017	2018	2019	2020	2021	2022	2023
IMPORT OF POWER							
-QTY/ KWH	13596233.70	18895423.00	15873960.00	16950474.00	18359403.00	22053216.00	21245199.00
-RATE PER UNIT	7.80	6.80	7.50	6.50	6.70	6.84	6.77
AMOUNT	1,056.50	1,288.50	1,182.61	1,108.90	1,230.10	1,508.40	1,438.30
PURCHASE OF POWER FROM REFINERY							
-QTY/ KWH		5682307.70	5809544.00	4314288.00	5046812.10	5376040.00	4791043.00
-RATE PER UNIT		6.50	7.00	6.90	6.60	8.89	9.49
AMOUNT		369.40	407.83	298.10	335.10	477.90	454.70
HSD							
-QTY/ KL	47.20	111.60	149.00	91.00	135.00	125.00	79.00
-RATE PER KL	44508.90	53025.40	50746.20	53155.20	68218.00	72888.27	68994.95
AMOUNT	21.03	59.17	75.50	48.36	92.22	91.43	54.21
TOTAL	1,077.54	1,717.04	1,665.94	1,455.34	1,657.42	2,077.80	1,947.18

6.3.2.4. PNGRB's Query vide email dated 13.06.2025: Since normative return of 12% post tax is compensated under DCF method, IOCL is requested to revise the workings in respect of following:

No interest cost on loans will be considered.

Tariff to be worked out considering 12% pre-tax return.

IOCL's reply vide email dated 24.06.2025: PNGRB Tariff Regulation 2024 does not state normative return of 12% post tax is to be compensated under DCF method.

Para 2 of Schedule B of PNGRB Tariff Regulation 2024 provides **Methodology for Determination of Petroleum and Petroleum Products Pipeline Tariff through consideration of a reasonable rate of return-** *The unit rate (₹/MT/KM) of petroleum and petroleum products pipeline tariff to be charged for a period shall be calculated based on the "Discounted Cash flow" (DCF) methodology considering the **reasonable rate of return** as specified in clause 3 to be the project's internal rate of return.*

Regulation has defined- *Discounted Cash Flow methodology refers to equating the actual/projected inflows from the revenue earnings out of applicable petroleum and petroleum product pipeline tariff with the actual/projected outflows of capital and operating expenditures over the economic life of the project by discounting these flows at the project's reasonable rate of return. The inflows and outflows are considered at actuals till the date of the coming into force of the Petroleum and Natural Gas Regulatory Board (Determination of Petroleum and Petroleum Products Pipeline Transportation Tariff) Amendment Regulations, 2024 and for the remaining economic life of the pipeline the inflows and outflows are estimated. These combined cashflows and outflows shall be used to arrive at the internal rate of return of the pipeline over the economic life.*

Further clause (1) of Para 4 of Schedule B Mention- *The reasonable rate of return shall be applied on the total capital employed to determine the return on capital employed in the project over its economic life and **the authorized entity shall be free to leverage the financing of the project in any suitable manner.***

In view of above explanation, since the entities are free to leverage financing of the project in any suitable manner, IOCL has taken actual loan for the project and paid interest in cash. Such interest is part of cash outflow, hence DCF workings need to take interest cost into consideration.

Further Tariff regulations do not require Tariff to be worked out considering 12% pre-tax return. "Note" against Para 3 of Schedule B states - *The pre-tax rate of return on capital employed shall be computed **by grossing-up twelve per cent** by the nominal rate of income tax applicable for corporate assesses as per the provisions of the income Tax Act, 1961, as **amended from time to time.***

During meeting held on 20.08.2024 at PNGRB, query was asked related to Income Tax Rate and it was clarified wherever actual year wise tax rate is available, post tax returns can be worked out based on actual tax rates. The same has been followed by IOCL in its workings.

Based on above explanation, IOCL is not revising its tariff workings.

PNGRB's initial views mailed to entity:

It is correct that clause 4 titled "Return on capital employed" mentions "**The reasonable rate of return shall be applied on the total capital employed to determine the return on capital employed in the project over its economic life and the authorized entity shall be free to leverage the financing of the project in any suitable manner .**"

PNGRB's interpretation of above clause is that when PNGRB had already assured 12% post tax return on capital employed, entity is free to leverage the financing of the project in any suitable manner however, no further compensation will be given.

Further, Footnote to clause 5 "**Operating costs**" of **Tariff Regulations, 2024** provides as follows:
"Operating costs are those which are necessary for a proper upkeep and maintenance of a tangible asset created for operation of the petroleum and petroleum products pipeline and **does not include any financial cost, like, interest on loans, bad debts, sales promotion, advertisement expenses (except for tenders), expenditure incurred in raising or servicing of capital or debenture or bond or any debt, exchange variation on revenue account, but includes normal bank charges, bank guarantee charges, LC charges and bank charges for bid and performance bonds required as per the terms of authorization/ bidding for the pipeline**"

In view of this, IOCL is requested not to consider Interest Cost (both pre commissioning and post commissioning) and loan inflow/outflow in tariff working and resubmit excel sheet for levelized tariff.

IOCL's further reply vide email dated 05.07.2025: The said interpretation for not considering finance cost / interest on loans as part of Operation Cost is for working capital loans which are taken by companies for day-to-day operations.

The interest considered by IOCL in its tariff workings has not been considered as operating cost. The interest is against an actual loan which was taken for project execution and not for managing day to day operations. Interest cost has actually been paid by IOCL in cash and therefore it is ought to be part of Discounted Cash Flows for determining Tariff.

6.3.2.5 PNGRB's Query vide email dated 13.06.2025: Normative volume adjustment is to be made for entire PRRPL pipeline and not for each segment which IOCL has made in its workings.

IOCL's reply vide email dated 24.06.2025: Illustration-3 for multi-tap off point LPG Pipeline given in Attachment-3 to Schedule B of PNGRB Tariff Regulations 2024 for Petroleum Product Pipelines deals with the petroleum product pipelines having multiple tap-off points and a single product source. It illustrates that in such cases, capacity and normative volumes to be considered from source to each tap-off point independently. Based on this illustration, tariff workings for PRRPL were carried out.

6.3.2.6&7 PNGRB's Query vide email dated 13.06.2025: Observations on OPEX

- i. **Power (for prime movers):** It is observed that the Power (for prime movers) for the year 2018 have risen sharply to Rs. 17.17 crore from Rs. 10.78 crore in 2017. Further, in the year in 2020, the expenses have become Rs. 14.55 crore while in the immediately preceding year (2019), the expenses were Rs. 16.66 crore. In the year 2022, the expenses have risen Rs. 20.78 crore from Rs. 16.57 crore in year 2021. Entity is requested to throw light on reason of fluctuations in expenses.
- ii. **Chemicals:** It is observed that the expenditure has declined sharply in the year 2018 to Rs. 0.47 crore from Rs. 0.67 crore in the year 2017. Again in the year 2020 the expenses on this account were Rs. 0.71 crore which was a sharp rise from Rs. 0.48 crore of 2019. Further, the expenditure rose sharply in the year 2021 and 2022 to Rs. 1.10 crore and Rs. 2.07 respectively. The expenditure has again significantly reduced to Rs. 1.28 crore in the year 2023. Entity is requested to throw light on reason of fluctuations in expenses. On further analysis of Chemicals expenses in terms of Rs./TMT, it is observed that the rate has fallen to Rs. 1235/TMT in 2018

against rate of Rs. 2119/TMT in 2017 and again sharply rose to Rs. 2050/TMT in 2020 and further to Rs. 3037/TMT in 2021 and Rs. 4832/TMT in 2022 and then fallen to Rs. 2971/TMT in 2023. Please explain the wide fluctuations.

- iii. **Manpower:** Manpower expenditure has fallen to Rs. 36.53 crore in the year 2019 from Rs. 40.76 crore (2018) and again rose to Rs. 49.14 crore (2020). Again in the year 2022, the expenditure was Rs. 38.12 crore as compared to previous year's (2021) Rs. 50.66 crore and succeeding year's (2023) Rs. 51.63 crore. Please provide the reason for the same.
- iv. **General Administrative expenses:** It is observed that the General Administrative Expenses have fallen to Rs. 37.07 crore in the year (2022) and further to Rs. 25.62 crore in the year 2023 from Rs. 44 crore in the year 2021. Please explain the reason for the same.
- v. **Repair & Maintenance:** R&M expenses are also showing sharp fluctuations which have risen significantly to Rs. 13.18 crore in 2017 from Rs. 0.31 crore in 2016 and then rose to Rs. 21.30 crore in 2018 and touched Rs. 28.11 crore in 2019 and then declined to Rs. 16.52 crore in 2023. Please provide the reason for same.

IOCL's reply vide email dated 24.06.2025:

Power & Fuel: Pipeline was being commissioned in phased manner starting from March '16 to Jul'2017. Increase in power fuel in 2018 is on account of increase in throughput to 3818 TMT as against 3157 in 2017. Further the decrease in 2020 is on account of decreased throughput from 3821 TMT to 3479 TMT. Further increase in 2022 is on account of increased throughput.

(FY 2022-4286 TMT and FY 2021-3611 TMT). Increase is also on account of increased electricity rates (FY 2022-8.80/kwh FY 2021- 6.6/kwh)

Chemicals: Pipeline was being commissioned in phased manner starting from March '16 to Jul'2017. Thus the chemical consumption increased during 2016-2022 due to increase in throughput from 770MT to 4286.82 MT in 2022. Decrease in 2023 is on account of lower consumption of Corrosion Inhibitor.

Manpower: Variations are majorly on account of bonus components.

General Administration: Decrease from Rs. 44 crore in the year 2021 to Rs 36 crore is on account of lower CSR expenses in 2022. Since the pipeline was fully commissioned by July 2017 and , cost optimization initiatives were taken and accordingly travelling expenses and other miscellaneous expenses were reduced in FY 2023-24. Thus, projections for future years have been considered based on actuals of FY 2023-24.

Repair & Maintenance: Pipeline was being commissioned in phased manner starting from March '16 to Jul'2017. Thus there is an increase in repair & maintenance from 2016 to 2018. Increase from 2018-2019 is on account of routine maintenance expenses as pipeline was fully commissioned and on account of booking of IPS related expenses which has been capitalized in FY 23-24 as the same meets MOR guidelines resulting in lower expenses in FY 23-24.

PNGRB's initial views mailed to entity:

- i. **Power (for prime movers):** No further clarification is required.
- ii. **Chemicals:** No further clarification is required.
- iii. **Manpower:** Please justify with numbers.

- iv. **General Administrative expenses:** Please justify with numbers and also provide the expense wise detail.
- v. **Repair & Maintenance:** Please justify with numbers. Also, what is IPS and MOR (the two terms used by IOCL in its reply).

IOCL's further reply vide email dated 05.07.2025:

Manpower: It may be noted that Bonus figures depend on the profit of the Corporation in the respective year and has no relation with manpower.

General Administrative expenses: Details Enclosed

Rs crore				
Particulars	2020	2021	2022	2023
Rent	0.54	0.49	0.71	1.16
Insurance	1.25	1.76	1.99	1.20
Rates and Taxes	0.28	0.35	0.51	0.46
Travelling and Conveyance	5.73	6.72	9.28	6.94
Communication Expenses	0.55	0.55	0.65	0.73
Printing and Stationery	0.41	0.47	0.29	0.27
Electricity and Water	0.95	0.81	0.88	0.85
Bank Charges	0.01	0.01	0.04	0.03
Prov/Loss on OT Assets Sold or w/o	0.17	0.74	-	0.18
Provision/Loss on FixAssets Sold or w/o	0.15	0.07	0.14	0.11
Provision for Doubtful Debts	-	-	0.11	0.05
Expenses on CSR Activities	8.34	14.99	3.11	2.69
Hire Charges	0.02	0.03	0.03	0.02
Reimb. For Working On Holidays/Extended	0.11	0.13	0.12	0.10
Training Expenses	0.38	0.69	0.26	0.16
Legal Expenses / Payment To Consultants	0.10	0.40	0.16	0.19
Advertisement, Notices and Announcement	-	-	0.01	-
Pollution Control Expenses	0.02	-	0.15	-
Books And Periodicals	0.01	0.02	0.01	0.01
Other Miscellaneous Expenses	10.68	4.85	12.63	4.46
Ho expense allocation	6.41	10.92	5.98	6.00
Total	36.11	44.00	37.06	25.61

Repair & Maintenance; IPS stands for Intelligent Pigging Survey used for integrity testing of survey of pipelines and MOR stands for Major Overhaul Repairs. MOR is defined under para 14 of Ind As16. **It is pertinent to mention that all the data has been submitted after due vetting of Statutory Auditors as required under the Regulation.**

Rs crore				
Particulars	2020	2021	2022	2023
Mainline	14.15	10.04	15.36	4.85
Mechanical	5.87	3.45	2.90	3.18
Electrical	1.68	2.33	2.40	2.69
Instrumentation	0.67	0.88	1.54	0.77
Civil	4.16	3.44	4.28	3.67
Telesupervisory	0.08	0.35	0.06	0.17

Telecommunication	0.16	0.02	0.10	0.09
Others	1.14	1.86	0.84	1.10
Total	27.91	22.37	27.48	16.52

PNGRB's further initial views mailed to entity: Further in IOC mail dated 5 July 2025 in excel sheet "General Administration Expenses" in Other Miscellaneous Expenses "the amount is varying sharply from Rs. 10.68 crore in 2020-21 to Rs. 4.85 crore in 2021-22 then Rs. 12.63 crore in 2022-23 and then Rs. 4.46 crore in 2023-24. Please give the item wise details of Other Miscellaneous Expenses.

IOCL's further reply vide email dated 23.07.2025:

Particulars	2020	2021	2022	2023
OTH EXP--SER CH TO CONTRACTORS FOR GUES	0.13	0.29	0.35	0.51
OTH EXP-BROKERAGE ON RENTED ACC/COM TO	0.00	0.00	0.01	0.01
OTH EXP-CONFERENCE PARTICIPATION FEE	0.00	0.01	0.00	0.00
COVID-19 Related Expenses	8.68	2.54	8.28	0.00
GST_Expenses_Disallowance	0.00	0.14	0.00	0.00
OTH EXP-EXP ON FOOD PROVIDED TO OUTSIDE	0.00	0.01	0.00	0.02
OTH EXP-EXPENDITURE ON CONFERENCES	0.03	0.00	0.00	0.00
OTH EXP-EXPENDITURE ON FESTIVAL CELEBRA	0.71	0.50	0.58	0.58
OTH EXP-FURNITURE AND FIXTURE CHARGED T	0.03	0.02	0.09	0.09
OTH EXP-MISCELLANEOUS	0.63	0.65	2.20	2.64
OTH EXP-PAYMENTS TO HOTELS/OUTSIDE AGEN	0.00	0.00	0.01	0.02
OTH EXP-RECRUITMENT EXPENSES	0.09	0.30	0.24	0.03
OTH EXP-SAFETY WEEK CELEBRATION AND AWA	0.06	0.02	0.16	0.02
OTH EXP-TEA/SNACKS/LUNCH TO VISITORS IN	0.30	0.35	0.72	0.51
Other Exp-Brokerage/ Commission on Scra	0.01	0.02	0.01	0.01
Total	10.68	4.85	12.63	4.46

6.3.2.8. PNGRB's Query vide email dated 13.06.2025: No Miscellaneous Income: It is observed that the entity has not taken Miscellaneous Income in any of the year. Please confirm the same and also provide reasoning for the same.

IOCL's reply vide email dated 24.06.2025: No miscellaneous income has been considered as there is no significant miscellaneous income.

PNGRB's initial views mailed to entity: Please provide the miscellaneous income data even if it is insignificant.

IOCL's further reply vide email dated 05.07.2025:

Rs crore				
Particulars	2020	2021	2022	2023
Other Miscellaneous Income	0.50	0.70	0.27	0.85
Revenue Grants	-0.27	0.06	0.04	0.10
Provisions for DD/ADV,CLM and Stores w/b	0.04	0.08	-	-
Unclaimed/Unspent Liabilities w/b	0.06	-0.07	-0.03	-
Sale of Scrap	0.25	0.73	0.34	0.11
Other Income	0.06	0.09	0.08	0.07
Total	0.64	1.59	0.70	1.13

PNGRB's further initial views mailed to entity: Miscellaneous Income details is shared from 2020-21 to 2023-24. Please share the details from 2016-17 to 2019-20 also

IOCL's further reply vide email dated 05.07.2025:

Rs crore								
Particulars	2016	2017	2018	2019	2020	2021	2022	2023
Other Miscellaneous Income	-	0.02	0.05	0.11	0.50	0.70	0.27	0.85
Revenue Grants	-	4.12	-	-	-0.27	0.06	0.04	0.10
Provisions for DD/ADV,CLM and Stores w/b					0.04	0.08	-	-
Unclaimed/Unspent Liabilities w/b	-	-	0.22	0.26	0.06	-0.07	-0.03	-
Sale of Scrap	-	0.51	-0.37	0.24	0.25	0.73	0.34	0.11
Other Income	0.08	0.09	0.06	0.05	0.06	0.09	0.08	0.07
Amortisation of Capital Grants	-	0.02	0.02	-				
Total	0.08	4.74	-0.04	0.66	0.64	1.59	0.70	1.13

6.3.2.9. PNGRB's Query vide email dated 13.06.2025: Please refer mail from IOC to PNGRB dated 22.01.2025 wherein IOC mentioned "In IOCL Pipelines Division, accounting is done Company Code wise in SAP and in one company code there are multiple pipelines. Hence, trial balance of only PRRPL is not available." Please advise how expenditure have been allocated to PRRPL.

IOCL's reply vide email dated 24.06.2025: Expenditure is booked in cost centres maintained Pipeline wise and details are taken from such cost centres. Cost Centre wise trial balance is not prepared in SAP.

6.3.2.10. PNGRB's Query vide email dated 13.06.2025: Please advise the basis how common expenses like Head Office Expenses, Regional Office Expenses have been allocated to PRRPL. Please provide a note for the same explaining the allocation along-with workings.

IOCL's reply vide email dated 24.06.2025: Head Office Expenses & Regional Office Expenses are allocated on the basis of Capacity & Length of a Pipeline. The same is part of General Admin Expenses.

PNGRB's initial views mailed to entity: Please share the allocation sheet giving the numbers.

IOCL's further reply vide email dated 05.07.2025: Enclosed with General Administration expenses.

6.3.2.11. PNGRB's Query vide email dated 13.06.2025: Please inform the status of Meramandali (Odisha) CUF Pipeline status along-with percentage status of completion.

IOCL's reply vide email dated 24.06.2025: Project Progress status is 45.35% as on 31.5.2025.

6.3.2.12. PNGRB's Query vide email dated 16.06.2025: Please advise the basis of "Average Cost of Product at Pipeline injection point of Paradeep (Rs./KL)" in Linefill in the excel file submitted by IOC.

IOCL's reply vide email dated 24.06.2025: For the purpose of calculation of line fill cost in the tariff workings, Average Cost of Product at Pipeline injection point of Paradeep (Rs./KL) is considered equals to Average RTP of HSD at Paradeep Port during the respective commissioning year of the pipeline section.

PNGRB's initial views mailed to entity: Please justify with numbers. Please explain why only HSD is considered?

IOCL's further reply vide email dated 05.07.2025: HSD is used for commissioning of pipeline sections and hence HSD is considered.

PNGRB's further initial views mailed to entity: Audited Certificate of Linefill Quantity and its value is also required. Further, IOCL in its tariff working had provided Linefill value as Rs. 300.92 crore. Also, request to confirm that the same has been capitalized in its books of account.

IOCL's further reply vide email dated 22.07.2025: There is no provision in the Tariff regulation 2024 for providing CA certificate for line fill. Total workings including Line-fill have already been certified by Statutory Auditors, so in our opinion there is no requirement of any further certification. Linefill is not capitalised in the books of accounts and the same has been treated as revenue inventory.

6.3.2.13. PNGRB's Query vide email dated 19.06.2025: Actual Yearwise product wise quantity (both in MT and KL) transported from the year 2016-17 to 2023-24.

IOCL's reply vide email dated 24.06.2025:

Actual Year-wise product wise quantity (both in MT and KL) transported from the year 2016-17 to 2023-24.

Product->	HSD		MS		SKO		ATF		Total	
Unit ->	MT	KL	MT	KL	MT	KL	MT	KL	MT	KL
Year										
2016-17	694013.67	852128.56	183406.48	252238.67	34676.22	44386.26	0	0	912096.37	1148753.50
2017-18	2274997.90	2753673.58	747551.84	1026622.13	146570.60	188558.45	0	0	3169120.38	3968854.17
2018-19	2825882.70	3404541.49	844665.26	1150141.25	165247.15	212227.68	3131.55	4038.10	3838926.71	4770948.53
2019-20	2746387.30	3343924.41	925405.84	1261464.14	138683.28	178051.55	10680.474	13763.73	3821156.89	4797203.84
2020-21	2397235.40	2937896.86	938275.00	1290839.73	108956.10	139149.84	18518.99	23863.25	3462985.51	4391749.70
2021-22	2449831.90	3001590.32	1039225.40	1434244.81	106044.36	135460.83	36739.39	47017.79	3631841.09	4618313.76
2022-23	3043720.60	3719624.28	1171343.80	1615383.61	35620.90	45867.57	65517.84	84331.83	4316203.15	5465207.30
2023-24	2970891.10	3640520.98	1249915.00	1708944.00	32025.12	41255.32	63519.36	81575.92	4316350.55	5472296.23

6.3.2.14. PNGRB's Query vide email dated 19.06.2025: Breakup of Opex of Power (for prime movers) purchase and HSD used (amount and quantity in KL) from the year 2016-17 to 2023-24.

IOCL's reply vide email dated 24.06.2025:

Amount in Rs crore							
	2017	2018	2019	2020	2021	2022	2023
IMPORT OF POWER							
-QTY/ KWH	13596233.70	18895423.00	15873960.00	16950474.00	18359403.00	22053216.00	21245199.00
-RATE PER UNIT	7.80	6.80	7.50	6.50	6.70	6.84	6.77
-AMOUNT	1,056.50	1,288.50	1,182.61	1,108.90	1,230.10	1,508.40	1,438.30

PURCHASE OF POWER FROM REFINERY							
-QTY/ KWH		5682307.70	5809544.00	4314288.00	5046812.10	5376040.00	4791043.00
-RATE PER UNIT		6.50	7.00	6.90	6.60	8.89	9.49
-AMOUNT		369.40	407.83	298.10	335.10	477.90	454.70
HSD							
-QTY/ KL	47.20	111.60	149.00	91.00	135.00	125.00	79.00
-RATE PER KL	44508.90	53025.40	50746.20	53155.20	68218.00	72888.27	68994.95
-AMOUNT	21.03	59.17	75.50	48.36	92.22	91.43	54.21
Total	1077.54	1717.04	1665.94	1455.34	1657.42	2077.80	1947.18

6.3.2.15. PNGRB's Query vide email dated 19.06.2025: Pipeline length reconciliation.

As per PNGRB letter No. Infra/PP/New/17/IOCL/PRRPL/01/15 dated 17.08.2015, the pipeline length is 1108 KMs. As per IOC's submitted data (refer LINEFILL excel sheet), the pipeline length is 1073 KMs.

IOCL's reply vide email dated 24.06.2025: Length of PRRPL considered during DFR stage was approx. 1108 km. However, the actual length constructed based on site requirements is 1073 km. The same has been considered in tariff working.

PNGRB's initial views mailed to entity: Please give us the copy of letter to PNGRB explaining that actual length is 1073 KMs.

IOCL's further reply vide email dated 05.07.2025: Attached E2 form submitted to PNGRB on monthly basis showing length as 1073 Km. (Annex I E2 PRRPL).

6.3.2.16. PNGRB's Query vide email dated 19.06.2025: IOCL is requested to provide excel workings of levelized tariff (Rs. /MT/KM):

- By considering escalation factor @ 4.5% for all Opex heads.
- By not considering loans and "interest on loan" in its workings.
- Presently IOC is discounting the CAPEX from the year 2009-10 onwards. All the CAPEX made upto the year of commissioning is to be considered from the year 2014-15 (i.e. Y minus 1 year from the date of commissioning where Y means Year of commissioning).
- All the workings to be done at pretax level ensuring 12% post tax return to the entity.
- For calculation purposes, normalised volume for the pipeline as a whole and not segment wise to be used.

IOCL's reply vide email dated 24.06.2025:

- PNGRB Tariff Regulations 2024 do not specify any fixed percentage to be considered for escalation of Opex. Clarification regarding the same was also sought during Open House meeting held on 28.05.2024 and it was told that every entity can take reasonable Opex escalation based on actual trend of stabilized pipelines. Hence, IOCL has taken different escalations for different heads based on actual trend of stabilized pipelines.
- As explained in above reply, interest on loan has been paid in cash and therefore is an integral part of cash outflows and hence is to be considered in DCF Model for working out the Tariff.
- PNGRB Tariff Regulations 2024 does not anywhere specify that capex is to be considered only in Y minus 1 year. IOCL has considered actual capex based on actual year of incurrence.

- iv. As explained above, “Note” against Para 3 of Schedule B states - *The pre-tax rate of return on capital employed shall be computed by grossing-up twelve per cent by the nominal rate of income tax applicable for corporate assesses as per the provisions of the income Tax Act, 1961, as amended from time to time.*

During meeting held on 20.08.2024 at PNGRB, query was asked related to Income Tax Rate and it was clarified wherever actual year wise tax rate is available, post tax returns can be worked out based on actual tax rates. The same has been followed by IOCL in its workings.

- v. Replied above (against Email query dated 13.06.2025 Sl No 5)

PNGRB’s initial views mailed to entity: Please share the minutes of meeting held on 20.08.2024.

IOCL’s further reply vide email dated 05.07.2025: Meeting was called by PNGRB at its office and generally PNGRB prepares Minutes of such meetings. PNGRB may check in its records for such meeting and its minutes.

6.3.2.17. PNGRB’s Query vide email dated 19.06.2025: IOCL is requested to please provide the views why Mermandali Pipeline Segment is not considered in tariff determination as its commissioning is within a year's time. We are of the view that based on projected CAPEX and Opex, the tariff can be fixed. IOCL may also give us the CAPEX and Opex of this Tap Off Point.

IOCL’s reply vide email dated 24.06.2025: Since the branch pipeline on PRRPL to Meramandali has not been commissioned and capitalized yet, impact of capital cost for the branch pipeline and projected volumes for Meramandali Terminal has not been considered in Tariff workings of PRRPL.

IOCL does not intend to include any figures on projected basis for a project which is still not over. Modalities of operation of Mermandali Pipeline Segment are not the same as that of PRRPL and the same are yet to be finalized.

Same would be considered, if required, once the line is capitalized in next tariff review.

6.3.3 PNGRB’s conclusion:

6.3.3.1 In line with practise followed by PNGRB in tariff determination, escalation rate is considered at 4.5% p.a. Further, the CSR Expenses have been disallowed and Miscellaneous Income have been adjusted in the Operating Cost considered in tariff determination. The Pre-Commissioning CAPEX has been considered in for three years preceding the date of commissioning of the pipeline.

6.3.3.2 Normative Volume Adjustment Please refer the discussion made in paragraph **6.3.2.5.** above. PNGRB agrees with the observation made by the entity that normative volumes to be considered from source to each tap-off point independently.

6.3.3.3 Since, PPPL Tariff Regulations, 2024 provide for 12% post tax return on capital employed to the entity and that DCF Methodology is followed by PNGRB in tariff determination, following three items are not considered by PNGRB in the tariff determination process.

(a) Tax Depreciation

IOCL in its tariff filing has considered Tax Depreciation in pre commissioning period (from 2009-10 to 2015-16).

(b) Cashflow regarding various Loans, repayment and interest payment there on.

(c) Carry forward of losses.

7. Tariff determined:

- 7.1. In view of the above deliberation, the levelized tariff of IOCL's Paradip Raipur Ranchi Petroleum Products Pipeline is calculated as Rs. 7.21/MT/KM w.e.f. 01.10.2026.
- 7.2. However, the proposal was deliberated upon during the Board Meeting. The Board noted that the entity had claimed a levelized tariff of Rs. 4.55/MT/KM with effect from 01 August 2024. The Board accepted the tariff of Rs. 4.55/MT/KM as submitted by the entity and also allowed an increase in the tariff of Rs. 1.06/MT/KM on account of the time gap between the date of implementation, i.e., 01 August 2024, and 01 October 2026.
- 7.3. Accordingly, the tariff of Paradip Raipur Ranchi Petroleum Products Pipeline of IOCL shall be Rs. **5.61/MT/KM w.e.f. 01.10.2026.**

8. Decision: With reference to tariff proposal as above and the deliberation of the Board

- 8.1 The tariff of Paradip Raipur Ranchi Petroleum Products Pipeline of IOCL shall be Rs. 5.61/MT/KM w.e.f. 01.10.2026.
- 8.2 The above tariff has been worked out based on the 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 verifications/ audit of the information, data, method of allocation, etc. submitted by the entity.

Sd./
(Dr. Anil Kumar Jain)
Chairperson

Sd./
(Anjani Kumar Tiwari)
Member (Commercial)

Sd./
(Jayanta Narayan Das)
Member (Technical)