



Petroleum and Natural Gas Regulatory Board
New Delhi
Tariff Order

Subject	:	Review of tariff under the provisions of the Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008
Name of Entity	:	Oil and Natural Gas Corporation Limited (“ONGC”)
Name of Pipeline	:	Uran Trombay Natural Gas Pipeline (“UTNGPL”)
File No.	:	PNGRB/COM/2-NGPL Tariff (8)/2010-Vol.III (P-3275)

Ref No. : **TO/2022-23/06**

Dated : **22/03/2023**

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 notified on 20.11.2008 and last amended on 18.11.2022 ("Tariff Regulations"). 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 NGPL is to be done by the 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 upto 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. Authorisation, Capacity Determination and final tariff order

- 2.1. PNGRB issued final terms and conditions for acceptance of Central Government authorization for UTNGPL vide letter dated 03.05.2011 under Regulation 17 (1) of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008 (“Authorization Regulations”). The provisional capacity and length as per the Authorization letter for UTNGPL is equal to 6 MMSCMD (including common carrier 1.50 MMSCMD) and 24 kms (8.10 kms segment is on land, 7.50 kms is in marshy and shallow water and 8.40 kms is in sub-sea) respectively.
- 2.2. As per the Tariff Regulations, capacity of natural gas pipeline, for the purpose of determining natural gas pipeline tariff, shall be the authorized capacity as defined in Authorization Regulations. 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.

As per Petroleum and Natural Gas Regulatory Board (Determining Capacity of Petroleum, Petroleum Products and Natural Gas Pipeline) Regulations, 2010 (“Capacity Regulations”), as amended vide notification dated 18.11.2022, 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. 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.

- 2.3. PNGRB vide Order no. TO/08/2018 dated 01.11.2018 to be read with corrigendum dated 01.11.2018, notified the final initial tariff for UTNGPL applicable with effect from 01.04.2019. The levelized final tariffs as approved by PNGRB are as follows:

(Rs./MMBTU on GCV basis)

Period	Levelized Tariff
Tariff w.e.f. 20.11.2008 to 31.03.2019	5.70
Tariff w.e.f. 01.04.2019 onwards	34.73

3. Details of public consultation exercise for determining tariff

- 3.1. ONGC filed its proposal for tariff review for UTNGPL vide communication dated 21.01.2021 based on actual data up to FY 2019-20. Subsequently, PNGRB webhosted Public Consultation Document (“PCD”) for UTNGPL on 15.02.2021 highlighting salient features as follows:

Particulars	Details
Economic life (Years)	30 years
From	28.05.2008
To	27.05.2038
Levelized tariff under three scenarios (Rs/MMBTU on GCV basis) #	
1) From FY 2009-10 till the end of economic life	12.59
2) From FY 2009-10 till the end of economic life with 8% p.a. inflation	6.30
3) From FY 2009-10 till the end of economic life with 10% p.a. inflation	5.01
Number of working days in a year*	365
Annual inflation rate	4.50%
Capex from FY 2008-09 till the end of economic life (Rs. in Crore)	242.62
Opex during the economic life (Rs. in Crore)	770.73
Unaccounted gas loss during economic life (Rs. in Crore)	0.00
Line Pack (Rs. in Crore)	0.02
Average working capital during the economic life (Rs. in Crore) in Scenario 1	4.16
Terminal Value including line pack at the end of the economic life (Rs. in Crore)	12.15

Levelized Tariff is considered as Rs.12.00/MMBTU in all scenarios for FY 2008-09. The inflation refers to annual escalation in tariff rate considered in second and third scenario.

* ONGC has considered 355 workings days for calculating the value of Gas Sales in FY 2008-09 & 2038-39 and for Opex in FY 2038-39.

- 3.2. Following were the timelines for comments by stakeholders, response by ONGC and conducting Open House (OH):
- 3.2.1. Comments of stakeholders by 02.03.2021.
- 3.2.2. Response by ONGC on comments of other stakeholders by 12.03.2021, and
- 3.2.3. OH on 16.03.2021.
- 3.3. In response to PCD, Mahanagar Gas Limited (MGL), Indian Oil Corporation Limited (IOCL), Gujarat State Petronet Ltd. (GSPL), Pipeline Infrastructure Limited (PIL), and GAIL (India) Limited (GAIL) submitted their comments.
- 3.4. ONGC vide submission dated 12.03.2021 submitted their response on other stakeholders' comments.
- 3.5. In place of 16.03.2021, the Open House was held on 08.04.2021. During the Open house, ONGC explained its response on comments of stakeholders which are deliberated in the relevant ensuing paragraphs.

3.6. The agenda as deliberated in the ensuing paragraphs is prepared considering the data and details submitted by ONGC under Scenario-1. Since, PNGRB does not consider annual escalation in tariff rates therefore, Scenario-2 and Scenario-3 are not contemplated.

4. Details of challenge to final tariff order at Appellate Tribunal for Electricity (APTEL)

4.1. **Complaint by MGL:** MGL filed a complaint in 2015 under PNGRB Act, 2006 against ONGC in respect of the demand from ONGC for PNGRB fixed transportation tariff vide tariff order dated 30.12.2013. PNGRB vide order dated 15.10.2015 dismissed the petition which was appealed by the MGL in APTEL.

In this regard, APTEL vide order dated 20.09.2019 remanded back matter to PNGRB and subsequently PNGRB vide its order dated 18.03.2020, dismissed the complaint and directed MGL and GAIL to pay the transportation tariff fixed by PNGRB for UTNGPL, authorised as common carrier by the Board.

Later MGL filed fresh appeal before the Hon'ble APTEL in Appeal No.110 of 2020 against the said order. Since, Hon'ble APTEL was not operational, MGL approached Hon'ble Delhi High Court vide W.P. (C) 3038 of 2020.

Hon'ble Delhi High Court vide order dated 04.05.2020 disposed off stating that APTEL shall take up the matter within 2 weeks of it being functional.

4.2. Stakeholder's comments and ONGC's response

4.2.1. **MGL Comments:** The question of applicability of the Provisional Tariff Order and Final Tariff upon MGL is presently being sub-judice before APTEL where ONGC, GAIL and PNGRB are Respondents.

One of the primary points of dispute in the APTEL is whether transportation tariff for UTNGPL would be applicable where ONGC's pipeline is carrying gas owned by ONGC to Trombay and effecting sale of the gas at Trombay. In the APTEL Appeal, MGL has set out the provisions of the PNGRB Act and its allied Regulations that it relies on to assert that any tariff decided will not apply. It is also MGL's case that the delivery point of gas is at Trombay, thereby meaning that no part of UTNGPL's capacity is being used on a common carrier basis.

In a writ petition filed before the Hon'ble Delhi High Court, the Hon'ble High Court inter alia passed the following order:

"Pending the decision of the APTEL, on the appeal, preferred by the petitioner, or the application filed therewith for interim relief no coercive steps shall be taken against the petitioner, consequent upon the impugned order, dated 18th March, 2020, passed by the PNGRB".

In effect, whatever tariff is fixed or reviewed, the same cannot be applied upon MGL during the pendency of the matter before courts.

In these circumstances and given that it has come out clearly that the gas being transported by ONGC is owned by ONGC and no other entity at present, MGL questions the need for a tariff review at this stage, especially when the matter is pending before courts. The process may be carried out later, subject to the outcome of the litigation.

ONGC Response: The points raised by MGL are sub-judice in APTEL. Other than MGL, all other customers of GAIL in Trombay region are paying PNGRB tariff of Uran-Trombay

Natural Gas pipeline (UTNGPL). Also, PNGRB is having full powers to determine the tariff of Uran-Trombay Natural Gas pipeline.

- 4.3. **Subsequent development:** The final arguments and pleading concluded. The impugned order dated 18.03.2020 passed by PNGRB was quashed and set aside by APTEL (in appeal no. 110 of 2020) on 16.07.2021. The matter was remanded for fresh adjudication by PNGRB. In this regard, the PNGRB Board Vide its Order dated 30.09.2022, disposed of the matter. The operating para of the order dated 30.09.2022 extracted herein below for reference –

“In view of the above facts, circumstances and deliberations, we hereby direct the Complainant/MGL to pay the transportation charges as per the transportation tariff fixed by PNGRB for UTNGPL vide Tariff Order dated 30.12.2013 for the period from 1st January 2014 onwards, which shall be paid within two months of passing of this Order, failing which interest shall be paid by MGL at interest rate mentioned in the Gas Sales and Transportation Contract.”

The Board’s order dated 30.09.2022 has been challenged by MGL before the Delhi High Court in the Writ Petition number 16628/2022, the matter was heard on 13.12.2022, the Hon' ble High Court inter alia passed the following order:

*“15. In the meantime, considering the amount payable in terms of the impugned order which is over Rs. 300 crores, the Petitioner shall deposit a further sum of Rs.50 crores with GAIL. Subject to the Petitioner depositing a further sum of Rs.50 crores with GAIL, **no coercive steps shall be taken for recovery in terms of the impugned order passed by the PNGRB.** The said deposit shall be subject the outcome of this petition and to any further orders that may be passed in this writ petition. The deposit shall be made by 15th February 2023.”*

The matter is listed for next hearing on 16.05.2023 at Delhi High Court.

5. Important aspects of verification of the tariff filing by ONGC:

5.1. Economic Life of Pipeline:

UTNGPL pipeline was an old pipeline of 18-inch diameter which had been in place since 1978-79 under authorization from the Central Government and ONGC had scrapped this pipeline in 2008 and replaced it with a new 20-inch diameter pipeline which was commissioned on 30.05.2008. ONGC in its tariff submission has considered 30 years of economic life from date of commissioning of UTNGPL i.e. from 28.05.2008 to 27.05.2038.

- 5.1.1. **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.

5.1.2. **PNGRB Conclusion:** *The date of commissioning of the pipeline as per Authorization letter is 30.05.2008 and the same also was considered by PNGRB in TO dated 01.11.2018. Hence, in view of the above regulatory provisions and deliberations the economic life of UTNGPL is considered as 30 years from 30.05.2008 to 29.05.2038 for the purpose of tariff determination.*

5.2. Capital Expenditure (Capex):

ONGC in its tariff filing vide submission dated 21.01.2021 has claimed a total Capex of Rs.242.62 Crore for UTNGPL for the period up to 2038-39. Its summary is as follows:

(Rs. in Crore)

Particulars	Financial Year	Amount claimed
NFA (1)	2007-08	152.84
NFA (2)	2008-09	89.78
Total NFA (1) + (2)	Till 31.03.2009	242.62
Actual Capex	01.04.2009 to 31.03.2020	NIL
Future capex	01.04.2020 to 27.05.2038	NIL
Total		242.62

5.2.1. **Submission:** ONGC in its tariff submission has claimed NIL actual capex (post 20.11.2008) and NIL future capex (post 31.03.2020). On PNGRB's query, ONGC confirmed that no capex was done post 20.11.2008 and no capex is expected during remaining life of pipeline.

5.2.2. **PNGRB Conclusion:** *PNGRB has considered a sum of Rs.242.62 Crore as NFA on 20.11.2008 as considered in previous TO dated 01.11.2018 and NIL capex for subsequent years as submitted by ONGC.*

5.3. Line Pack:

ONGC, in its tariff submission, has considered cash outflow of Rs.0.02 Crore in FY 2007-08 on account of line pack.

5.3.1. **Clarification sought:** In response to PNGRB's clarification regarding basis for arriving at the line pack cost, ONGC submitted that the Line Pack quantity of 34044 SCM is always held in the pipeline along size and length of UTNGPL of 20" and 24 km respectively. Line pack value of Rs.0.02 Crore is arrived considering gas rate of Rs.7,300.00 per 1000 M³ (34044 x 7.3 = Rs.248521).

5.3.2. **Applicable Regulatory Provision:** Clause 6 of Attachment 2 of Schedule A of Tariff Regulations

5.3.3. **PNGRB Conclusion:** *Based on submission and clarification by ONGC, PNGRB has considered line pack Rs.0.02 Crore as on 20.11.2008. The same is considered as inflow at the end of the economic life of the pipeline, i.e., on 29.05.2038 (FY 2038-39).*

5.4. Operating Expenses (Opex):

In its tariff filing, ONGC has claimed a total Opex of Rs.770.73 Crore for UTNGPL from FY 2008-09 till the end of its economic life of the pipeline in FY 2038-39. This is discussed below under two heads i.e. actual Opex outgo from date of commissioning till FY 2019-20 amounting to Rs.184.53 Crore and future Opex from FY 2020-21 till the end of economic life of pipeline amounting to Rs.586.20 Crore.

5.4.1. **Actual Opex from FY 2008-09 to FY 2019-20:** ONGC in its tariff filing has claimed actual total Opex of Rs.184.53 Crore duly supported by CA certificate from FY 2008-09 to FY 2019-20 as under:

(Rs. in Crore)

Financial Year	Tariff Filing
2008-09	1.94
2009-10	7.35
2010-11	13.43
2011-12	13.64
2012-13	16.98
2013-14	17.32
2014-15	16.46
2015-16	15.22
2016-17	19.70
2017-18	15.90
2018-19	25.63
2019-20	20.96
Total	184.53

5.4.1.1. Entity and Stakeholder's Comments

GAIL's Comment: As UTNGPL has not been configured as a separate cost centre, it appears that the related costs attributable to UTNGPL have been derived based on certain fair assumptions considering the total operating pipeline length of Uran-Trombay section. The Board may like to take a considered view in this regard and apply uniformly for similarly placed pipelines.

ONGC's response: It appears that the issue is directed towards the Board.

PNGRB Comment: It is found that combined books of accounts are being maintained by the pipeline entity. Moreover, combined costs are being apportioned to the pipelines both regulated and unregulated using different methods of apportionment by entity. The basis of cost apportionment for UTNGPL is subject to verification audit by PNGRB.

5.4.1.2. Clarification from ONGC

a) In response to PNGRB's query dated 20.06.2022 regarding policy adopted by ONGC on allocation of expenses into cost centres and subsequent clubbing of cost centres and basis of allocation of expenses in cost records followed by ONGC for UTNGPL, ONGC vide response dated 29.06.2022 inter alia explained cost allocation policy as follows:

- **Direct activity allocation:** Direct activity allocation involves measuring, recording and allocation of cost of services performed by a cost centre to the receivers cost objects like cost centre, Production Order, PM Order and WBS. Similarly, directly identifiable cost is allocated to the related cost centre.
- **Cost cycles:** Cost cycles are allocation cycle designed in CO module. Execution of cost cycle results in allocation of costs from sender cost centre/Cost centre Group to the receiver cost object.
In distribution cycle, costs from sender CC are allocated to the receiver CC without losing the identity of the original cost element (Expenditure GL account). In assessment cycle, costs from sender cost centre are allocated to the receiver cost objects using secondary cost element or allocation structure. Allocation structure is logical grouping of cost elements wherein the costs of sender cost centre are allocated to the receiver cost object. In assessment cycle, the identity of the original cost element from sender to receiver is lost.
- **Basis of allocation of expenses in cost records-**The major allocation of expenditure is completed upon execution of cost cycle only. The cost records are prepared only after the execution of cost cycle is completed. Since cost records are prepared manually in excel sheet hence there are very few adjustments that are made at the stage of preparation of cost records.

b) In absence of any satisfactory response, PNGRB held meeting on 05.07.2022 with ONGC's officials to understand the cost allocation methodology adopted by ONGC to allocate expenditure to UTNGPL. It was informed by ONGC that no separate books of accounts are being maintained for regulated activity (i.e. Natural Gas Pipeline authorised as common carrier by PNGRB) and other non-regulated activity (i.e. Crude Oil Pipelines). During the meeting, on

scrutiny of certain high value transactions of actual opex in certain years, it was observed that, expenses directly pertaining to non-regulated activity were being allocated to UTNGPL.

- c) Subsequent to the meeting, PNGRB vide letter dated 11.07.2022 mandated ONGC to separate books of accounts between regulated activity and nonregulated activity with immediate effect and provide revised cost allocation of past years after detailed analysis and allocating direct expenses pertaining to regulated activity and apportionment of common expenses on reasonable basis.
- d) ONGC vide letter dated 17.08.2022 responded that it is in the process of creating separate cost centre for regulated and non-regulated activity. ONGC also informed that the details of the expenditure have been provided wherein cost has been allocated as per the existing practice followed since 2008-09. Henceforth, ONGC will further analyse while creating cost centre-based accounting.
- e) Due to incorrect / non allocation of expenses to UTNGPL as mentioned in para 5.4.1.2 (c) above, PNGRB vide letter dated 26.08.2022, raised the concern over the correctness of allocation methodology adopted by ONGC. Hence, ONGC was again requested to deeply analyse the expenses directly allocable to the regulated activity (UTNGPL) and other non-regulated activity and subsequent apportionment of remaining common expenses on reasonable basis from 20.11.2008. PNGRB informed ONGC that in its tariff order during 2018, PNGRB has been mentioning that it reserves the right to verify / audit the information provided for the tariff determination and method of cost allocation. PNGRB also informed ONGC that in case of non-submission of revised expenses after analysing the direct and allocating only the common expenses, PNGRB will use other basis for tariff determination.
- f) In response, ONGC vide letter dated 09.09.2022 again reiterated its earlier stand and did not submit the data.
- g) Further, PNGRB held a meeting on 03.01.2023 with a team from ONGC for resolution on cost allocation queries for tariff determination. ONGC agreed to provide the past data after analysing the direct and common cost and their proper allocation as per the requirements under the regulations i.e. to maintain separate books for the regulated activity. Thereafter, ONGC vide email dated 27.01.2023 provided a CA Certificate certifying the earlier submitted Opex of UTNGPL for FY 2008-09 to 2020-21 mentioning that no separate cost center has been created since 20.11.2008 and as per accounting policy followed by ONGC, the same is not specifically captured for UTNGPL except insurance and way leave charges. Thus, the operating expenses could only be derived by allocating total pipeline related costs to UTNGPL based on length of UTNGPL. Thus, costs have been allocated based on length (Km.) of pipeline instead of allocation of operating expenses on the reasonable basis while separately maintaining books for regulated and non-regulated business.
ONGC also informed that post creation of a separate cost centre to capture cost of UTNGPL, the action regarding cost accumulation related to UTNGPL in a dedicated cost center is also under process and will be completed before end of this financial year.

5.4.1.3. Based on the ONGC's response to the clarifications sought as mentioned in para no. 5.4.1.2, it is observed that -

- (i) Cost pertaining to the regulated activity has not been configured as an exclusive separate cost or profit centre in books of accounts. Instead, all the operating expenses of Uran-Trombay section have been apportioned amongst 6 pipelines in that section including 5 crude oil pipelines (other non-regulated activity) and 1 Natural Gas pipeline (regulated activity) on the basis of respective pipeline length except in case of Insurance, Way Leave Charges and Health, safety & equipment cost (allocated on volume basis).
- (ii) **Project Overheads:** ONGC has also claimed project overheads as 10% of the total opex as allocated (including direct allocable expenses) without providing any justifiable basis for the same.

5.4.1.4. **PNGRB Conclusion:** In absence of proper allocation of expenditure to UTNGPL and in view of irregularities noticed in resultant allocation between regulated and non-regulated activity based on allocation methodology adopted by ONGC (as deliberated in Para 5.4.1.2 above), PNGRB has used the existing practice of considering opex as 2.5% of Gross Block as applied for determining future operating expenses.

PNGRB in its tariff order dated 01.11.2018 has also given a decision that "The above tariff has been worked out based on the information provided by the entity and deliberations above. However, PNGRB intends to 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."

Even after the request of the PNGRB, ONGC has not submitted the proper cost allocation after deeply analysing the expenses directly allocable to the regulated activity (UTNGPL) and other non-regulated activity and subsequent apportionment of remaining common expenses on reasonable basis from 20.11.2008.

As per Regulation 5, of Petroleum and Natural Gas Regulatory Board (Affiliate Code of Conduct for Entities Engaged in Marketing of Natural Gas and Laying, Building, Operating, or Expanding Natural Gas Pipeline) Regulations, 2008, entity is required to ensure accounting and financial separation by maintaining separate financial records and books of accounts in respect of the regulated activity. The entity shall ensure that both direct and indirect costs are fully allocated to the regulated activity in a transparent manner without any cross-subsidization of costs with any other non-regulated activity. The entity shall also adhere to the accounting standards and guidelines of The Institute of Chartered Accountants of India as well as the Companies Act, 1956 and the Board may, if it deems fit, examine the appropriateness of the basis of cost allocation followed by the entity.

PNGRB in all its tariff orders has been uniformly considering future Opex @ 2.5% of future Gross Block. Considering above, Opex @ 2.5% of Gross Block of Rs.246.39 Crore has been considered from 20.11.2008 with an annual escalation @ 4.5% till the end of economic life.

The same shall be tried up in the subsequent tariff reviews after ONGC provides past expenses considering the direct allocable expenses related to UTNGPL and allocating common allocable expense and maintenance of separate books for regulated and non-regulated activity.

In view of above explanation, year wise Opex considered by PNGRB in current tariff determination as follows:

(Rs. in Crore)

<i>Year</i>	<i>Claimed by ONGC</i>	<i>Considered by PNGRB</i>
<i>2008-09</i>	<i>1.94</i>	<i>2.23</i>
<i>2009-10</i>	<i>7.35</i>	<i>6.44</i>
<i>2010-11</i>	<i>13.43</i>	<i>6.73</i>
<i>2011-12</i>	<i>13.64</i>	<i>7.03</i>
<i>2012-13</i>	<i>16.98</i>	<i>7.35</i>
<i>2013-14</i>	<i>17.32</i>	<i>7.68</i>
<i>2014-15</i>	<i>16.46</i>	<i>8.02</i>
<i>2015-16</i>	<i>15.22</i>	<i>8.38</i>
<i>2016-17</i>	<i>19.70</i>	<i>8.76</i>
<i>2017-18</i>	<i>15.90</i>	<i>9.15</i>
<i>2018-19</i>	<i>25.63</i>	<i>9.57</i>
<i>2019-20</i>	<i>20.96</i>	<i>10.00</i>
<i>Total</i>	<i>184.53</i>	<i>91.32</i>

5.4.2. **Future Opex:** ONGC in its tariff filing has claimed future Opex of Rs.586.20 Crore from FY 2020-21 till the end economic life of the pipeline in FY 2038-39. Opex of FY 2019-20 escalated @ 4.50% p.a. except way leave charges which have been escalated @ 4% every year.

5.4.2.1. **PNGRB Conclusion:**

Inflation Rate: The regulation provides for the substitution of the projections made over economic life of the pipeline with the actual Capex/Opex on a prospective basis at the time of periodic tariff review. By substituting the provisional figures with the actuals, the entity is not put to any advantage/disadvantage over the economic life of the project. In effect, even if the adjustments are on a prospective basis considering the economic life of the project, the entity is still getting the benefit of prospective adjustments of the variations on account of the actual performance with respect to the Opex compared to the normative parameters identified under the Tariff Regulations.

In view of the above and to maintain consistency and uniformity, PNGRB has been following a uniform basis for estimating the annual Opex inflation @ 4.50% and this rate is being taken in case of this pipeline also.

In view of above and conclusion in Para 5.4.1.4 above, opex considered by PNGRB in FY 2019-20 of Rs.10.00 Crore has been escalated @ 4.50% p.a. Accordingly, future Opex of Rs.

284.26 Crore excluding transmission loss (refer Para 5.5) from FY 2020-21 till the end of economic life of pipeline has been considered in determination of tariff.

5.5. Unaccounted Gas / Transmission Loss:

ONGC has not claimed any unaccounted gas loss in tariff filing for UTNGPL. PNGRB in its Tariff Amendment Regulation, 2022 has inserted the provisions for transmission loss. Subsequently, PNGRB sought data from ONGC pertaining to its amendments in Tariff regulation.

5.5.1 Clarification from ONGC:

5.5.1.1 PNGRB vide email dated 28.11.2022 sought data from ONGC with regards to volumes/Likely Future Volumes, transmission loss volumes, gas price considered along with detailed break-up into foreign Component, exchange rate etc in accordance with the newly inserted sub-clause (2)(d) of Clause 5 of schedule A Tariff Regulations.

5.5.1.2 ONGC vide response dated 06.12.2022 provided the following information-

Particulars	FY 2021-22	From 18.11.2022-31.03.2023	From FY 2023-24 till the end of economic life
Volume/Likely future volumes			
(In MMSCM)	990.37	380.98	1134.00
(In MMBTU)	42308611	16083499	47872340
Transmission Loss Volumes			
Actual		-	-
Actual Gas Price / Likely Future Gas Price (INR/MMBtu)	174.61	700.25	700.25
Detailed Break up of Gas Price i.e., Foreign Component, Exchange Rate, etc.	US\$2.34 @Rs.74.51/ USD	US\$8.57 @Rs.81.71/ USD	US\$8.57 @Rs.81.71/ USD

- Gas price mentioned, is weighted average Domestic Gas Price (as notified by Govt. under New Domestic Gas Pricing Guidelines, 2014) during the period as mentioned in the table.
- Foreign Exchange rate is average exchange rate during the period as mentioned in the table. For 18.11.2022 to 31.03.2023, exchange rate as available till 30.11.2022 is used.
- Gas price as available at present for the period till 31.03.23 is mentioned in the period 2023-24 onwards.

5.5.2 **Applicable Regulatory Provision:** Sub-clause (2)(d) of Clause 5 of schedule A of Tariff Regulations-

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

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.”

5.5.3 PNGRB Conclusion:

The above provision has been introduced vide amendment dated 17.11.2022 notified on 18.11.2022. Thus, from 17.11.2022 onwards, transmission loss is considered @ 0.1% of actual volumes or likely future volumes as provided by the entity multiplied by the gas price plus applicable transmission charges.

Volume: ONGC has provided likely future volumes in MMSCM from 18.11.2022 onwards. PNGRB has converted these volumes into MMBTU based on calorific value considered in tariff determination as per Para 5.7.3.

Gas Price: The gas price issued by Petroleum Planning & Analysis Cell (PPAC) in accordance with Ministry of Petroleum and Natural Gas, Govt of India for the period October 2022-March 2023 for domestic natural gas, i.e., \$8.57/MMBTU, is considered for calculation of transmission loss for the period 17.11.2022 till 31.03.2023.

It is to be noted that the price of domestic natural gas was raised to \$8.57 per MMBTU from October 2022 onwards, which is , nearly thrice of what it was a year ago. The gas prices, shoot up in mid-2021 as global demand picked up after lockdowns, and again in early 2022 after the Ukraine war led to disruptions of gas supplies to Europe. Thus, the current gas prices are higher due to unprecedented global scenarios. Therefore, for calculation of future transmission loss from FY 2023-24 onwards, gas price based on the past average (from 01.11.2014 to 31.03.2023) of domestic natural gas prices issued by PPAC, i.e., \$3.61/MMBTU is considered by PNGRB as appropriate and reasonable by PNGRB. However, the same will be trued up based on actual data and extant regulatory provision.

Exchange Rate: For FY 2022-2023, exchange rate of Rs.81.71/\$ as submitted by the entity vide response dated 6.12.2022 has been considered. From FY 2023-24 onwards, Rs.82.70/US\$ being the prevailing exchange rate has been considered.

Accordingly, based on above amendment in tariff regulations and explanations, Rs.19.97 Crore is considered as transmission loss from 17.11.2022 till end of economic life .This shall be ultimately trued up based on actuals.

5.6. Volume Divisor:

5.6.1. ONGC has provided actual volumes and considered the volume divisor for UTNGPL as follows:

Financial Year	Actual Volume (in MMSCMD)	Volume Divisor (in MMSCMD)
2008-09	3.72	3.72
2009-10	3.78	3.78
2010-11	3.39	3.39
2011-12	3.61	3.61
2012-13	3.85	3.85
2013-14	3.94	3.94
2014-15	3.86	3.86
2015-16	3.82	3.82
2016-17	3.60	3.60
2017-18	3.67	3.67
2018-19	3.79	3.79
2019-20	2.93	2.93
2020-21 till 2038-39	N.A	3.42

5.6.2. Entity & Stakeholder's comments

- a) **IOCL's Comment:** Volume Divisor considered by ONGC in its current tariff filing is different from that considered by PNGRB in the Tariff Order TO/08/2018 dated 01.11.2018. PNGRB may suitably consider the applicable volume divisor as per the provisions of extant regulation and in line with the approved Tariff Orders.

ONGC's response: The unit mentioned in Tariff Order TO/08/2018 dt. 01.11.2018 i.e. BCM and unit considered by ONGC i.e. MMBTU are different. Though the volume is same if both are considered in the same unit.

- b) **GSPL's comment:** GSPL is of the view that the volume divisor should always be based on the projections considered by the entity as they are in a better position to assess the business. Even if there was a higher volume in the immediately preceding one or two years, it could be an aberration or based on market specific developments and should not be used as a base for future projections.

It is a fact that during the lockdown and for many months subsequently, there was severe drop in the volume of gas consumed across the country. Similarly, due to recent increase in the spot prices of gas, there was substantial drop in the gas consumption. Owing to such a dynamic scenario, the volume projections proposed by the entity should be considered by the Hon'ble Board as volume divisor.

GSPL also submits that prior to the commencement of tariff review exercise, the capacity of the Pipeline should be determined and fixed.

ONGC's response:

- i. Projections have been conveyed to PNGRB for their consideration.
- ii. Pg.24 para 6.5.1.1 of PNGRB TO/08/2018 shall prevail in this context.

5.6.3. Applicable Regulatory Provision

5.6.3.1. **Tariff Regulations from 20.11.2008 to 07.01.2016:** As per sub-clause (1) of clause 6 of Schedule A of Tariff Regulations in force during the period, the volumes of natural gas to be considered as divisor shall be 60% to 100% of the sum of the capacity requirements of the entity and the firm-up contracted capacity with other entities as specified in NGPL Authorisation Regulations.

For the sixth year and subsequent years of operation, Clause 6 (1) (b) of Schedule A of the regulations will be applicable, which provides that divisor for the sixth and the subsequent years of operation of the natural gas pipeline shall be equal to, One hundred percent of the sum of the capacity requirements of the entity and the firm-up contracted capacity with other entities as specified under the NGPL Authorisation Regulations and the actual volume of natural gas transported on common carrier basis during the immediately preceding year of operation of the natural gas pipeline.

5.6.3.2. **Tariff Regulations from 08.01.2016 to 17.11.2022:** Volume for this period will be calculated as per Clause 6(1)(b) of the Tariff Regulations which states that, the divisor for the sixth and the subsequent years of operation of the natural gas pipeline shall be equal to the firm-up contract capacity and booked common carrier capacity or seventy-five per cent of the capacity of natural gas pipeline as declared under the NGPL Capacity Regulations, whichever is higher.”

5.6.3.3. **Tariff Regulations from 18.11.2022 onwards-**

“(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, actual volume flow in the latest financial year for which actual data has been considered and likely future volumes. Volume on normative basis shall be calculated as indicated below: -

(a) The divisor for each 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 operations	Percentage utilization
First	30%
Second	35%
Third	40%
Fourth	45%
Fifth	50%
Sixth	60%
Seventh	70%
Eighth	80%

Year of natural gas pipeline operations	Percentage utilization
Ninth	90%
Tenth and onwards	100%

- (b) The divisor for the eleventh and the subsequent years of operation of the natural gas pipeline or for each expansion (other than expansion to which clause 6 (1) (d) is applicable) in capacity of natural gas pipeline (including integrated natural gas pipeline) 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.

5.6.4. **PNGRB Conclusion:** As per final terms and conditions for acceptance of Central Government authorisation for UTNGPL issued by PNGRB vide letter dated 03.05.2011, provisional capacity of 6.00 MMSCMD has been considered for arriving at volume divisor. As UTNGPL pipeline was an old pipeline of 18-inch diameter which had been in place since 1978-79 under authorization from the Central Government and ONGC has scrapped this pipeline in 2008 and replaced it with a new 20-inch diameter pipeline which was commissioned on 30.05.2008, therefore, the ramp up in volume in first five years has not been considered in determination of final tariff. In view of the above, volume considered in determination of tariff is 75% of authorised capacity 6 MMSCMD i.e., 4.50 MMSCMD is as follows:

(in MMSCMD)

<i>Financial Year</i>	<i>Claimed by ONGC</i>	<i>Considered by PNGRB</i>
2008-09	3.72	4.50
2009-10	3.78	4.50
2010-11	3.39	4.50
2011-12	3.61	4.50
2012-13	3.85	4.50
2013-14	3.94	4.50
2014-15	3.86	4.50

<i>Financial Year</i>	<i>Claimed by ONGC</i>	<i>Considered by PNGRB</i>
2015-16	3.82	4.50
2016-17	3.60	4.50
2017-18	3.67	4.50
2018-19	3.79	4.50
2019-20	2.93	4.50
2020-21 till 2039-39	3.42	4.50

5.7. Weighted Average Heat Value:

ONGC has considered 10,000 as average gross calorific value (GCV) in calculation of quantity of gas.

5.7.1. Entity & Stakeholders' comments

IOCL's Comment (dated 01.03.2021): Year wise weight average GCV considered by ONGC in its current tariff filing is different from the data approved by PNGRB for the identical period in the Tariff Order TO/08/2018 dated 01.11.2018. PNGRB may suitably consider the heat values in line with past orders.

ONGC's response (dated 12.03.2021): Communication regarding correction in Weighted Average GCV has been sent to PNGRB on 26.02.2021.

PNGRB Clarification from ONGC: In response to PNGRB clarification dated 26.04.2021 regarding different values of GCV considered in current submission as compared to values in Tariff Order dated 01.11.2008 for the years 2008-09 to 2016-17, ONGC vide response dated 19.05.2021 re-submitted the following certified GCV:

Financial Years	GCV (in Kcal/scm)
2008-09	9310.33
2009-10	9209.08
2010-11	9538.30
2011-12	9308.38
2012-13	9388.41
2013-14	9342.96
2014-15	9394.47
2015-16	9290.76
2016-17	9213.34
2017-18	9297.81
2018-19	9224.68
2019-20	9332.04

5.7.2. **Applicable Regulatory Provision-**

As per Clause 6 (2) of Schedule A of Tariff Regulations, the volume of natural gas determined as per the regulations shall be converted into its energy equivalence in MMBTU by considering the weighted average heat value of natural gas delivered to customers between the period from the end of the initial unit natural gas pipeline tariff period and the due date of the first tariff review.

5.7.3. **PNGRB Conclusion:**

In view of above, the GCV re-submitted by ONGC on 19.05.2021 for the period FY 2008-09 to FY 2019-20 as mentioned in the para 5.7.2 above which is also aligning with the data considered in previous tariff order, has been considered in determination of current tariff. Further, from FY 2020-21 onwards, weighted average gross calorific based on actual volume flow during the period FY 2008-09 to FY 2019-20 of 9319.60 Kcal/SCM has been considered.

5.8. **Working Capital**

ONGC, in its tariff submission, has considered average working capital of Rs.4.16 Crore during economic life of pipeline.

5.8.1. **PNGRB Conclusion:**

As per Tariff Regulations, working capital is calculated as sum of 30 days of operating costs excluding depreciation and 18 days of natural gas pipeline tariff receivables. After the adjustments made as detailed in various paras, average working capital is reworked at Rs.5.21 Crore and considered in tariff determination. The working capital released at the end of economic life is Rs.6.25 Crore.

5.9. **Number of Working Days**

ONGC in its tariff submission has considered 365 days as operating days in a year except for calculating the value of Gas Sales in FY 2008-09 & 2038-39 and Opex in FY 2038-39 wherein 355 working days are considered.

5.9.1. **Entity & Stakeholders' comments**

IOCL's Comment (dated 01.03.2021): ONGC has considered 365 days as operating days in a year but for calculating the value of Gas Sales in FY 2008-09 & 2038-39 and Opex in FY 2038-39, 355 working days are considered.

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.

ONGC's response (dated 12.03.2021): 355 days have been taken as per PNGRB ruling under point 6.12 of order Ref no. TO/08/2018 dated 01.11.2018 (page 30).

5.9.2. **Applicable Regulatory Provision:** Till 22.11.2020, there was no specific provision in NGPL Tariff Regulations for considering the number of working days in a Financial Year for the purpose of Tariff determination. Thus, Clause 14 (3) of Access Code Regulations was being referred which state that the planned maintenance period shall not exceed 10 days in a year. In view of the same, 355 working days in each financial year were being considered for every pipeline.

Subsequently on 23.11.2020, PNGRB vide Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Third Amendment Regulations, 2020, in Schedule A after sub clause (2) of clause 6 inserted sub clause (3) which states that 350 working days shall be considered in a year for the purpose of tariff determination under these regulations.

5.9.3. **PNGRB Conclusion:** *In view of the above, 355 working days have been considered from 20.11.2008 to 22.11.2020 and 350 working days have been considered from 23.11.2020 onwards. For FY 2020-21, proportionate days, i.e., 353.23 days have been considered as per the regulations in effect.*

5.10. Terminal Value:

ONGC in its tariff submission, has considered terminal value of Rs.12.15 Crore which consists of Rs.12.13 Crore on account of residual value of NFA (only pipeline) and Rs.0.02 Crore on account of line pack.

5.10.1. **Clarification from ONGC:** In response to PNGRB’s clarification dated 26.04.2021 regarding the terminal value and the asset class wise bifurcation for Gross Block considered in FY 2007-08 & FY 2008-09, ONGC vide response dated 19.05.2021, provided that the terminal value has been computed by including the working capital (which was omitted in the earlier submissions), in addition to Line Pack as well as Asset scrap value (which was added in the previous submission as well). The total terminal value is computed as Rs.13.60 Crore. Cost of no other asset (like land or building or plant or machinery) has been included with cost of this pipeline therefore single asset class has been used with no bifurcation.

5.10.2. **PNGRB Conclusion:** *Terminal Value is the sum of the residual value of the assets at the end of the economic life (which is difference between the original cost less the amount of accumulated depreciation), working capital and line pack. It is considered as cash inflow at the end of economic life of the pipeline. Based on the adjustments made in various paras as mentioned above, the terminal value has been recomputed as Rs.18.59 Crore and considered in determination of tariff. The breakup of terminal value is as follows:*

(Rs in Crore)

Particulars	Claimed by ONGC	Considered by PNGRB
<i>Residual value of assets</i>	<i>12.13</i>	<i>12.32</i>
<i>Working capital</i>	<i>0.00 *</i>	<i>6.25</i>
<i>Line pack</i>	<i>0.02</i>	<i>0.02</i>

<i>Particulars</i>	<i>Claimed by ONGC</i>	<i>Considered by PNGRB</i>
Total	12.15	18.59

**Working Capital of Rs 0.95 Crore based on model submitted was not considered by ONGC in calculation of Terminal Value.*

5.11. Return on Capital Employed:

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 ONGC's submissions, rates of corporate income tax applicable each year to ONGC are as follows:

Financial Year	2008-09 & 2009-10	2010-11 onwards
Inflows	33.99%	33.99%
Outflows	33.99%	33.22%

ONGC in its tariff filing has considered post-tax revenues and post-tax expenses. Tax Rates are considered as shown in table above.

5.11.1. **Applicable Regulatory Provision:** Clause 2 of Schedule A of the Tariff Regulations mandates that natural gas pipeline tariff shall be calculated based on the DCF methodology after considering the reasonable rate of return. In terms of Clause 3 of Schedule A of the Tariff Regulations twelve percent post tax will be grossed-up by 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 in regulation i.e. FY 2022-23 onwards.

5.11.2. **PNGRB Conclusion:** *ONGC has reduced taxes on both inflows and outflows which is conceptually incorrect as taxes are payable on revenue earned and accordingly taxes are saved due to operating expenditure incurred. In view of above regulatory provisions, the corporate income tax rate and pre-tax rate of return considered by PNGRB on cashflows for determination of tariff are as follows:*

<i>Year</i>	<i>FY 08-09 & FY 09-10</i>	<i>FY 10-11</i>	<i>FY 11-12 & FY 12-13</i>	<i>FY 13-14 & FY 14-15</i>	<i>FY 15-16 to FY 17-18</i>	<i>FY 18-19 to FY 21-22</i>	<i>From FY 22-23 onwards</i>
<i>Corporate Income Tax Rate</i>	33.99%	33.22%	32.45%	33.99%	34.61%	34.94%	25.17%
<i>Pre-Tax Rate of return</i>	18.18%	17.97%	17.76%	18.18%	18.35%	18.45%	16.04%

5.12. Applicability of Tariff:

ONGC in its tariff filing has proposed the tariff as follows:

(Rs./ MMBTU on GCV Basis)

Scenario	Inflation in tariff rate	Particulars	Levelized Tariff
I	0% p.a.	From FY 2009-10 till the end of economic life of pipeline	12.59
II	8% p.a.		6.30
III	10% p.a.		5.01

For the year 2008-09, Levelized Tariff is considered as Rs.12.00/MMBTU in all scenarios.

5.12.1. **Applicable Regulatory Provision:** As per clause 9(4) of the amended PNGRB 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 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.”

5.12.2. **PNGRB Conclusion:** *In view of above, the tariff shall be applicable from the 1st day following the month in which tariff order is issued by PNGRB. Tariff has thus been calculated considering applicability of tariff w.e.f. 01.04.2023.*

5.13. Tariff Review:

The final tariff of UTNGPL was last notified on 01.11.2018 which was determined based on the actual data up to FY 2016-17. In respect of tariff review, clause 2(1)(h) of Tariff Regulations, inter alia states as under:

In view of the Clause 2(1)(h) of Tariff Regulations, the current tariff review is being done in FY 2022-23, next tariff review becomes due from 01.04.2025. Accordingly, ONGC is advised to submit the data well in time to review the tariff and issue tariff order.

5.14. Zonal Apportionment

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 zonal tariff of a later zone is higher than that of an earlier zone.

Since the length of ONGC’s UTNGPL is 24 kms and does not exceed 300 kms, the apportionment of levelized tariffs is not required to be undertaken.

5.15. Tariff Reconciliation:

The tariff reconciliation after making the above-mentioned changes is tabulated below:

(Rs./MMBTU on GCV basis)

S. No	Particulars	Impact	Tariff
	Tariff Submitted by ONGC w.e.f. 01.04.2009		12.59
1	Tariff corrected in Past Years*	40.33	52.92
2	Tax Rate (Para 5.11)	(4.99)	47.93
3	Working Days (Para 5.9)	4.56	52.49
4	NFA (Para 5.2.1)	2.16	54.65
5	Volume Divisor (Para 5.6)	(29.95)	24.70
6	Calorific Value (Para 5.7)	7.53	32.23
7	Actual Opex (Para 5.4.1)	(10.57)	21.66
8	Future Opex (Para 5.4.2)	(4.03)	17.63
9	Transmission Loss (Para 5.5)	0.25	17.88
10	Terminal Value (Para 5.10)	(0.02)	17.86
11	Tariff applicability w.e.f. 01.04.2023 (Para 5.12)	(3.96)	13.89
	Tariff w.e.f. 01.04.2023		13.89

* Instead of PNGRB approved tariff, ONGC has considered tariff Rs.12.00/MMBtu in FY 2008-09 and Rs.12.59/MMBtu on GCV basis from 01.04.2009 onwards in their tariff model

5.15.1. Reconciliation between final tariff notified by PNGRB vide order no.TO/08/2018 dated 01.11.2018 and tariff as determined under this order is as follows

(Rs./MMBTU on GCV basis)

S. No.	Particulars	Impact	Tariff
	Final Tariff from 01.04.2019 onwards		34.73
1	Economic Life of 30 years (Para 5.1)	(1.28)	33.45
2	Opex (Para 5.4)	(8.16)	25.29
3	Terminal value, calorific value, tax rate, working days etc (Paras 5.10, 5.7, 5.11 and 5.9)	(1.33)	23.95
4	Prospective implementation from 01.04.2023 (Para 5.12)	(10.06)	13.89
	Tariff w.e.f. 01.04.2023		13.89

5.16. Tariff determined by PNGRB.

Tariff Determined by PNGRB is given below:

(Rs./MMBTU / GCV basis)

Period	Submitted by ONGC	Tariff by PNGRB
Tariff w.e.f. 20.11.2008 to 31.03.2009	12.00	5.70
Tariff from 01.04.2009 to 31.03.2019	12.59	5.70
Tariff from 01.04.2019 to 31.03.2023	12.59	34.73
Tariff from 01.04.2023 onwards	12.59	13.89

6. Decision:

- 6.1.1. *The tariff of UTNGPL w.e.f. 01.04.2023 shall be Rs.13.89/MMBTU on GCV basis.*
- 6.1.2. 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.
- 6.1.3. ONGC to provide the past year's opex after detailed analysis and bifurcation in regulated and non-regulated activity as per PNGRB regulations, and provide data to PNGRB by next tariff review, failing which past data as considered in current tariff will only be taken without any further changes.

Sd/-
(Gajendra Singh)
Member-I

Sd/-
(Anjani Kumar Tiwari)
Member-II

Sd/-
(Ajit Kumar Pande)
Member (Legal)