



गेल (इंडिया) लिमिटेड

(भारत सरकार का उपक्रम — महारत्न कंपनी)

GAIL (India) Limited

(A Government of India Undertaking - A Maharatna Company)

गेल भवन,
16 भीकाजी कामा प्लेस
नई दिल्ली-110066, इंडिया
GAIL BHAWAN,
16 BHIKAJI CAMA PLACE
NEW DELHI-110066, INDIA
फोन/PHONE : +91 11 26182955
फैक्स/FAX : +91 11 26185941
ई-मेल/E-mail : info@gail.co.in

GAIL/RA/INGPL TARIFF PCD/2025/3995

27.05.2025

To
The Secretary,
Petroleum and Natural Gas Regulatory Board,
E-400, 4th Floor, Tower-E, World Trade Center,
Nauroji Nagar, New Delhi – 110029

Subject: Response on Additional Comments of GSPL on PCD for Tariff Review of GAIL's Integrated Natural Gas P/L

Dear Sir,

This has reference to the PNGRB email dated 24.05.2025, soliciting response on additional comments submitted by GSPL vide letter No GSPL/COMM/2025 dated 23.05.2025 on PCD for Tariff Review of GAIL's Integrated Natural Gas Pipeline.

2. In respect of the above, GAIL's response is being forwarded alongwith relevant Annexures.
3. This has the approval of Competent Authority in GAIL.

Yours sincerely,


Ashish Anand Gupta

CGM (Mktg.- RA &Trans.)

Encl.: As above

GAIL's response: GSPL's Additional comments dated 23.05.2025 on INGPL PCD dtd. 17.04.2025

1. At the outset, it is submitted that the additional submissions of GSPL, way beyond the stipulated PNGRB timeline of 08.05.2025 and, that too, so much closer towards the PNGRB Open House date, were made with a deliberate attempt to derail the tariff determination of GAIL's INGPL, hence, warrant rejection on this ground alone. Further, the additional submissions made by GSPL are irrelevant, apparently misleading and not specific to the subject PCD.
2. Notwithstanding the same, GAIL's response on the same are as follows:

- a) Comments: Trading margins earned by GAIL on supplies to GAs and fertilizer plants on JHBDPL should be reduced from revenue, for tariff computation.

Response: In compliance of Regulation 5(1) of the PNGRB Affiliate Code of Conduct Regulations, stipulating accounting and financial segregation in respect of transportation activity and allocation of direct and indirect costs in a transparent manner, GAIL maintains separate accounts (under different SAP codes) for trading and transmission, wherein all the costs attributable to the activity of transmission are accounted separately and tariffs determined thereof.

Further, the NGPL Tariff Determination Regulations mandate allocation of cost, attributable only to the business of transportation, for tariff determination. There are no regulatory provisions for inclusion/exclusion of trading margins/losses in tariff determination.

In view of the above, the comments that trading margins/losses earned on gas supplies should be adjusted from revenue, for tariff computation, are misleading, inappropriate and is contrary to the notified PNGRB regulations, thereby the same do not merit any consideration.

- b) Comments: An unprecedented incentive has been provided to GAIL in JHBDPL, by providing VGF, 7 CGDs on nomination and major rights to sell gas to fertilizer units along JHBDPL

Response: In order to facilitate the development of the vital "Urja Ganga Energy Corridor" for connecting the eastern and north-eastern regions to the rest of the country and to ensure the viability of this energy corridor, the Government of India undertook this major policy decision under Section 42 of the PNGRB Act (approved by CCEA on 21st September 2016 and conveyed by MoP&NG letter No. L-14014/44/2006-GP-1(Pt. II) dated 7th October, 2016) in the interest of development of the gas sector in the country.

In pursuance of the same, PNGRB undertook the next stage of regulatory reforms and pursuant to that, implemented the smooth and simultaneous roll-out of Integrated Tariff and Unified Tariff all across the country. This policy decision has been well accepted by the industry and the mechanism is running efficiently since 01.04.2023.

As regards VGF, it is submitted that the tariff was determined after reducing VGF from the capex (Capex net of VGF) which has ultimately benefited the consumers in form of reduced tariff.

In view of the above, casting aspersions against the Central Govt. policy decision and the regulator is completely unrelated to INGPL tariff determination, misleading and merits no response.

- c) **Comments:** There is a difference of ~600 km in the pipeline length in the new PCD vis-à-vis the old PCD for the INGPL. This difference may be resolved prior to tariff determination.

Response: *From a perusal of INGPL PCD dated 31.01.2023, indicating the length of INGPL as ~13,356 km, it appears that the entire length of GAIL's Gujarat Regional Pipeline system had been considered, while the Vijaipur-Auraiya-Phulpur pipeline (VAPPL) length appears to have had been omitted. Adding the VAPPL, amended DBNPL and considering only the South-Gujarat (Baroda) sub-network (being a part of INGPL), the authorized length of INGPL, indicated as ~13,930 km is correct. So, there is no issue as regards the INGPL length.*

- d) **Comments:** It is presumed that (i) HMEL Refinery pipeline (ii) Moradabad-Kashipur pipeline (iii) Kashipur-Rudrapur pipeline (iv) Saharanpur-Haridwar and (v) Rishikesh-Dehradun pipelines were not authorized by MoP&NG, but by PNGRB. Based on that presumption, PNGRB process of authorization may be shared.

Response: *It is submitted that, in line with MoP&NG Authorizations, PNGRB has already considered these sections as an integral part of their respective pipelines in various acceptances, tariff orders, capacity determination orders issued by PNGRB in 2010, 2011, 2012 and 2019, in terms of extant PNGRB regulations. (details at Annexure-A) Accordingly, capex of these five pipelines were considered in their respective tariff determination in respective years itself. Further, pursuant to the notification of the Integrated Tariff regulations on 18.11.2022, GAIL submitted its integrated tariff filing and, given that the capex of these pipelines was already a part of the tariffs of the constituent pipelines, PNGRB, by considering this capex, determined GAIL's INGPL tariff (net of VGF) in 2023.*

Further, the capacities of all these five pipelines (as a part of the respective constituent pipelines) have also been considered in the INGPL capacity determination process and the final Integrated NGPL Capacity has been determined vide PNGRB letter dated 19.04.2024. The revised INGPL tariff has been worked out based on the INGPL capacity determined by PNGRB. In view of the above, such presumptuous fishing and roving enquiries are absolutely out of context and merit no consideration.

All acceptances/orders/documents referred above are also available in public domain and therefore the comments of GSPL are incorrect, misleading and an attempt to disrupt the tariff determination process.

- e) Comments: Authorization details of Tie-In connectivities, whose capex has been included in the INGPL tariff determination should be disclosed in the PCD.

Response: Details of all Tie-In Connectivities, authorized by PNGRB under Regulation 21, through the due regulatory process and whose capex has been included in the INGPL tariff determination, are web-hosted in the PNGRB website under the section ‘Authorisation for Natural Gas Pipelines’, sub-section “Authorised under Regulation 21”.

- f) Comments: GAIL should also disclose details of authorization granted by PNGRB for capacity expansion of the constituent pipelines. Under regulation 12 of NGPL Authorization Regulations. NGPL Authorization regulations provide for obtaining authorization prior to capacity expansion. This would have to be applied uniformly to all entities including GAIL.

Response: Details of PNGRB Approvals for capacity expansion of the constituent pipelines of INGPL are webhosted in the PNGRB website under the section, ‘Authorisation for Natural Gas Pipelines’, sub-section “Acceptance of Central Govt. Authorization under Regulation 17”.

- g) Comments: System Use Gas (SUG) consumption greater than 1.25% of transmitted volume is very high. Ceiling of 2% SUG is very high and needs to be lowered. To keep all entities at par, a fixed percentage of SUG should be allowed to all, without documentation.

Response: At the outset, it is submitted that operating compressors in lengthy and complex pipeline networks is a necessity to ensure that the contracted gas volumes are delivered/shipped to the customers at the contracted delivery pressure, including customers at the farthest end. This operational parameter, being derived from technical requirements, is non-negotiable and cannot be compromised under any circumstances.

In order to strike a balance between operating costs and returns, PNGRB, after detailed deliberations and data analysis, notified the applicable regulations on 18.11.2022, permitting SUG at 2% of the volumes to be considered as volume divisor. The applicable regulation Clause 5(2)(b) of Schedule A of NGPL Tariff Regulations reads as follows” Operating costs required in the operation and maintenance of the natural gas pipeline over its economic life shall be computed, on an actual basis or based on a normative assessment by the Board, whichever is lower, as specified over the following functional cost heads, namely, fuel (including the cost of natural gas and the natural gas pipeline tariff [thereon, corresponding to the volumes of natural gas considered as divisor for tariff determination subject to maximum of 2% of the volumes of natural gas considered as divisor for tariff determination of the natural gas pipeline]

These regulations on SUG were notified on 18.11.2022 by following a detailed consultation process, involving all stakeholders, including GSPL and PIL.

Further, from the webhosted EWNGPL tariff PCD dated 23.04.2025, it is observed that M/s PIL, with respect to future projected SUG consumption for their East West Natural Gas Pipeline (EWNGPL), have inter-alia submitted that SUG consumption does not scale linearly with increase in gas volumes. As volume flow increases, additional compressor stations and GTC units must be deployed in steps, leading to a step-up increase in SUG. This is due to the fact that, apart from a greater number of GTC units required to handle higher volume, the pressure drops at higher rate along length of pipeline requiring more frequent pressure boosting at compressor stations. Accordingly, based on internal workings/simulations for transporting 45-50 MMSCMD of gas, the projected SUG quantity requirement would be 0.9 MMSCMD which is commensurate to 1.8% to 2% of the expected volume.

Accordingly, PIL has requested PNGRB that SUG % corresponding to volume divisor be considered based on projected volume flow, with an upper limit of 2%, in accordance with regulatory provisions. actual SUG will be trued up during periodic review exercises. GAIL agrees with the views of PIL.

With the notified regulations in place, the Act, under section 11(e)(ii), mandates tariff determination by way of the NGPL Tariff Determination Regulations only, thereby legally precluding adoption of any alternate method or approach. GAIL has claimed SUG in terms of the above regulations. Therefore, the comments of GSPL, which run contrary to the regulations, are misleading and deserve no consideration on merit or otherwise.

In GAIL's view, safeguarding the consumer interest and ensuring recovery of cost of transportation in reasonable manner should be guiding principles while determining/fixing the final tariff in accordance with the PNGRB regulations. In this background, GSPL's additional comments deserve no consideration, in the interest of timely completion of the tariff determination process as per regulatory framework.

ANNEXURE-A

Regulation 17 of the NGPL Authorization Regulations states that entities authorized by the Central Govt. for developing pipelines before the “*appointed day*”, i.e. 01.10.2007, shall submit the pipeline details to PNGRB and PNGRB shall issue Acceptance of Central Govt. Authorization. Accordingly, based on GAIL’s submissions, PNGRB inter-alia issued the Acceptance letters for HVJ and DBNPL and determined the tariffs (2010, 2012, 2019, 2023) by subsuming the capex of the various pipeline sections.

SN.	Pipeline System	Section	Ref: Relevant references in PNGRB documents	Enclosures
1	Dadri-Bawana-Nangal Pipeline (DBNPL)	HMEL Bhatinda	Extracts of PNGRB Acceptance dtd. 15.02.2011: <i>The route of DBNPL shall be through the districts of Gautam Budh Nagar, Delhi.....<u>Saharanpur, Haridwar, Rishikesh, Dehradun and Bhatinda.</u></i> Extracts of Tariff Order dated 12.07.2012: <i>Para 3.7: GAIL also submitted the relevant portion of the approval of Board of Directors of some additional spur lines “...3.7.1 Spur line HP – Mittal Energy Ltd. from NFL, Bhatinda”.</i> Para 3.10: <i>Keeping in view PNGRB has already recognized the said spurlines in its acceptance of central government authorization, the capex of the same will be considered in determining the tariff for the DBNPL later on when GAIL will submit the supportive documentation to substantiate the capex.</i>	1. MoP&NG Authorization dated 11.07.2007 for DBNPL at Annexure-1. 2. Extracts of PNGRB Final Acceptance dated 15.02.2011 for DBNPL at Annexure-2 & amended acceptance at Annexure-3. 3. Extracts of PNGRB tariff for DBNPL dated 12.07.2012 at Annexure-4.
2		Saharanpur-Haridwar		
3		Haridwar-Rishikesh-Dehradun		
4	Integrated HVJ	Moradabad-Kashipur	On 16th March 2010, MoPNG, under Section 3(1) of the P&MP Act 1962, published first notification to acquire ROU for GAIL’s Karanpur-Moradabad-Rudrapur-Kashipur pipeline (KMRKPL). Extracts of PNGRB Tariff order dated 19.04.2010: <i>Para 4.15: GAIL have pro-rated the capex for spur lines in excess of 50 km's and a separate tariff has been worked out for them considering the pro-rated capex beyond 50 km. These spur lines are (a)...(b)...(c)Karanpur-Moradabad-Kashipur-Rudrapur(d)...and (e)...the entire capex /opex of such spur lines is being subsumed in the tariff of the trunk line.</i>	1. Extracts of MoP&NG notifications for ROU acquisition for KMRKPL dt. 16.03.2010 at Annexure-5. 2. Extracts of HVJ order dated 19.04.2010 at Annexure-6.
5	Integrated HVJ	Kashipur-Rudrapur		

ANNEXURE-A

Regulation 17 of the NGPL Authorization Regulations states that entities authorized by the Central Govt. for developing pipelines before the “*appointed day*”, i.e. 01.10.2007, shall submit the pipeline details to PNGRB and PNGRB shall issue Acceptance of Central Govt. Authorization. Accordingly, based on GAIL’s submissions, PNGRB inter-alia issued the Acceptance letters for HVJ and DBNPL and determined the tariffs (2010, 2012, 2019, 2023) by subsuming the capex of the various pipeline sections.

SN.	Pipeline System	Section	Ref: Relevant references in PNGRB documents	Enclosures
1	Dadri-Bawana-Nangal Pipeline (DBNPL)	HMEL Bhatinda	Extracts of PNGRB Acceptance dtd. 15.02.2011: <i>The route of DBNPL shall be through the districts of Gautam Budh Nagar, Delhi.....<u>Saharanpur, Haridwar, Rishikesh, Dehradun and Bhatinda.</u></i> Extracts of Tariff Order dated 12.07.2012: <i>Para 3.7: GAIL also submitted the relevant portion of the approval of Board of Directors of some additional spur lines “...3.7.1 Spur line HP – Mittal Energy Ltd. from NFL, Bhatinda”.</i> Para 3.10: <i>Keeping in view PNGRB has already recognized the said spurlines in its acceptance of central government authorization, the capex of the same will be considered in determining the tariff for the DBNPL later on when GAIL will submit the supportive documentation to substantiate the capex.</i>	1. MoP&NG Authorization dated 11.07.2007 for DBNPL at Annexure-1. 2. Extracts of PNGRB Final Acceptance dated 15.02.2011 for DBNPL at Annexure-2 & amended acceptance at Annexure-3. 3. Extracts of PNGRB tariff for DBNPL dated 12.07.2012 at Annexure-4.
2		Saharanpur-Haridwar		
3		Haridwar-Rishikesh-Dehradun		
4	Integrated HVJ	Moradabad-Kashipur	On 16th March 2010, MoPNG, under Section 3(1) of the P&MP Act 1962, published first notification to acquire ROU for GAIL’s Karanpur-Moradabad-Rudrapur-Kashipur pipeline (KMRKPL). Extracts of PNGRB Tariff order dated 19.04.2010: <i>Para 4.15: GAIL have pro-rated the capex for spur lines in excess of 50 km's and a separate tariff has been worked out for them considering the pro-rated capex beyond 50 km. These spur lines are (a)...(b)...(c)Karanpur-Moradabad-Kashipur-Rudrapur(d)...and (e)...the entire capex /opex of such spur lines is being subsumed in the tariff of the trunk line.</i>	1. Extracts of MoP&NG notifications for ROU acquisition for KMRKPL dt. 16.03.2010 at Annexure-5. 2. Extracts of HVJ order dated 19.04.2010 at Annexure-6.
5	Integrated HVJ	Kashipur-Rudrapur		

Shantana

No.L-14014/40/'06-GP
Government of India
Ministry of Petroleum & N.G.

Shastri Bhavan, New Delhi.
Dated the July 11, 2007.

To

The Chairman & Managing Director
GAIL (India) Ltd.
New Delhi.

Sub:-

Grant of Authorisation for Dadri-Bawana-Nangal Pipeline

Sir,

With reference to this Ministry's letter of even number dated March 29, 2007 on the above subject, authorization is hereby granted for construction of Dadri-Bawana-Nangal Pipeline. The construction of the pipeline is subject to the following conditions:-

1. The design capacity of the pipeline should be 28 MMSCMD (at a pressure of 92 kg/cm²).
2. The ownership of the proposed pipeline would be that of GAIL (India) Ltd. or as may be decided by them.
3. GAIL or its associate and Reliance Industries Ltd. (RIL) or its associate shall have the right of first use for 18 MMSCMD and 3 MMSCMD respectively. The additional capacity of 7 MMSCMD would be available for use on common carrier basis to a third party on an open access and non-discriminatory basis throughout the life of the pipeline.
4. Any third party meeting the eligibility criteria, as stipulated in notification inviting EOIs issued by Ministry of Petroleum & Natural Gas for this pipeline, may approach GAIL to seek capacity on common carrier basis in this pipeline, subject to para 3 above. GAIL shall provide access to the third party on an open access and non-

discriminatory basis, as provided in the Petroleum and Natural Gas Regulatory Board Act, 2006 and Policy for Development of Natural Gas Pipelines and City or Local Natural Gas Distribution Networks.

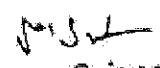
5. In case there is no demand from any other person to use the capacity available for use on common carrier basis, it may be used by GAIL or its associate, till there arises a demand by any person other than GAIL or its associate.
6. The gas pipeline would be connected to any other gas pipeline, as directed by the Government and/or any other statutory authority.
7. GAIL will furnish an irrevocable bank guarantee of Rs.20 crores or 2% of the project outlay, whichever is lower, to the Government or the Statutory Authority set up in this behalf under any law for the time being in force, as a guarantee for commissioning the pipeline project as per the approved time schedule and in accordance with other specified conditions. The project must be commissioned within 36 months of the start of the project. The date of start of the project shall be the date of the publication in official gazette of notification under sub-section (1) of Section 3 of the Petroleum & Minerals Pipeline Act, 1962 pertaining to land relating to this pipeline. If there are more than one notifications pertaining to different parcels of land, the date of publication of the first of these would be considered as the date of start of project.
8. If the project is delayed beyond the stipulated period or the milestones and/or any other conditions of authorization are not adhered to, the bank guarantee of the owner may be forfeited and the authorization cancelled.
9. Once the project is commissioned, the bank guarantee would convert into a performance guarantee, and would provide guarantee for

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satisfactory compliance of the conditions stated in the authorization during the life of the project.

10. The ROU acquisition would be commenced after execution of Bank Guarantee and its deposit with the Government or statutory authority.
11. The Bank Guarantee may be deposited within 30 days of issue of this letter, failing which authorization would stand withdrawn.
12. Officers, as proposed by the respective State Government, will be considered for working as Competent Authority under the Petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962.
13. Permission of Ministry of Petroleum & Natural Gas will be required prior to any change of ownership of the pipeline.
14. GAIL is required to furnish quarterly progress report of the pipelines to this Ministry.
15. The tariff and operation of the proposed pipeline would be subject to laws, rules, regulations and Control Orders that may be enacted/notified/issued by the Government or the Statutory Authority set up in this behalf under any law for the time in force.

Yours faithfully,


(Manu Srivastava)
Director
Tel.No.233 81029





PETROLEUM AND NATURAL GAS REGULATORY BOARD

1st Floor, World Trade Centre, Barakhamba Road, Babar Lane, New Delhi
Tel No: 011-23457700/23457744/23457751

No. Infra/PL/New/17/DBNPL/GAIL/01/11

Dated: 13th February, 2011

To
Chairman & Managing Director,
M/s GAIL (India) Limited,
16, Bhikaji Cama Place,
R. K. Puram, New Delhi - 110066

Subject: Final Terms and Conditions for Acceptance of Central Government Authorization for laying, building, operating or expanding Dadri-Bawana-Nangal Natural Gas Pipeline Network of GAIL as common carrier pipeline network under regulation 17(1) of the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas pipelines) Regulations, 2008.

Reference:

- (i) Your application dated 04.12.08 seeking acceptance of Central Government authorization for Dadri-Bawana-Nangal pipeline system vide Letter no. GAIL/ND/CA/PNGRB/2007.
- (ii) Provisional T&C issued by PNGRB vide letter no. Infra/PL/Exis/17/DUPDPL/GAIL/01/09 dated 23.10.09.
- (iii) Your letter no. GAIL/ND/RC./PNGRB/146 dated 09.04.2010 submitting Performance Bond.
- (iv) Your letter no. GAIL/ND/RC./PNGRB/194 dated 26.10.2010 regarding capacity utilization for the pipeline.

Sir,

This is in response to your application dated 04.12.2008 referred to above for consideration of the Board for acceptance of Central Government Authorization for laying, building, operating or expanding Dadri-Bawana-Nangal natural gas pipeline network.

2. To substantiate your claim for authorization from the Central Government for the said pipeline project, you had furnished documents like MoP&NG's authorization letter (Ref. No. L-14014/40/'06-GP) dated 11.07.2007 and copy of the EOI published in the newspaper for capacity booking. Considering your submissions, the Petroleum and Natural Gas Regulatory Board finally accepts the information submitted by you under Regulation 17(1) of the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas pipelines) Regulations, 2008. Further on the basis of the submissions made, the following terms and conditions have been finalised by the Petroleum and Natural Gas Regulatory Board which shall be applicable during the construction as well as operative phase of the said pipeline systems:

Page 1 of 4

रतन पी. वाटल/RATAN P. WATAL
सचिव/Secretary
पेट्रोलियम और प्राकृतिक गैस विनियामक बोर्ड
Petroleum & Natural Gas Regulatory Board
प्रथम तल, वर्ल्ड ट्रेड सेंटर
1st Floor, World Trade Centre,
बाबर रोड, नई दिल्ली - 110001
Babar Road, New Delhi - 110001

3. Natural Gas Pipeline System:

Part-(A):

Dadri-Bawana-Nangal Natural Gas Pipeline (DBNPL) (including spur lines connected to DBNPL)

The capacity of Dadri-Bawana-Nangal (including spur lines connected to DBNPL) natural gas pipeline system, length approx. **886 kms.** diameter ranging from 18 inches to 36 inches (details enclosed as Annexe-I), is equal to 31 MMSCMD* (at a design pressure of 99.93 kg/cm²g) as indicated by GAIL. The Board has decided to declare the DBNPL natural gas pipeline system as common carrier with common carrier capacity of 7.75 MMSCMD*.

Note: [*- This capacity is accepted as provisional and the final capacity shall be determined as per the Petroleum and Natural Gas Regulatory Board (Determining capacity of Petroleum, Petroleum products and Natural Gas Pipeline) Regulations, 2010].

Part-(B):

The route of Dadri-Bawana-Nangal Natural Gas Pipeline shall be through the districts of Gautam Budh Nagar, Delhi, Muzaffarnagar, Saharanpur, Yamunanagar, Fatehgarh Sahib and Ludhiana with spur-lines to Rithala, Bawana, Sonapat, Panipat, Yamunanagar, Saharanpur, Khanna, Nangal, Ambala, Dorha, Bhatinda, Jalandhar, Amritsar, Derabassi, Larlu, Chandigarh, Meerut, Haridwar, Roorkee, Rishikesh & Dehradun.

4. Your attention is also drawn to the provisions contained in the PNGRB (Guiding Principles for Declaring or Authorizing Natural Gas Pipeline as Common Carrier or Contract Carrier) Regulations, 2009 to create common carrier capacity as and when required.
5. The entity shall complete the activities of laying, building, or expansion activities of natural gas pipeline and commission the natural gas pipeline project by January 2011. Any failure on the part of entity to comply with the targets prescribed in the time schedule shall lead to consequence as per relevant provisions of the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations 2008.
6. The authorized entity shall be required to take prior approval from the Board for creation of any lien or charge or hypothecation on the assets of the pipeline to secure finances for the project and furnish details of utilization of funds.
7. The entity shall publish on its website the approved tariffs and other details as required under various regulations for the natural gas pipeline.
8. In case the authorization of the entity is terminated, the Board may assign the rights and obligations to any agency or another entity on such terms and conditions, as it may deem fit. Further, the entity may be required, as per the directions of the Board, to continue the operations of the natural gas pipeline at the same level till another agency or entity appointed by the Board takes over the full control of the natural gas pipeline.
9. The entity shall comply with the provisions under-

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ANNEXURE-I

DETAILS OF DADRI-BAWANA-NANGAL NATURAL GAS PIPELINE:

ITEMS	DETAILS	
NAME OF PIPELINE	Trunk Line i) Dadri –Bawana (Tap-off) (36") ii) Bawana (tap-off) – Yamunangar (36") iii) Yamunanagar to Ludhiana (30")	LENGTH (Kms) 40 149 147 Total: 336 Kms
	Spur-lines to Rithala, Bawana, Sonipat, Panipat, Yamunanagar, Saharanpur, Khanna, Nangal, Ambala, Dorha, Bhatinda, Jalandhar, Amritsar, Derabassi, Larlu, Chandigarh, Meerut, Haridwar, Roorkee, Rishikesh & Dehradun	Approx. 550 Kms TOTAL: 886 Kms
DESIGN CAPACITY	31 MMSCMD at 99.93 Kg/cm ² g including 7.75 MMSCMD as common carrier capacity.	
COMPRESSOR STATIONS	NIL	
DIAMETER OF PIPELINE	36"/30"/18"/10"/8"	
CLASS OF PIPELINE	600	


रतन पी. वाटल, RATAN P. WATAL
सचिव, Secretary
पेट्रोलियम और प्राकृतिक गैस विनियामक बोर्ड
Petroleum & Natural Gas Regulatory Board
प्रथम तल, वर्ल्ड ट्रेड सेंटर
1st Floor, World Trade Centre,
बाबर रोड, नई दिल्ली - 110001
Babar Road, New Delhi - 110001



पेट्रोलियम एवं प्राकृतिक गैस विनियामक बोर्ड

Petroleum and Natural Gas Regulatory Board

प्रथम-तल, वर्ल्ड ट्रेड सेंटर, बाबर रोड, नई दिल्ली 110001
1st Floor, World Trade Centre, Babar Road, New Delhi - 110001
फैक्स नं / . Fax No. 91 11 23709151; E-mail contact@pngrb.gov.in

PNGRB/Auth/2-NGPL(11)/2017

Date: 08.06.2020

To

GAIL (India) Limited

[Kind Attn: Shri Manoj Jain, C&MD]

16, Bhikaiji Cama Place,

R.K. Puram, New Delhi - 110 066

Subject: Final Terms and Conditions for Acceptance of Central Government Authorization for laying, building, operating or expanding Dadri - Bawana - Nangal Natural Gas Pipeline Network of GAIL as common carrier pipeline network under Regulation 17 (1) of Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008.

Reference:

- (i) PNRGB's letter no. Infra/PL/Exis/17/DBNPL/GAIL/01/11 dated 15.02.2011.
- (ii) APTEL's order no. 254 of 2014 (GIGL Vs. PNGRB & GAIL) dated 22.09.2017.
- (iii) GAIL's letter no. GAIL/ND/RA/PNGRB/DBNPL/2018/351509/2050 dated 16.05.2018, submitting the revised Schedule-H information.

Sir,

This is in response to your application dated 16.05.2018 referred to above for consideration of the Board for acceptance of Central Government Authorization in compliance to APTEL's order no. 254 of 2014 (GIGL Vs. PNGRB & GAIL) dated 22.09.2017 for laying, building, operating or expanding Dadri - Bawana - Nangal natural gas pipeline network.

2. The Petroleum and Natural Gas Regulatory Board finally accepts the information submitted by you under Regulation 17 (1) of the Petroleum and Natural


अरविन्द कुमार
ARVIND KUMAR
अपर सलाहकार
Additional Adviser
पेट्रोलियम और प्राकृतिक गैस विनियामक बोर्ड
Petroleum & Natural Gas Regulatory Board
प्रथम तल, वर्ल्ड ट्रेड सेंटर
1st Floor, World Trade Centre
बाबर रोड, नई दिल्ली-110001
Babar Road, New Delhi-110001


कुमार शंकर / KUMAR SHANKER
मुख्य महाप्रबंधक (विपणन-आर.ए.) / Chief General Manager (Mktg.-RA)
गैल (इण्डिया) लिमिटेड / GAIL (India) Ltd.
16, भीकाजी कामा प्लेस / 16, Bhikaiji Cama Place
नई दिल्ली 110066 / New Delhi-110066

Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008. Further on the basis of the submissions made, the following terms and conditions have been finalized by the Petroleum and Natural Gas Regulatory Board which shall be applicable during the construction as well as operative phase of the said pipeline system.

3. Natural Gas Pipeline System:

Part - A:

Dadri - Bawana - Nangal Natural Gas Pipeline (DBNPL) (including spur lines connected to DBNPL)

The capacity of Dadri - Bawana - Nangal (including spur lines connected to DBNPL) natural gas pipeline system, length approx. 921 km. diameter ranging from 4 inches to 36 inches (details enclosed as Annex-I), is equal to 31 MMSCMD* (at a design pressure of 99.93 kg/cm²g) as indicated by GAIL. The Board has decided to declare the DBNPL natural gas pipeline system as common carrier with common carrier capacity of 7.75 MMSCMD*.

Note: [*- This capacity is accepted as provisional and the final capacity shall be determined as per the Petroleum and Natural Gas Regulatory Board (Determining capacity of Petroleum, Petroleum products and Natural Gas Pipeline) Regulations, 2010].

Part-(B):

This route of Dadri - Bawana - Nangal Natural Gas Pipeline shall be through the districts of Gautam Budh Nagar, Delhi, Muzaffarnagar, Saharanpur, Yamunanagar, Fatehgarh Sahib and Ludhiana with Spur-lines to Rithala, Bawana, Sonipat, Panipat, Yamunanagar, Saharanpur, Khanna, Nangal, Ambala, Dorha, Bhatinda, Jalandhar, Derabassi, Larlu, Chandigarh, Meerut, Haridwar, Roorkee, Rishikesh & Dehradun (Annex-II).

4. Your attention is also drawn to the provisions contained in the PNGRB (Guiding Principles for Declaring or Authorizing Natural Gas Pipeline as Common

 अरविन्द कुमार
ARVIND KUMAR
अपर सलाहकार
Additional Adviser
पेट्रोलियम और प्राकृतिक गैस विनियामक बोर्ड
Petroleum & Natural Gas Regulatory Board
प्रथम तल, वर्ल्ड ट्रेड सेंटर
1st Floor, World Trade Centre
बाबर रोड, नई दिल्ली-110001
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मुख्य महाप्रबंधक (विपणन-आर.ए.) / Chief General Manager (Mktg.-RA)
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- d. the Petroleum and Natural Gas Regulatory Board (Technical Standards and Specifications including safety standards for Natural Gas Pipelines) Regulations, 2009;
- e. the Petroleum and Natural Gas Regulatory Board (Access Code for common carrier or contract carrier natural gas pipelines) Regulations, 2008;
- f. the Petroleum and Natural Gas Regulatory Board (Affiliate Code of Conduct for entities engaged in marketing of natural gas and laying, building, operating or expanding natural gas pipeline) Regulations, 2008;
- g. the PNGRB Act and any other regulations notified by the Board from time to time, as may be applicable;

10. The entity shall comply with any other terms or condition which may be notified by the Board in public interest, from time to time.

11. You are requested to confirm the acceptance in the space provided below and return the same in original.

Date: 08.06.2020

Yours faithfully,


(Arvind Kumar)
Additional Adviser
अरविन्द कुमार
अपर सलाहकार
पेट्रोलियम और प्राकृतिक गैस विनियामक बोर्ड
Petroleum & Natural Gas Regulatory Board
प्रथम तल, वर्ल्ड ट्रेड सेंटर
1st Floor, World Trade Centre
बाबर रोड, नई दिल्ली-110001
Babar Road, New Delhi-110001

Acceptance of Grant of Authorization

I / We hereby agree to the terms and conditions issued by the Board vide letter ref. < PNGRB/Auth/2-NGPL(11)/2017 > dated < 08/06/2020 > and agree to comply with all the terms and conditions subject to which I / We have issued acceptance letter for laying, building, operating or expanding natural gas pipeline along the route from the originating station < DAPRI > in the States or the Union Territory of < UTTAR PRADESH > to the terminating station < LUDHIYANA > in the States or the Union Territory of < PUNJAB >.

Date: 12.01.2021

Place: NEW DELHI


Signature of the Entity or Authorized Signatory
Name and Official Seal

कुमार शंकर / KUMAR SHANKER
मुख्य महाप्रबंधक (विपणन-आर.ए.) / Chief General Manager (Mktg.-RA)
गैल (इण्डिया) लिमिटेड / GAIL (India) Ltd.
16, बीकाएजी कामा प्लेस / 16, Bhikaiji Cama Place
नई दिल्ली 110066 / New Delhi-110066

Annexure - ~~AB~~

**LIST OF PIPELINES UNDER CONSTRUCTION / DEVELOPMENT IN DBNPL
AS ON 16.05.2018**

S NO	Name of Pipeline Section
DADRI - BAWANA - NANGAL PIPELINE (DBNPL)	
1	Haridwar - Rishikesh - Dehradun Pipeline (8" x 69 km)
2	LMC to M/s Raja Udyog Pvt. Ltd. At Haridwar
3	Connectivity to M/s IOCL-Adani Consortium for Chandigarh CGD Project

**अरविन्द कुमार
ARVIND KUMAR**

अपर सलाहकार
Additional Adviser
पेट्रोलियम और प्राकृतिक गैस विनियामक बोर्ड
Petroleum & Natural Gas Regulatory Board
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1st Floor, World Trade Centre
बाबर रोड, नई दिल्ली-110001
Babar Road, New Delhi-110001

S. Kumar

कुमार शंकर / KUMAR SHANKER
मुख्य महाप्रबंधक (विपणन-आर.ए.) / Chief General Manager (Mktg.-RA)
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16, भीकाएजी कामा प्लेस / 16, Bhikaji Cama Place
नई दिल्ली-110066 / New Delhi-110066



Order

“Provisional” initial unit natural gas pipeline tariff for the existing Dadri – Bawana – Nangal Natural Gas Pipeline Network of GAIL (India) Ltd under the provisions of the Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008.

No: TO/07/2012

Dated: 12th July 2012

1. Regulatory Framework

- 1.1. In terms of Section 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. As per the relevant provisions of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipeline) Regulations, 2008 read with the above mentioned statutory provisions, the Board is empowered to determine the natural gas pipeline tariff to be charged by the entity laying, building, operating or expanding natural gas pipeline either before the appointed day or on a day subsequent thereto.
- 1.2. The methodology for determination of the pipeline tariff has been specified in the relevant provisions of the Petroleum and Natural Gas Regulatory Board (Determination of Tariff for Natural Gas Pipelines) Regulations, 2008 notified on 20.11.2008. Under the provisions of these regulations, the Board is required to determine the initial unit natural gas pipeline tariff on a provisional basis first and then finalize the same

considering the actual costs and data at the end of the financial year on the basis of audited accounts.

2. Tariff proposal for Dadri – Bawana – Nangal Natural Gas Pipeline Network submitted by GAIL (India) Ltd.

2.1. As provided in Regulation 5 of the PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations, 2008, M/s GAIL submitted the tariff proposal initially and subsequently revised the tariff proposal to strictly conform with the final terms and conditions for acceptance of the Central Government authorization for the above mentioned pipeline issued by the Board. The initial and revised tariff proposals are as follows:

Particulars	Tariff (Rs. / MMBTU on GCV basis)
Initial Proposal	25.74
Revised Proposal	27.73

2.2. As per the proviso to regulation 5 (2) of the PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations, 2008, the entity shall charge the initial unit natural gas pipeline tariff “on account basis” based on the regulations from the date of commissioning of natural gas pipeline till the date the Board provisionally fixes the same. It is further provided that the entity shall carry out adjustments with the customers for the difference between the initial unit natural gas pipeline tariff that the entity had so charged and that provisionally fixed by the Board.

sections of the pipeline covered under the above mentioned approved capex figure for the revised route are as under:

3.5.1. Trunk Line of 335.5 Km

3.5.2. Spurlines of 309 Km

3.6. In addition to this GAIL has submitted the relevant portion of the approval of Board of Directors of GAIL for laying of Spur lines to Roorkee – Haridwar – Rishikesh – Dehradun and to Ludhiana – Jalandhar as a part of Dadri – Bawana – Nangal pipeline project of Rs. 540.92 cr.

3.7. Apart from the above mentioned approvals, GAIL also submitted the relevant portion of the approval of Board of Directors of some additional spur lines which were not a part of the revised tariff filing/model submitted by them and therefore have been excluded from the tariff determination. The names of these spur lines are as follows:

3.7.1. Spur line HP – Mittal Energy Ltd. from NFL, Bhatinda.

3.7.2. Connectivity to IGL, Bawana.

3.7.3. Connectivity to IGL, Ghaziabad.

3.8. As GAIL started laying this pipeline in 2008-09, the capex as per actual capitalization up till 31.03.2011 has been considered. As the actual capex from 1.04.2011 to 31.10.2011 was also available, the same has been increased proportionally for whole year and considered as capex for the year 2011-12 and the remaining capex (capex submitted in the model – actual capitalized capex) has been considered as capex for the year 2012-13.

-
- 3.9. While verifying the capex figures submitted in the model with the approved cost of the project some deviations were observed. On taking up the matter with GAIL, they clarified that *'while calculating the tariff as per PNGRB Regulation, anticipated/expected cost for the pipeline sections under execution (Trunk Line Phase 1 & 2, Nangal & Bhatinda Spur, etc.) and approved cost for remaining section was considered. The difference between the Approved Cost and the Cost considered in Model is because of the above'*. This reasoning given by GAIL has been accepted.
- 3.10. In the tariff model submitted by GAIL, Rs. 365.45 crores has been taken towards the capex for Panipat – Amritsar spur line and Rs. 588.61 crores towards PD future Capex. On requesting GAIL to provide the basis and backup for incorporating these figures, GAIL could not provide any authenticated documentation in respect of Panipat – Amritsar spur and in the case of PD future capex GAIL submitted its status mentioning that approval will taken in due course. Therefore these figures have not been included in the determination of tariff for the DBNPL. Keeping in view that PNGRB has already recognized the said spurlines in its acceptance of central government authorization, the capex of the same will be considered in determining the tariff for the DBNPL later on when GAIL will submit the supportive documentation to substantiate the capex and schedule of laying the spurline already recognized by PNGRB in its acceptance of central government authorization.
- 3.11. Keeping in view the provisions of clause (6) of Schedule A to the PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations, 2008, 75% of the design capacity of 31 MMSCMD as mentioned in the final terms and conditions of acceptance of Central Government
-

5. Decision

- 5.1. The provisional initial unit natural gas pipeline tariff on levelized basis determined by the Board shall be Rs. 11.85 per MMBTU for Dadri – Bawana – Nangal Natural Gas Pipeline network with effect from 04.01.2010 i.e. date of commissioning of pipeline.
- 5.2. The apportionment of the levelized tariffs over all the tariff zones with detailed calculations will be submitted by the entity for Board's approval within 10 days of the issue of this order.
- 5.3. The difference between the tariff charged and that approved by the Board shall be adjusted with the customers from the period mentioned above once the zonal apportionments are approved by the Board.
- 5.4. The audited cost and financial data as per the formats specified in the Regulations based on the financial year 2009-10, 2010-11, and 2011-12 shall be submitted by GAIL to the Board so that the initial unit natural gas pipeline tariff can be finalized. Any comments received from the stakeholders / customers consequent to the web-hosting of this order will also be appropriately considered by the Board before the finalization of the initial unit natural gas pipeline tariff.


(K Rajeswara Rao)
Officer on Special Duty
For and On Behalf of the Board



Annexure-5, MoPNG Notification for ROU - KMKRPL

भारत का राजपत्र

The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)

PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 508]

नई दिल्ली, मंगलवार, मार्च 16, 2010/फाल्गुन 25, 1931

No. 508]

NEW DELHI, TUESDAY, MARCH 16, 2010/PHALGUNA 25, 1931

पेट्रोलियम और प्राकृतिक गैस मंत्रालय

अधिसूचना

नई दिल्ली, 16 मार्च, 2010

का.आ. 600(अ).—भारत सरकार को लोकहित में यह आवश्यक प्रतीत होता है कि उत्तर प्रदेश राज्य में करनपुर-मुरादाबाद-काशीपुर-रुद्रपुर पाइपलाइन परियोजना के माध्यम से प्राकृतिक गैस के परिवहन के लिए गेल (इण्डिया) लिमिटेड द्वारा, एक पाइपलाइन बिछाई जानी चाहिए;

और, भारत सरकार को उक्त पाइपलाइन बिछाने के प्रयोजन के लिए यह आवश्यक प्रतीत होता है कि उस भूमि में, जिसमें उक्त पाइपलाइन बिछाए जाने का प्रस्ताव है और जो इस अधिसूचना से संलग्न अनुसूची में वर्णित है, उपयोग के अधिकार का अर्जन किया जाए;

अतः, अब, भारत सरकार, पेट्रोलियम और खनिज पाइपलाइन (भूमि में उपयोग के अधिकार का अर्जन) अधिनियम, 1962 (1962 का 50) की धारा 3 की उप-धारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, उस भूमि में उपयोग के अधिकार का अर्जन करने के अपने आशय की घोषणा करती है;

कोई व्यक्ति, जो उक्त अनुसूची में वर्णित भूमि में हितबद्ध है, उस तारीख से जिसको उक्त अधिनियम की धारा 3 की उप-धारा (1) के अधीन भारत के राजपत्र में यथाप्रकाशित इस अधिसूचना की प्रतियाँ साधारण जनता को उपलब्ध कर दी जाती हैं, इक्कीस दिन के भीतर, भूमि के नीचे पाइपलाइन बिछाए जाने के संबंध में, सक्षम प्राधिकारी, गेल (इण्डिया) लिमिटेड, को अपने आक्षेप भेज सकेगा।

			111	00	01	56
			120	00	00	87
			112	00	04	79
			118	00	01	87
			116	00	03	12
			114	00	04	53
			105	00	04	20
			103	00	06	59
			104	00	00	04

[फा. सं. एल-14014/2/2010-जी.पी.]

स्नेह प्रभा मदान, अवर सचिव

MINISTRY OF PETROLEUM AND NATURAL GAS**NOTIFICATION**

New Delhi, the 16th March, 2010

S.O. 600(E).—Whereas it appears to Government of India that it is necessary in public interest that for transportation of natural gas through Karanpur-Moradabad-Kashipur-Rudrapur pipeline project in the State of Uttar Pradesh, a pipeline should be laid by GAIL (India) Limited;

And whereas, it appears to the Government of India that for the purpose of laying the said pipeline, it is necessary to acquire the Right of User in the land under which the said pipeline is proposed to be laid and which is described in the Schedule annexed to this notification;

Now, therefore, in exercise of powers conferred by sub-section (1) of Section 3 of the Petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962 (50 of 1962), the Government of India hereby declares its intention to acquire the Right of User therein;

Any person interested in the land described in the said Schedule may, within twenty-one days from the date of which the copies of the notification issued under sub-section (1) of Section 3 of the said Act, as published in the Gazette of India are made available to the general public, object in writing to the laying of the pipeline under the land to Competent Authority, GAIL (India) Limited, GTI, PARC Building, Plot No. 24, Sector-16A, Noida, Distt. Gautam Budh Nagar-201301 (U.P.)

983 4 1/10-5

SCHEDULE

District	Tehsil	Village Name	Survey No.	Area		
				Hect	Are	Sq.mt.
1	2	3	4	5	6	7
Moradabad	Bilari	Bichaula Duki	234-588	00	00	05
			226	00	00	33
			225	00	09	39
			224	00	09	27
			223	00	25	37
			222	00	00	68
			218	00	23	19
			217	00	13	84
			216	00	00	55
			211	00	02	18
			207	00	00	13
			208/CART TRACK	00	00	38
			202	00	11	53
			201	00	19	08
			199	00	00	05
			310	00	00	46
			311	00	00	55
			316	00	06	02
			315	00	00	83
			314	00	33	01
			312	00	34	60
			136/CART TRACK	00	00	86
			143	00	32	08
			146	00	00	58
			147	00	00	91
			148	00	32	44
			152	00	03	00
			153	00	08	99
			160	00	02	07
			161	00	11	27
			44/VILLAGE ROAD	00	00	92
			12	00	07	32
			11	00	09	83
			10	00	00	68
Moradabad	Bilari	Karsara	431	00	09	35
			428	00	02	52
			427	00	02	52
			426	00	05	36
			425	00	02	66
			424	00	00	05
			429	00	02	34
			423	00	03	70
			420	00	01	59
			430	00	02	03
			419	00	04	94
			414	00	02	35
			418	00	00	10
			415	00	06	40
			416	00	11	50



Order

“Provisional” initial unit natural gas pipeline tariff for the existing HVJ-GREP-DVPL & DVPL/GREP Upgradation pipeline of GAIL (India) Ltd under the provisions of the Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008

No: TO/02/2010

Dated: 19th April 2010

1. Regulatory Framework

- 1.1. As per 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. As per the relevant provisions of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipeline) Regulations, 2008 read with the said statutory provisions, the Board is empowered to approve/determine the natural gas pipeline tariff to be charged by the entity laying, building, operating or expanding natural gas pipeline either before the appointed day or subsequently.
- 1.2. The methodology for determination of the pipeline tariff has been specified in the relevant provisions of the Petroleum and Natural Gas Regulatory Board (Determination of Tariff for Natural Gas Pipelines) Regulations, 2008 notified on 20.11.2008. Under the provisions of these regulations, the Board is required to determine the initial unit natural gas pipeline tariff on a

provisional basis first and then finalize the same considering the actual costs and data at the end of the financial year on the basis of audited accounts.

2. **Tariff Proposal of HVJ-GREP-DVPL & DVPL/GREP upgradation**

2.1. As provided in Regulation 5 of the Regulations, GAIL submitted the tariff proposal for the above mentioned pipeline as follows:

Particulars	Rate in Rs/MMBTU
	GCV
HVJ-GREP-DVPL + Spur lines upto 50 km's	35.39
Combined tariff including the DVPL/GREP upgradation	62.12
<u>Spur-lines above 50 km's</u>	
1. Bhajera-Agra-Ferozabad	3.58
2. Jagoti-Pitampur	14.24
3. Karanpur-Moradabad-Kashipur-Rudrapur	28.87
4. Kelaras-Malanpur	9.69
5. Vijaipur-Kota	5.57
Apportionment over Tariff Zones	A single postalized rate for the entire system has been filed

2.2. As per the proviso to Regulation 5 (2) of the Regulations, the entity shall charge the initial unit natural gas pipeline tariff "on account basis" based on the regulations from the date of commissioning of natural gas pipeline till the date the Board provisionally fixes the same. It is further provided that the entity shall carry out adjustments with retrospective effect with the customers for the difference between the initial unit natural gas pipeline tariff that the entity had so charged and that provisionally fixed by the Board. However GAIL has been charging the tariffs fixed by Tariff Commission subject to the retrospective adjustments to be made with effect from the date of notification of the relevant regulations i.e., from 20th November 2008, on determination of the provisional initial unit natural gas pipeline tariff by the Board.

an efficient infrastructure. In the light of this provision, while it has been found appropriate to consider the maintenance capex in the tariff computations, conservatively it has been restricted to 70% of the claimed amount and a final view will be taken when details of actual expenditure are available at the time of tariff review.

4.14. Capex for the upgradation (including line pack but excluding IDC and future connectivity / new spur lines) amounting to about Rs 8,600 crore has been considered as projected by GAIL while Opex has been considered @ 7.5% of the normative capex on a benchmark basis. Capex for future connectivity/ new spur lines as proposed by GAIL after technical validation and suitable modulations has been considered at about Rs 2,000 crore. This has been integrated with the upgradation as the increase in the capex should be compensated only where there is a matching capacity increment.

4.15. GAIL have pro-rated the capex for spur lines in excess of 50 km's and a separate tariff has been worked out for them considering the pro-rated capex beyond 50 km. These spur lines are (a) Bhajera-Agra-Ferozabad; (b) Jagoti-Pitampur; (c)Karanpur-Moradabad-Kashipur-Rudrapur; (d) Kelaras-Malanpur and (e)Vijaypur-Kota. However, in line with the approach followed by the Board in case of bid out pipelines that for any customer beyond a distance of 50 km's from zone 1, the zone 2 tariff shall be applicable and so and so forth by considering the actual distance between delivery point of the spur-line and the originating/injection point of the trunk pipeline, the entire capex /opex of such spur lines is being subsumed in the tariff of the trunk line. The customers of such spur lines which are linked to the HVJ-GREP-DVPL system would also pay a single tariff as

for the volumes contracted by the new customers or the incremental volumes contracted by the existing customers. Further, any issues arising in the course of implementation of the separate provisional tariff for the DVPL/GREP upgradation that may adversely affect the interests of the consumers will be duly examined before the finalization of the initial unit natural gas pipeline tariff.

5. Tariff Determination

Based on the above, the provisional initial unit natural gas pipeline tariff in case of the existing HVJ-GREP-DVPL system and the DVPL/GREP upgradation, to be applicable from 20.11.2008 and the date of commissioning, respectively is given below:

<u>Particulars</u>	Existing HVJ-GREP-DVPL (Rate in Rs/MMBTU) GCV	DVPL/GREP Upgradation (Rate in Rs/MMBTU) GCV
Existing tariff	28.48*	
As per proposal of GAIL (Levelized)	35.39	As provisionally determined by the Board
<u>Moderations by the Board</u>		
1. Technical, financial, accounting, regulatory validation and segregation of capex relating to the DVPL/GREP upgradation	-6.13	
2. Reduction in maintenance Capex by 30%	-0.24	
3. Reduction in inflation to 4.5%	-0.48	
4. Disallowance of un-accounted gas	-1.15	
5. Increase in Volume divisor to design capacity	-2.82	
6. Integration of capex/opex of spur lines > 50 km's with trunk line	+0.89	
Total moderations	-9.93	
Levelized tariff after Validation, segregation and moderations	25.46	53.65

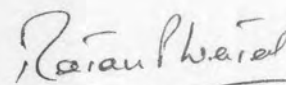
*Tariff for GSPCL connectivity is Rs 8.74 per mmbtu.

6. Decision

- 6.1. The provisional initial unit natural gas pipeline tariff on levelized basis determined by the Board shall be Rs 25.46 per mmbtu and Rs 53.65 per

mmbtu with effect from 20.11.2008 and the date of commissioning for the existing HVJ-GREP-DVPL and the DVPL/GREP upgradation respectively.

- 6.2. The apportionment of the levelized tariffs over all the tariff zones with detailed calculations will be submitted by the entity for Board's approval within 10 days of the issue of this order.
- 6.3. The difference between the tariff charged and that approved by the Board shall be adjusted retrospectively with the customers from the periods mentioned above once the zonal apportionments are approved by the Board.
- 6.4. Once the audited cost and financial data as per the formats specified in the Regulations is made available for the financial year 2009-10, the initial unit natural gas pipeline tariffs shall be finalized. The comments received from the stakeholders/customers consequent to the web-hosting of this order will be appropriately considered by the Board before the finalization of the initial unit natural gas pipeline tariffs.



(R P Watal)

Secretary
For and On Behalf of the Board