



PETROLEUM AND NATURAL GAS REGULATORY BOARD

Public Consultation Document

Ref: No. PNGRB/Com/11-PPPL (3)/2026 E-6735 dated 23.10.2026

Subject	Determination of unit Petroleum and Petroleum Products Pipeline Tariff ("Tariff"), under the provisions of the Petroleum and Natural Gas Regulatory Board (Determination of Petroleum and Petroleum Products Pipeline Transportation Tariff) Regulations, 2024 ("PPPL Tariff Regulations")
Entity	Hindustan Petroleum Corporation Limited (HPCL)
Pipeline	Awa-Salawas Petroleum Products Pipeline

1. Background

1.1. In terms of Sections 11(e) and 22 of the PNGRB Act, 2006, the Board is entrusted with the responsibility of regulating the transportation rates for common carrier or contract carrier pipelines. Accordingly, PNGRB had issued Regulations for determining Petroleum Products tariff called as Petroleum and Natural Gas Regulatory Board (Determination of Petroleum and Petroleum Products Pipeline Transportation Tariff) Regulations, 2010 vide notification dated 20th December 2010. These notifications were revised from time to time. The Regulations of 2010 were superseded by new Regulations as PNGRB (Determination of Petroleum and Petroleum Product Pipeline Transportation Tariff) Regulations, 2024 ("PPPL Tariff Regulations") on 22.07.2024. The new Regulations became effective since 01st August'2024.

Clause 3 (5) of PNGRB (Determination of Petroleum and Petroleum Product Pipeline Transportation Tariff) regulations, 2024 provides as follows:

Quote

These regulations shall apply to an entity:

(5) authorized by the Board under the regulations prior notification of the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Amendment Regulations, 2023 for laying, building, operating or expanding petroleum and petroleum products pipeline under regulation 5 by following the bidding criteria as specified under clause (a) and clause (b) of sub-regulation (1) of regulation 7 of the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010.

Unquote

Further Sub Clause (3) of Clause 5 “Procedure for determination of tariff for petroleum and petroleum product pipeline” of same Regulations provides as follows:

Quote

(3) Tariff for the Petroleum and petroleum products pipeline as specified under sub-regulation (5) of regulation 3 which has completed pipeline operation of 10 years from the date of commissioning, from 11th year onwards shall be determined as per the procedure mentioned in Schedule ‘B’ of regulation 5 of these regulations.

Unquote

1.2. Authorization Letter

PNGRB issued the letter of “Grant of Authorization for Awa-Salawas Petroleum and Petroleum Products Pipeline: BID/PPL/02/2011/2/ASPL” vide Letter Number Infra/PL/PPL/BID/ASPL/01/2012 dated 20.11.2012.

2. Application of Regulations in Present Case

2.1. PNGRB has notified Petroleum and Natural Gas Regulatory Board (Determination of Petroleum and Petroleum Products Pipeline Transportation Tariff) Regulations, 2024 (hereinafter referred to as 'PPPL Tariff Regulations, 2024') the same have come into force on 01.08.2024.

2.2. Awa Salawas pipeline of HPCL has been authorized by PNGRB by following the bidding criteria as specified under Clause (a) and clause (b) of sub-regulation 7 of the PNGRB PPPL Authorization Regulations, 2010 as existed prior to notification of PNGRB PPPL Authorization Amendment Regulations 2023.

2.3. In terms of sub-regulation (3) of regulation 5 of the PPPL Tariff Regulations, 2024, tariff from 11th year onwards for pipeline which has completed pipeline operation of 10 years from the date of commissioning, shall be determined as per procedure specified in Schedule 'B' of regulation 5 of PPPL Tariff Regulations, 2024.

2.4. As specified in regulation 6(2)(b) of the PPPL Tariff Regulations, 2024: such entity shall submit to the Board transportation rates as computed by it along with interactive spreadsheet calculation model (including formulae), the duly filled in formats and the statutory auditor's certificate as specified in Attachment 1 of Schedule B at least six months before the completion of 10th year of operations or within ninety days from the date on which these regulations come into force i.e. within 90 days from 01.08.2024.

2.5. Under the above-mentioned provisions, since Awa-Salawas Pipeline was commissioned in January-February'2015, HPCL was required to submit the data by 31.10.2024.

2.6 PNGRB first sought the tariff filing from HPCL vide letter dated 05.08.2024. Despite repeated reminders and meetings held with HPCL, including at the level of Member, HPCL submitted its tariff filing for the Awa-Salawas Pipeline only on 20.05.2026, proposing a tariff of ₹6.42/MT/KM with effect from 01.02.2025.

3. Previous Tariff Order(s):

Since commissioning, for the first 10 years, the Tariff for this pipeline was governed as per bidding norms.

4. Summary of the Filing for Tariff Determination

4.1. As per PPPL Tariff Regulations applicable from 01.08.2024, the PPPL tariff is to be calculated based on DCF method. The tariff rates from operational year 11th onwards are calculated considering the NFA in the 11th year of operation. The Regulations provide that in case of petroleum and petroleum products pipeline covered under sub-regulation (5) of regulation 3, the rate of return on capital employed shall be equal to twelve per cent calculated for the remaining economic life (starting from the 11th year of operations onwards and including extension in economic life, if any, from time to time beyond 25 years of operations) of the project by considering Net fixed assets available at the start of 11th year of operations.

4.2. Accordingly, HPCL, has submitted its tariff filing with levelized tariff of Rs. 6.42 per MT/KM from 01.02.2025 till the end of economic life of pipeline, i.e., up to 31.01.2040.

4.3. The salient features of the Tariff Filing are as follows:

S. No.	Particulars			Details
1	Remaining Economic life (Years)			
	From			01.02.2025
	To			31.01.2040
2	Levelized tariff (Rs. MT/KM)			6.42
3	Effective date of tariff implementation			01.02.2025
4	Number of working days in a year			350
5	Annual inflation rate for Opex for future years			4.5%
6	Total Capex			Rs. 135.07 Crore
	Period	FY	Amt (Rs. in Cr.)	
	Pre commissioning	2012-13 to 2014-15	128.52	
	Operational - Bid Out	2015-16 to 2024-25	2.79	
	Operational – After end of Bid Out	2025-26 and onwards	3.76	
	Total		135.07	
7	Total Opex (excluding Transportation Loss)			Rs. 207.70 Crore
	Period		Amt (Rs. in Cr.)	
	Operational - Bid Out		55.47	
	Operational – After end of Bid Out		152.23	
	Total		207.70	
8	Transportation Loss			Rs. 88.89 Crore
	Period		Amt (Rs. in Cr.)	
	Operational - Bid Out		22.61	
	Operational – After end of Bid Out		66.28	
	Total		88.89	

9	Line Fill	Rs. 9.71 Crore
10	Terminal Value	Rs. 25.25 Crore
11	Levelized Tariff from 01 February'2025 onwards: (Rs. MT/KM)	6.42

Awa- Salawas Pipeline is a bid out Pipeline.

The revenue of Pipeline from the date of commissioning for first 10 years is governed by rates of bid.

From 11th year onwards, Tariff Calculation to be done.

As per Tariff Filing, the Operations start date of this pipeline is 01st February'2015. The entity submitted on 20 May'2026 (during 23 April'2026 submission Tariff Model was not submitted by HPCL).

On review of HPCL's Tariff Filing and preliminary scrutiny of the same, some observations are made. The significant observations are detailed as follows:

5. Important aspects of verification of Tariff Filing

5.1. CAPITAL EXPENDITURE (CAPEX)

5.1.1. Entity Filing: In its Tariff filing, HPCL has submitted CAPEX as below and made tariff computation on same.

Year	Year Ending	Project Capex	Additional Capex	Total Capex
		Amount (Rs. In Crore)		
	31-Mar-13	35.95		35.95
	31-Mar-14	69.21		69.21
	1-Feb-15	23.36		23.36
Y1	31-Mar-15			
Y2	31-Mar-16		0.08	0.08
Y3	31-Mar-17		0.09	0.09
Y4	31-Mar-18		0.14	0.14
Y5	31-Mar-19		0.12	0.12
Y6	31-Mar-20		1.73	1.73
Y7	31-Mar-21		0.00	0.00
Y8	31-Mar-22		0.06	0.06
Y9	31-Mar-23		0.26	0.26
Y10	31-Mar-24		0.01	0.01
Y11	31-Mar-25		0.30	0.30
Y12	31-Mar-26		0.20	0.20
Y13	31-Mar-27		0.21	0.21
Y14	31-Mar-28		0.22	0.22
Y15	31-Mar-29		0.23	0.23

Y16	31-Mar-30		0.24	0.24
Y17	31-Mar-31		0.25	0.25
Y18	31-Mar-32		0.26	0.26
Y19	31-Mar-33		0.27	0.27
Y20	31-Mar-34		0.28	0.28
Y21	31-Mar-35		0.30	0.30
Y22	31-Mar-36		0.31	0.31
Y23	31-Mar-37		0.32	0.32
Y24	31-Mar-38		0.34	0.34
Y25	31-Mar-39		0.35	0.35
TOTAL		128.52	6.55	135.07

5.1.2. Regulatory Provision

Note 1 of Clause 2 of Schedule B of PPPL Tariff Regulations'2024 provides as follows:

Quote

For petroleum and petroleum products pipeline covered under sub-regulation (5) of regulation 3, DCF will be used for the economic life beyond 10th year of operation and tariff shall be determined considering net fixed assets (NFA) available at the beginning of the 11th year of operation.

Unquote

Further, sub clause (2) of clause 4 of Schedule B of PPPL Tariff Regulations'2024 provides as follows:

Quote

The total capital employed shall be equal to the gross fixed assets in the project less accumulated depreciation plus normative working capital (equal to thirty days of operating costs excluding depreciation and eighteen days petroleum and petroleum product pipeline tariff receivables).

Unquote

5.1.3. PNGRB's Primary Observation:

HPCL has considered escalation factor @ 4.5% p.a. for CAPEX during FY 2025-26 on average CAPEX of FY 2022-23 to FY 2024-25. It is observed that the entity has not taken NFA at end of 10th year of operations.

5.2. Net Present Value (NPV) computation

It is observed that the entity, in its computation of NPV has considered cash flows from FY 2012-13 to FY 2039-40. In other words, 29 years are considered by the entity in its NPV calculations.

5.3. Discounting Factor

The entity has taken Discounting Factor from FY 2012-13 to FY 2039-40. The Discounting Factor from FY 2012-13 to FY 2014-15 is taken as 1. Here it is pertinent to mention that the operations start date considered by entity is 01st February'2015 and for first 10 years (i.e. by 31.01.2025), the tariff was governed through bidding rates.

5.4. Certification

It is observed that the tariff filing of entity is accompanied by certification from Independent CA as against Regulatory requirement of certification by Statutory Auditor.

5.5. Volume

5.5.1. Entity Filing: Since FY 2024-25 till FY 2038-39, HPCL has considered volume of 1755 TMT per year. For FY 2039-40, the entity has considered the volume at 1463 TMT (306 working days in FY 2039-40, being 25 years completion on 31.01.2040).

5.5.2. Authorization Letter:

Authorization Letter “Infra/PL/PPL/BID/ASPL/01/2012” dated 20.11.2012 issued by PNGRB for this pipeline provides as follows:

- (i) The capacity in the petroleum and petroleum products pipeline shall be equal to **2.34 Million tons per annum (MMTPA)**.
- (ii) The extra capacity in the petroleum and petroleum products pipeline shall be equal to **0.468 MMTPA** as per the provisions specified in clause (j) of sub-regulation (6) of regulation 5 and shall be available for use on common carrier basis by any third party on open access and non-discriminatory basis.

(iii) Authorization Letter provides as follows:

S/N	Capacity of the pipeline (MMTPA) * system required to be built up	Extra capacity in the pipeline (MMTPA) * required to be built up	Annual Target of transporting petroleum and petroleum products (MMTPA)
Year-1	2.34	0.468	0.52
Year-2	2.34	0.468	0.57
Year-3	2.34	0.468	0.60
Year-4	2.34	0.468	0.62
Year-5	2.34	0.468	0.64
Year-6	2.34	0.468	0.67
Year-7	2.34	0.468	0.70
Year-8	2.34	0.468	0.73
Year-9	2.34	0.468	0.76
Year-10	2.34	0.468	0.79
Year-11 to Year-25	2.34	0.468	0.80

5.6. Operating Expenditure (OPEX)

Entity Filing:

For FY 2024-25, the entity has considered OPEX as follows:

S. No.	Description of items	FY 2024-25 Amount (Rs. In Crore)
A	Variable Operating Cost	
1	Power (for Prime Mover)	1.36
2	Chemical	0.11
3	Others	
Sub Total		1.47
B	Fixed Operating Cost	
3	Manpower incl. HQO	2.32
4	General Administrative Expenses	0.20
5	RoU Surveillance	1.42
6	Pipeline Transmission Loss at 0.05%	
7	Repair and Maintenance	1.58
7A	Mainline	
7B	Pump Station and others	
8	Others	0.13
Sub Total		5.64
Annual Operating Cost		7.11

After that, from FY 2025-26, the entity applied escalation rate of 4.5% p.a. and considered OPEX as follows:

FY	OPEX Amount (Rs. In Crore)
2025-26	7.43
2026-27	7.77
2027-28	8.12
2028-29	8.48
2029-30	8.86
2030-31	9.26
2031-32	9.68
2032-33	10.11
2033-34	10.57
2034-35	11.04
2035-36	11.54
2036-37	12.06
2037-38	12.60
2038-39	13.17
2039-40	11.54
TOTAL	152.23

5.7. Transportation Loss

5.7.1. Entity Filing

The summary of Transportation Loss considered by entity is as follows:

Year	FY	Transmission Loss Amt. (Rs. In Cr.)	Transmission loss Volume (MTPA)	Product Rate (Rs./MT)	Applicable Transportation Tariff
Y1	2014-15	0.12	43.88	27218.35	126.51
Y2	2015-16	0.67	270.56	24782.51	127.60
Y3	2016-17	0.75	301.12	24888.69	134.00
Y4	2017-18	1.02	358.31	28237.22	139.94
Y5	2018-19	1.37	368.07	36992.14	147.43
Y6	2019-20	1.44	420.25	34017.46	154.93
Y7	2020-21	1.24	541.13	22766.24	162.58
Y8	2021-22	2.64	628.88	41814.06	171.01
Y9	2022-23	4.57	716.63	63651.70	179.45
Y10	2023-24	4.35	804.38	53859.89	188.03
Y11	2024-25	4.44	877.50	50321.39	263.42
Y12	2025-26	4.47	877.50	50321.39	601.29
Y13	2026-27	4.47	877.50	50321.39	601.29
Y14	2027-28	4.47	877.50	50321.39	601.29
Y15	2028-29	4.47	877.50	50321.39	601.29
Y16	2029-30	4.47	877.50	50321.39	601.29
Y17	2030-31	4.47	877.50	50321.39	601.29
Y18	2031-32	4.47	877.50	50321.39	601.29
Y19	2032-33	4.47	877.50	50321.39	601.29
Y20	2033-34	4.47	877.50	50321.39	601.29
Y21	2034-35	4.47	877.50	50321.39	601.29
Y22	2035-36	4.47	877.50	50321.39	601.29
Y23	2036-37	4.47	877.50	50321.39	601.29
Y24	2037-38	4.47	877.50	50321.39	601.29
Y25	2038-39	4.47	877.50	50321.39	601.29
Y26	2039-40	3.72	731.25	50321.39	601.29
TOTAL		88.89			

5.7.2. Regulatory Provisions

In terms of clause 5 of Schedule B of PPPL Tariff Regulations, 2024

“Transportation loss of the product in the pipeline shall be considered as 0.05 per cent of the actual volume, multiplied by the petroleum product price plus applicable transportation tariff.

Explanation: The price of the petroleum products shall be the average Refinery Transfer Price (RTP) at port as considered in the product pricing for buildup of Retail Selling Price for the applicable period.”

5.8 Other Factors

5.8.1. Line Fill: The entity has considered “Line Pack, Land & ROU” at Rs. 9.71 crore in cash flow of FY 2014-15.

5.8.2. Change in Working Capital: The entity has considered as follows:

FY	Change in Working Capital Amount (Rs. In Crore)
2025-26	3.08
2026-27	0.03
2027-28	0.03
2028-29	0.03
2029-30	0.03
2030-31	0.03
2031-32	0.04
2032-33	0.04
2033-34	0.04
2034-35	0.04
2035-36	0.04
2036-37	0.04
2037-38	0.05
2038-39	0.05
2039-40	-0.20

5.8.3. Other Factors

Further, on below parameters clarifications are required from entity:

- i. Overheads Allocation: Basis for apportionment of overheads.
- ii. IDC/CSR/Miscellaneous Income: Confirmation of their treatment in tariff filings.
- iii. Conversion Factor: Certification of year-wise KL-to-MT conversion factors.
- iv. OPEX Clarification: Fuel used for prime movers under “Power” and basis for escalation of HSD cost beyond the 10th year, if applicable.
- v. Line-fill: Audited certificate of line-fill quantity and value, and confirmation of capitalization in the books of account.
- vi. PNGRB has already sought replies for queries on matters mentioned above and some other parameters.

6. Comments of stakeholders sought:

6.1. Determination of the Petroleum and Petroleum Products pipeline tariff is a time bound exercise. PNGRB solicits the clause wise views of all the stakeholders in writing on HPCL's

tariff filing for the Awa Salawas Pipeline within 15 days i.e. by **08 November'2026** at the following address:

Secretary,
Petroleum and Natural Gas Regulatory Board,
4th Floor, Tower E, World Trade Centre,
Nauroji Nagar
New Delhi-110029.
Email: - secretary@pngrb.gov.in

6.2. Stakeholders other than HPCL to mark copy of all comments to HPCL at following address:

Shri R. Ramesh
ED-Pipelines,
Hindustan Bhawan
Hindustan Petroleum Corporation Ltd.
8, S.V. Marg
Ballard Estate,
Mumbai-400001, (Maharashtra)
Email: - ramramesh@hpcl.in

6.3. HPCL to submit its response on comments of other stakeholders to PNGRB within 15 days from the last date of comments to be submitted by stakeholders as mentioned at point no. 6.1 above i.e. by **24 November 2026**.

6.4. The date of Open House to discuss the comments of all the stakeholders shall be communicated subsequently.

(Anjan Kumar Mishra)
Secretary
For and on behalf of the Board