Secretary,
Petroleum and Natural Gas
Regulatory Board,
1st floor, World Trade Centre,
Babar Road.
New Delhi-110001.

SUB: Submission of Other Charges
in respect of Regulated Activities
as per Section 11 (e) of the
PNGRB Act 2006

Kind Attn: Ms Vandana Sharma

Dear Madam,

This is further to PNGRB letter Infra/Monitoring/Other Charges dtd. 29.12.2016 in response to our letter PL/PNGRB/Other Charges dated 23.11.2016. In this regard we wish to mention that vide letter ref. InfraMonitoring/OtherCharges/1 dated 24.10.16, PNGRB had directed us that ‘Other Charges’ for the year 2014-15 must be paid in respect of regulated activities as per section 11(e) of the PNGRB Act, 2006, and such ‘Other Charges’ are to be determined as per the provisions of PNGRB (Levy of Fee and Other Charges) Regulation, 2007.

Vide our letter ref. PL/PNGRB/Other Charges dated 23.11.2016, we have communicated to PNGRB that since no third party had moved their product on common/contract carrier concept thru HPCL’s existing common carrier pipeline namely MDPL and that the other common carrier pipeline projects of HPCL i.e. ASPL, RKPL and MHMSPL were commissioned only on Feb’15, Oct 15 and Oct’ 16 therefore the revenue earned and turnover is nil, accordingly no levy (“Other Charges”) is payable for FY-2014-15 under the PNGRB (Levy of Fee and Other Charges) Regulations, 2007. Thereafter vide letter ref. Infra/Monitoring/Other Charges dated. 29.12.2016 PNGRB has advised that Other Charges are to be paid on all the regulated activities irrespective of ‘own’ or ‘others’, as there is no distinction wherein the ‘Other Charges’ are to be collected only on Third Party revenue.

In this regard we wish to submit that the PNGRB Act and PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010 does not bar operating Petroleum Product Pipelines for ‘own’ use, which would be on cost to company basis. Reading together PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations 11(2), 11(3) & 14(6), the revenue earned thru invoicing as per PNGRB determined tariff is thus for third party Contract & Common Carrier users only and not for ‘own’ use. However, since PNGRB has insisted on payments to be made for all regulated activities including ‘own’ use, therefore the calculation of the revenue has been done notionally by applying transportation tariffs on the products transported in Mundra-Delhi Pipeline and Awa- Salawas Pipeline on ‘own’ use basis as well in FY-2014-15. The notional revenue of which works out to be Rs 128.57 Crs and accordingly the levy payable @0.01% is Rs 1,28,570/-.
View PNGRB direction vide letter Infra/Monitoring/Other Charges dtd. 29.12.2016 to consider own volume, we are paying under protest an amount of Rs 1,28,570/- vide enclosed DD No. 404630 dated 16.01.2017.

We once again request PNGRB, review our above submissions and accept application of ‘other charges‘ percentage for Petroleum Product Pipelines, only on revenue earned thru invoices made for third party users only.

Kindly note that this letter is being issued strictly without prejudice to our rights as per law. We also reserve our right to challenge the averments made in PNGRB letter no InfraMonitoring/OtherCharges/1 dated 24.10.2016 and letter no. InfraMonitoring/OtherCharges dated 29.12.2016.

Thanking you,

Very truly yours

J. S. Prasad
ED – Pipelines

Cc: OSD-PNGRB (SKA): Above is submitted for your kind information
BANKERS CHEQUE

Pay "PETROLEUM & NATURAL GAS REGULATORY BOARD" (PNGRB)

Rupees One Lakh Twenty Eight Thousand Five Hundred and Seventy Only

\[ \text{Amount: } \text{Rs.} 1,28,570.00 \]

Key: WIDHEQ
Sr. No: 832073

\[ \text{Date: } 16\text{/01\text{/2017}} \]

\[ \text{State Bank of India} \]

\[ \text{AUTHORIZED SIGNATORY} \]

\[ \text{NOT TRANSFERABLE} \]

\[ \text{INSTURMENTS FOR } 1,28,570.00 \text{ ARE NOT VALID UNLESS SIGNED BY TWO OFFICERS} \]