Subject: Proposal for Tie-in Connectivity from HPCL Shapoorji LNG Pvt. Ltd. proposed LNG Terminal at Chhara, Gujarat to Darod-Jafrabad section of GSPL HP Network

To
The Secretary
Petroleum and Natural Gas Regulatory Board
1st Floor, World Trade Centre
Babar Road, New Delhi-110001

Respected Madam,

This has reference to PNGRB Public Notice No. Infra/NGPL/141/Tie-in/HSEPL/11/18 dated 03.05.2018 in respect of the subject matter, soliciting views from stakeholders on the same.

At this stage, there are no specific observations on the said proposal. However, GAIL would like to participate in the “Open House Meeting” as and when the same is conducted by PNGRB.

Thanking You.

Yours sincerely,

(Manoj Jain)
Executive Director (Gas Mktg.)
E-mail: manojjain@gail.co.in
Gujarat State Petronet Ltd.
GSPL Bhavan,
South Wing(Ground Floor), E-18, GIDC Electronics Estate,
Nr. K-7 Circle, Sector-26, Gandhinagar-382028.
Tel.: +91-79-23268515 Fax: +91-79-23288518
E-mail: ravindra@gspc.in
www.gspcgroup.com

Ravindra Agrawal
Executive Director (Gas Business)

GSPL/COMM/2018
29th May, 2018

The Secretary,
Petroleum and Natural Gas Regulatory Board
1st Floor, World Trade Centre
Dadar Road
New Delhi – 110001

Sub: Comments on Public Notice on HPCL Shapoorji Energy Private Limited (IIEPL) for Tie-in Connectivity at Chhara

Ref.:
1. PNGRB Public Notice no. Infra/NGPL/141/Tie-in/IIEPL/11/18 dated 03.05.2018

Respected Madam,

We welcome PNGRB public notice for considering HSEPL proposal of Chhara LNG Terminal Tie-in Connectivity with GSPL’s High Pressure Gujarat Gas Grid network.

In accordance with the provision of PNGRB Regulation for Tie-in Connectivity, GSPL has been facilitating upcoming LNG terminals & operators of offshore & Onshore Gas Blocks in Gujarat for providing connectivity with GSPL’s Gujarat Gas Grid for evacuation of natural gas.

Accordingly, with reference to aforesaid public notice seeking views / comments on the proposal of HPCL, Shapoorji Energy Private Limited for Tie-in Connectivity from their proposed Chhara LNG terminal, please find enclosed GSPL Comments as attached at Annexure-I to this letter.

With Best regards,

Yours sincerely,

Ravindra Agrawal
Group ED (Gas Business)
GSPL’s views on HSEPL proposal for Tie-in Connectivity from their proposed Chhara LNG Terminal

- Regulation 21(1)(d)(i) of PNGRB Authorisation Regulation, requires Tie-in connectivity shall be preferably constructed by the entity owning the common or contract carrier natural gas pipeline existing near the gas source.

- Common or contract carrier natural gas pipeline existing near the proposed HSEPL’s LNG Terminal at Chhara is GSPL’s High Pressure Gujarat Gas Grid. Accordingly, as per the said proviso of PNGRB Regulations, proposed Tie-in connectivity is to be preferably developed by GSPL.

- However, it may be noted that, presently, GSPL’s Gujarat Gas Grid is catering the demand of R LNG of customers by transportation of R LNG from PLL LNG Terminal at Dahej and HLPL LNG Terminal at Hazira.

- Hence, with the development of proposed Tie-in connectivity which is expected to be commissioned after March, 2020, the design capacity of GSPL’s Gas Grid shall increases substantially.

  - Thereby leading to substantial decrease in the Transportation Tariff fixed by the PNGRB for GSPL’s Gas Grid.

    - More so since the exemption provided by the PNGRB to transporter (with regards to increase in design capacity for consideration as divisor) in Tariff Determination is for the period up to 31st March, 2020.

    - And the proposed Tie-in connectivity is also expected to be developed / commissioned after March, 2020.

- Hence, GSPL would be at a disadvantageous position, if the above exemption is not extended for the period beyond March 2020 as mentioned below in different scenarios:

Scenario-1

i. **RLNG from Chhara Terminal volume replaces existing R-LNG catering to various customers on GSPL network**

   1. Volume remains same; however transportation tariff decreases because of increase in pipeline design capacity.
   2. Decrease in Transportation Tariff fixed by the PNGRB shall lead to loss in transportation revenue to GSPL

Scenario-2

i. **RLNG from Chhara Terminal volume partially caters to new demand and partially replaces existing R-LNG to various customers on GSPL network.**

   1. Volume increases partially
   2. However, transportation tariff decreases, due to increase in pipeline design capacity
   3. Net Loss in transportation revenue to GSPL
Scenario-3

i. **RLNG from Chhara Terminal caters to new demand on GSPL network**

1. Net increase in transportation volumes
2. GSPL may earn transmission revenue on such increased volume.
3. However, GSPL would be revenue neutral over economic life;
   a. As increase in design capacity would remain fixed for rest of entire economic life viz-a-viz gradual increase in transportation volume from terminal.

- Hence, considering low capacity utilisation scenario of pipeline infrastructure in India and to incentivize pipeline transporter to establish Tie-in connectivity for new upcoming gas sources like LNG terminals & new domestic gas fields:
  - PNGRB is requested to extend the existing exemption for increase in design capacity from Tariff Determination due to new source addition beyond 31st **March, 2020**, as provided under Clause (1)(d) of Schedule A of PNGRB Tariff Regulations.

***