To
The Secretary
Petroleum and Natural Gas Regulatory Board,
1st Floor, World Trade Centre,
Babar Road,
New Delhi – 110 001

Subject: Comments on the integrated authorization for unified / pooled tariff

Ref.: PNGRB Public Consultation Document no. Infr/NGPL/125/Integration/01/17 dated 28th September, 2017

Dear Madam,

With reference to the above mentioned Public Consultation Document (PCD), RGTIL comments are given below for your kind consideration.

1. The objective of the PNGRB Act 2006, prescribed in the preamble are as below:
   
   a. to regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum, petroleum products and natural gas excluding production of crude oil and natural gas;
   
   b. to protect the interests of consumers and entities engaged in specified activities relating to petroleum, petroleum products and natural gas;
   
   c. to ensure uninterrupted and adequate supply of petroleum, petroleum products and natural gas in all parts of the country and;
   
   d. to promote competitive markets

2. So any regulatory framework sought to be implemented should meet the above objectives. Further, PNGRB’s Public Consultation Document (PCD) on Unification of Tariff has been issued with the objective to bring maturity in tariff system, access to customers located in geographically disadvantageous locations, platform for a competitive market development and avoiding pancaking of tariff.
3. The above objectives can be met **only if** unification of tariff is done at the all India level including all the possible pipelines. This will provide customers a freedom to choose gas seller irrespective of the location of the gas source at same tariff and similarly gas marketers will have equitable, non-discriminatory and level playing market conditions which will help in development of the competitive gas infrastructure grid.

4. Under option 10(i) of the PCD, integration of pipeline at entity level will still leave the issue of pancaking of tariff and create inequitable opportunity for other critical players in national gas grid like RGTIL, GSPL and IOCL etc. This option will create discrimination between pipelines as pipeline network which are part of integration and linked to source would have more opportunities for utilization as compared to pipeline which are not part of unified network.

5. Unification at entity level will be detrimental for network like EWPL, which has most of its customers located on interconnected GAIL’s networks like DUPL and HVJ / DVPL network. With most of the upcoming domestic supplies at east coast along with potential R LNG terminals on eastern / southern coast, EWPL is vital link to connect these sources with demand centers in west and north. With substantial increase in GAIL’s tariff on account of unification (as proposed), the customers will be constrained to source gas from the connected sources of GAIL’s network only due to higher transportation burden to source gas from eastern / southern coast. This will give undue advantage to GAIL pipelines at the cost of reduced capacity utilization for pipelines which are not part of unification.

6. It is submitted for your kind consideration that RGTIL has made huge investments for development of transportation infrastructure. Unification of networks at all India level only will provide fair and equal opportunities of utilization to all the pipelines across the country and entities. Unification of tariff with equal opportunity to all stakeholders will also be in line with objective prescribed in the PNGRB Act.
7. Such unification at national level can be done in the following manner which is in line with Regulations for Sharing of Inter State Transmission Charges in the Power Transmission sector.

i. Unification of tariff exercise will be done for all operating pipelines for each financial year.

ii. Any new network will be added upon commissioning in the unification exercise in the next financial year.

iii. Use individual tariffs of pipelines based on tariff regulations.

iv. Assess volume flows for pipelines every year on realistic basis.

v. Assess net volume flows after netting out flows through multiple pipelines.

vi. Establish cumulative target revenues and divide by net volume to arrive at unified tariff applicable to that year based on that year’s flow projections.

vii. Each pipeline to charge unified tariff to all customers and create MIS for revenue received from unified tariff and under/over recovery (based on regulator determined tariff) on monthly basis.

viii. Establish a mechanism to enable collection of excess recovery and payment of under recovery by different players at regular intervals.

ix. If there is any change in volume pattern, the same can be adjusted through periodic reviews.

8. PNGRB may work-out modalities of governance in consultation with power industry experts and pipeline stakeholders for implementation of the same.

It is requested to give due consideration to the fact that implementation of unification at national level only will provide level playing field and freedom to all stakeholders and will be beneficial to nation as a whole.

Hence, unification should be implemented at multi-entity level right from the start rather than in phased manner as proposed in the PCD.

We will be happy to provide any further information, clarification in the matter.

Yours truly,

EVS Rao  
(Sr. Vice President)
GAIL/RA/PNGRB/PCP/Integrated Authorisation/2017/336094/ 1866

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

Subject: Integrated Authorisation For Unified/Pooled Tariff

Respected Madam,

This has reference to the PNGRB’s Public Consultation Paper No. Infr/NGPL/125/Integration/01/17 dated 28.09.2017 on the captioned subject.

In this regard, the views of GAIL are enclosed as Annexure A for consideration please.

Thanking You,

Yours sincerely,

(Manoj Jain)
Executive Director (Mktg.-Gas)
E-mail: manojjain@gail.co.in

Encl: As above
ANNEXURE-A

Subject: Integrated Authorization For Unified/Pooled Tariff

1. At the outset we welcome this PNGRB initiative. It may be mentioned that GAIL had placed its request for integration of its inter-connected cross-country natural gas pipelines as one unified network. Subsequently, PNGRB has mooted a larger concept entailing three options on pipeline unification across the country, including pipelines of all other entities.

2. It is noted that the said PNGRB’s concept paper is not aimed at benefitting any particular entity, or any particular user, or any particular region. As a concept, unified/pooled tariff is aimed at facilitating equitable growth of the gas sector and making gas more affordable in distant/remote parts of the country and is thus a welcome step by PNGRB. In GAIL’s views also, the current methodology of transportation tariff, i.e., additive pipeline tariff, is becoming high and unaffordable to customers in new and far-off areas, and therefore, time has now come where it has become important for policy and regulatory intervention and changes in this regard.

3. PNGRB’s Concept Paper has solicited response from stakeholders in respect of the three options as mentioned at Para No. 10 of the paper. Currently, all these three options are at conceptual stage only. Hence, the unified transportation tariff number will depend upon which option is finally chosen. It may be mentioned here that not all the indicative tariffs of all the three PNGRB’s options are currently known, except a projected tariff number involving certain GAIL’s pipelines under certain set of assumptions. In respect of this indicative tariff number also (Rs. 57/MMBtu), it may be mentioned that it was not any tariff filing proposal by GAIL and PNGRB’s paper has also explicitly stated that the unified/pooled tariff number will be subject to verifications/approvals by PNGRB in terms of PNGRB’s Tariff Regulations. Hence, any reaction based on the said indicative unified tariff number or its perceived impact would be pre-mature / incorrect, and accordingly, GAIL would not like to comment upon the same.

4. It is also noted that, at this stage, views are solicited by PNGRB specifically in respect of the concept of unification of pipelines and options thereunder. But, it is important to note that the Concept Paper has not deliberated about any specific tariff calculation parameter viz. volume divisor, future capex etc. We believe that these calculation parameters will be separately taken up by PNGRB in due course of time since it is impacting the financial viability and sustainability of the entire pipeline infrastructure sector. We hope that regulatory amendments in that regard along with associated stakeholder comments would be appropriately dealt with by PNGRB separately. Accordingly, at this stage, GAIL would not like to comment upon any possible reaction on such tariff calculation parameters viz. volume divisor, capacity, future capex etc.
(vi) It may be mentioned that GAIL’s pipelines like DBNPL, CJPL are downstream of the HVJ pipeline system and customers connected to these pipelines are currently impacted by the additive pipeline tariffs. In case of the upcoming JHBDPL also, the same issue would be there. However, after unification of pipelines, all the customers connected to these downstream pipelines, particularly the already authorized CGD entities as well as the numerous future GAs, would stand to gain by unified tariff.

(vii) It is recognized that the concept of Merit Order Dispatch is already posing a big challenge for gas based power generation and in the context of unified tariff, there could be an apprehension that any further steep increase in transportation charges may further impact the competitiveness of gas. In order to address such an issue only, **GAIL has proposed for having a moderate initial tariff with a reasonable annual escalation factor.** It may be mentioned here that such a practice (of about 5% escalation p.a.) is already prevalent in regasification tariffs being charged by RLNG Terminal operators in the country.

(viii) **Unified tariff would also provide a level playing field to all customers connected to various existing and upcoming RLNG terminals (located in both west and east coasts).** Under unified scenario, both suppliers and customers would benefit due to avoidance of additive pipeline tariffs and without any undue discrimination.

(ix) Government of India has envisioned to increase the share of natural gas in India’s energy mix from the current 6.5% to 15% in the near future. Government is looking to increase the consumption of natural gas through several policy measures in each segment of consumption. The notified GoI Policy, 2006, has been framed with a view to facilitate evolvement of nation-wide gas grid. Given all these aspects, it is important to have an enabling regulatory framework which would aid expansion of gas pipelines and CGD networks in all parts of the country. Currently, gas consumption is concentrated mainly in western and northern parts of the country and in order to expand the gas share up to 15% it is important to deepen the penetration of gas in all other parts of the country. The concept of unified tariff would be very helpful in facilitating equitable distribution of gas in all parts of the country.

(x) **There could be a misconception in certain quarters that unified tariff would necessarily mean a single postage stamp tariff. In this regard, the Concept Paper itself has clearly conveyed under Para 10 that such unified tariff can also be made applicable on zonal/entry exit level basis etc.** In this regard, GAIL has also suggested that wherever necessary, judicious variations can be made to accommodate specific market/policy needs, but with the overall principle that the tariff should not show any undue or discriminatory preference to any particular consumer.

(xi) There could also be a contention that the unified tariff shall essentially entail cross-subsidizations. In this regard, it may be mentioned that customers of old pipelines with low transportation tariffs have been enjoying the benefits of relatively cheap domestic gas for several years, whereas the customers of new pipelines are required to bear not only higher transportation tariffs but also the costlier imported gas. This situation has been adversely impacting the growth and development of gas consumption in the country.
Gas.7.PNGRB

November 30, 2017

Secretary,
Petroleum and Natural Gas Regulatory Board
1st Floor, World Trade Centre,
Babar Road,
New Delhi 110 001

Sir,

Subject: Comments on Unified Pooled Tariff System for Natural Gas pipelines

This has reference to the public consultation paper seeking views on Integrated Authorization for Unified Pooled Tariff for Natural Gas Pipelines.

We give our views on the same for consideration of PNGRB-

1. The existing Natural Gas Pipeline tariff system has provided a platform for development of new pipelines (post Appointed Day) as well as expansion/extension of existing pipelines.

2. The current PNGRB Regulations envisages a dual tariff determination system-
   a. Tariffs for existing pipelines are determined based on DCF cash flow model with 12% post tax return allowed on capital employed, is essentially normative and considers achievement of utilization norms.
   b. Tariffs for new pipelines are fixed based on tariff bids, where decision on the levels of capex/ opex required and capacity utilization risk rests with the authorized entity.

3. The existing Tariff Recovery System recognizes Zonal Postalized system, which is a precursor to a sophisticated entry-exit model. An Entry-Exit system of future would consider multiple sources and destinations for gas flows in a market, which would be further divided into sub-areas or Hubs. Time has come to move towards having uniform approach in both tariff determination & its recovery for all pipelines (existing & proposed), which would incentivize interconnection of all pipelines to form a National Gas Grid.

4. The focus of a future National Gas Grid should be on “destination as against source” and to seek a balance between the perspectives of-
   a. Consumers in terms of connectivity, tariff certainty & competition;
   b. Infrastructure developers (Pipelines, Terminals Domestic Gas Producers) in terms of reasonable return on investments and capacity utilization; and
   c. Government in terms of transiting towards a gas based economy and assurance with regards to security of supply.

28-ए, ईलाहा, कास्तूरबा गांधी मार्ग, पोस्ट औडिस नं.--7, नई दिल्ली-110001 फोन : 23316891 फैक्स : 23312078, 23316894
tvitlab@bpl.co.in : माता मगन, 4 अंग 6 करीमगंज टोप, बेलर इलेक्ट्रिक मुख्यालय-400001 फोन : 22713000, 22714000 फैक्स : 22713837
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5. Natural Gas closely follows the economics of Liquid fuels. Existing petroleum product pricing system is based on trade parity, which has historically evolved around pricing points. As Natural gas is going to compete essentially with liquid petroleum products (and therefore replace them), the end selling price becomes the basis for a consumer to compare the relative economics. The existing hospitality arrangements amongst OMCs' for liquid petroleum products are based on this principle of pricing points and the tariff structure for petroleum product pipelines (which are prime transporter of petroleum products) is in turn is drawn from & is currently linked to the Railway Tariff system. On commissioning of a new Refinery, the pricing points automatically get re-aligned to accommodate the new supply point. Similar concept of Hubs for natural gas (akin to pricing points) would need to be evolved and in this context it is important that the principle of tariff convergence should not be a restrictive one.

6. We also need to consider balanced development of pipelines in all regions of the country by providing an incentive for development of new pipelines along new routes. Large regions of the country, Central, South East, South West & the North East, which currently have very limited or no pipeline connectivities, should not be left out from the benefits of tariff convergence.

7. It is our view that the basis of tariff apportionment along various pipelines (existing & proposed) is critically important from customer standpoint, competition & balanced market development as eventually the entire country need to graduate towards a unified entry-exit model. An Entry-Exit system with a uniform tariff for a customer in a hub should ideally imply that all participating pipelines bringing gas to the HUB would earn an average tariff (with the system operators managing the tariff pooling mechanism) while the consumer would need to be assured of both connectivity and tariff certainty. Any idle pipeline capacity would need to be traded on a non-discriminatory basis.

8. A pan-India uniform tariff system would also need to consider a calibrated shift in competition towards competitive sourcing of LNG besides also incentivizing building of new terminal capacities and pipelines. The current system of additive natural gas pipeline tariffs beyond the point of inter-connection is resulting in skewed economics at the customer end and therefore any tariff convergence must aim at integrating all pipelines (both existing and proposed) lest it may become a dis-incentive for interconnection as well as incentivize dedicated pipelines.

As there are several complexities in reaching a convergence in tariffs for natural gas pipelines and also considering that some of the options suggested on tariff convergence are restrictive and anti-competitive, in our view balancing the perspective of all the stakeholders is required through integration of all the pipelines (both existing and proposed) in order to evolve a unified Pan India tariff approach.

Therefore, we would request PNGRB to kindly consider instituting an independent study in this regard, which should consider views of all the stakeholders. In addition, we would also request PNGRB to consider our request to make a detailed presentation in this regard before a final view is taken in the matter of tariff convergence.

Yours faithfully,

Vijay Duggal
Chief General Manager (Gas)

CC: Member, PNGRB
Manali Petrochemicals Limited

As the gas pipe lines are new to Tamil Nadu, more industries are expected to use the facility. However, the pricing of LNG on higher side, may not attract industries to switch to RLNG. If PNGRB maintain the existing tariff of Rs.6.40 per mmBTU, all the industries will be encouraged to consume RLNG and the utilization of the Pipeline capacity will improve.

In view of the above, we would request you not to revise the tariff of any of the components that go into the pricing of RLNG. Any increase in the tariff will seriously affect our procurement cost of RLNG.

Hope, you will accept our view on the consumption of RLNG of Unified Pooled Tariff.

Thanking you,

Yours faithfully,
For MANALI PETROCHEMICALS LIMITED

C SUBASH CHANDRA BOSE
WHOLE TIME DIRECTOR - WORKS
To,
The Secretary,
Petroleum & Natural Gas Regulatory Board
1st Floor, World Trade Centre,
Babar Road, New Delhi-110001


Dear Sir,

We the Advocates for the ‘South Gujarat Small Gas Consumers’ Association’, in the above captioned matter are submitting our comments/objections to the PCP dated 28.09.2017.

Kindly take the same on record.

Yours Faithfully,

MSA Partners
C-66, Ground Floor,
Nizamuddin (East)
New Delhi - 110013
(Advocates for the Respondent)
IN THE MATTER OF:

Integrated authorization for unified/ pooled tariff under the provisions of the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008.

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THROUGH

DATE: 11.12.2017
PLACE: NEW DELHI

(MSA PARTNERS)
ADVOCATES FOR SOUTH GUJARAT SMALL GAS CONSUMERS ASSOCIATION
C-66, GROUND FLOOR
NIZAMUDDIN EAST
NEW DELHI - 110013
BEFORE THE HON’BLE PETROLEUM AND NATURAL GAS REGULATORY BOARD NEW DELHI

IN THE MATTER OF:

Integrated Authorization for Unified/ Pooled Tariff of GAIL (India) Limited for the Gujarat Natural Gas Pipeline Network.

COMMENTS/OBJECTIONS ON BEHALF OF SOUTH GUJARAT SMALL GAS CONSUMERS ASSOCIATION IN PURSUANCE TO THE PUBLIC CONSULTATION PAPER (PCP) DATED 28.09.2017.

1. The South Gujarat Small Gas Consumers Association (hereinafter “Consumer Association”) consists of a group of consumers in the State of Gujarat who had individually entered into gas sale agreements with GAIL (India) Ltd. (hereinafter “GAIL”) for transportation of gas to their respective industries. A copy of the gas sale agreement, entered into by Bharat Glass Tube Limited and Piramal Glass Limited, both of which are part of the Consumer Association, is attached hereto and marked as Annexure A. All other consumers also have agreements with GAIL but each agreement is not being filed for the purposes of brevity.

2. It is respectfully submitted that this Hon’ble Board is a creation of statute and was constituted in terms of the provisions of the Petroleum and Natural Gas Regulatory Board Act of 2006 (hereinafter, “PNGRB Act”). The Board exercises functions within the four corners of the PNGRB Act.

3. Under the provisions of the PNGRB Act, this Hon’ble Petroleum and Natural Gas Regulatory Board (“PNGRB”) has notified the Petroleum and Natural
Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008 (hereinafter, "Authorization Regulations").

4. In terms of the Authorization Regulations, the entities have been authorised to Lay, Build, Operate or Expand Natural Gas Pipelines. Further, the PNGRB Act provides for the determination of transportation tariff for natural gas pipelines approved/authorized by it. The same is determined as per the PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations, 2008 (hereinafter "Tariff Regulations").

5. The PNGRB has been passing both provisional and final tariff orders for various pipelines set up by GAIL including the Gujarat Pipeline Network as per the Tariff Regulations.

The PNGRB on 28.09.2017 published a Public Consultation Paper – Infr/NGPL/125/Integration/01/17 ("PCP") seeking comments and objections from various stakeholders on the proposal for integration authorisation for Unified/Pooled Tariff.

7. It is respectfully submitted that the PCP proposes an altogether new methodology for Uniform / Pooled tariff which is neither contemplated under the PNGRB Act nor the Tariff Regulations. In this regard, the submissions are as under -

8. The relevant provisions of the PNGRB Act are extracted hereunder -

"2. In this Act, unless the context otherwise requires:

.........."

(zh) "regulations" means regulations made by the Board under this Act........"
The functions of the PNGRB have been provided under Section 11 of the PNGRB Act which reads as under:

"11. Functions of the Board: - The Board shall –

(a) protect the interest of consumers by fostering fair trade and competition amongst the entities;

(b) register entities to-

(i) market notified petroleum and petroleum products and, subject to the contractual obligations of the Central Government, natural gas;

(ii) establish and operate liquefied natural gas terminals;

(iii) establish storage facilities for petroleum, petroleum products or natural gas exceeding such capacity as may be specified by regulations;

(c) authorise entities to-

(i) lay, build, operate or expand a common carrier or contract carrier;

(ii) lay, build, operate or expand city or local natural gas distribution network;

(d) declare pipelines as common carrier or contract carrier;

(e) regulate, by regulations,-

(i) access to common carrier or contract carrier so as to ensure fair trade and competition amongst entities and for that purpose specify pipeline access code;

(ii) transportation rates for common carrier or contract carrier;

(iii) access to city or local natural gas distribution network so as to ensure fair trade and competition amongst entities as per pipeline access code;

(f) in respect of notified petroleum, petroleum products and natural gas-

(i) ensure adequate availability;
(ii) ensure display of information about the maximum retail prices fixed by the entity for consumers at retail outlets;

(iii) monitor prices and take corrective measures to prevent restrictive trade practice by the entities;

(iv) secure equitable distribution for petroleum and petroleum products;

(v) provide, by regulations, and enforce, retail service obligations for retail outlets and marketing service obligations for entities;

(vi) monitor transportation rates and take corrective action to prevent restrictive trade practice by the entities;

(g) levy fees and other charges as determined by regulations;

(h) maintain a data bank of information on activities relating to petroleum, petroleum products and natural gas;

(i) lay down, by regulations, the technical standards and specifications including safety standards in activities relating to petroleum, petroleum products and natural gas, including the construction and operation of pipeline and infrastructure projects related to downstream petroleum and natural gas sector;

(j) perform such other functions as may be entrusted to it by the Central Government to carry out the provisions of this Act."

10. Section 22 of the PNGRB Act provides for the determination transportation tariff by regulations by the PNGRB. It states as under:

"22. Transportation tariff –

(1) Subject to the provisions of this Act, the Board shall lay down, by regulations, the transportation tariffs for common carriers or contract carriers or city or local natural gas distribution network and the manner of determining such tariffs.

(2) For the purposes of sub-section (1), the Board shall be guided by the following, namely:-
(a) the factors which may encourage competition, efficiency, economic use of the resources, good performance and optimum investments;
(b) safeguard the consumer interest and at the same time recovery of cost of transportation in a reasonable manner;
(c) the principles rewarding efficiency in performance;
(d) the connected infrastructure such as compressors, pumps, metering units, storage and the like connected to the common carriers or contract carriers;
(e) benchmarking against a reference tariff calculated based on cost of service, internal rate of return, net present value or alternate mode of transport;
(f) policy of the Central Government applicable to common carrier, contract carrier and city or local distribution natural gas network.”

Under Section 61 of the PNGRB Act, the powers of the Board to frame regulations have been provided for. Section 61 (2) (t) reads as under:

“....

(2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:-

.......

(t) the transportation tariffs for common carriers or contract carriers or city or local natural gas distribution network and the manner of determining such tariffs under sub-section (1) of section 22;

.......


Under Section 62 of the PNGRB Act, the rules made by the Central Government, and the Regulations framed by the PNGRB are to be presented before each House of the Parliament. It states that:

“62. Rules and regulations to be laid before Parliament – Every rule made by the Central Government and every regulation made by the Board under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session
immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or regulation or both Houses agree that the rule or regulation should not be made, the rule or regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or regulation."

13. It is clear from the above that there exists a proper legislative mandate for the determination of transportation tariff. The PNGRB Act, along with the Authorization Regulations and the Tariff Regulations, are the sources which are to be relied on while determining the transportation tariff.

14. In terms of the mandate contained in Section 11 (e) (ii) of the PNGRB Act, namely for determination of transportation tariff, PNGRB has framed the Tariff Regulations. The relevant extracts from the Tariff Regulations are as under -

"4. Determination of natural gas pipeline tariff

The natural gas pipeline tariff in respect of an entity covered under clause (1), clause (2) or clause (3) of regulation 3 shall be determined as per the procedures at Schedule A.

5. Form for data submission by entity for determination of natural gas pipeline tariff.

Every entity shall submit to the Board the financial costs and other data in the form at Attachment 1 of Schedule A, if, as on the day of the notification of these regulations, the natural gas pipeline-

(1) Is not in operation, then at least six months before the likely date of commissioning of the natural gas pipeline, or within ninety days of the date of notification of these regulations, whichever is later; or
(2) Is already in operation, then, in relation to an entity referred to in-

(a) Clause (1) of the regulation 3, within ninety days of the notification of these regulations.

(b) Clause (2) of regulation 3, within ninety days of the grant of authorization by the Board; or

(c) Clause (3) of regulation 3, within ninety days of the date of authorization by the Board.

Provided that the entity shall charge initial unit natural gas pipeline tariff "on account basis" based on these regulations from the date of commissioning of natural gas pipeline referred to in clause (1) of regulation 3 or the date of authorization by the Board of natural gas pipeline referred to in clause (2) of clause (3) of regulation 3, as the case may be, till the date the board provisionally fixes the initial unit natural gas pipeline tariff:

Provided further that the entity shall carry out adjustments, with a 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."

Schedule A of the Tariff Regulations contain detailed provisions with respect to submission of data with respect to tariff fixation of a natural gas pipeline.

In terms of the Tariff Regulations, the manner of tariff fixation has been clearly provided for, namely, separate tariff is notified by the PNGRB for separate pipelines. This is based on the adherence to "contractual path" for tariff determination. Hence, the tariff is charged on the contractually defined entry and exit paths without any premium or discount, as has also been stated in the Concerned PCP.

17. It is a well settled principle that a Statutory Authority is bound by the provisions of the statute. The Regulations framed under the PNGRB Act are delegated legislation and equally binding on the PNGRB.
18. The Constitution Bench of the Hon’ble Supreme Court considered and decided the issue with respect to the nature of the Statutory Regulations framed under the Electricity Act, 2003 which is a pari materia provision to the PNGRB Act in the case of **PTC India Limited v CERC & Ors.** (2010) 4 SCC 603. A copy of the Judgment is attached hereto and marked as Annexure B.

19. The Constitutional Bench of the Hon’ble Supreme Court of India held that a law comes into existence through legislation, regulation and litigation and such law has a binding effect. It was further observed by the Supreme Court that a statutory instrument, such as a rule or regulation emanates from the exercise of delegated legislative power which is a part of administrative process and holds resemblance to the enactment of law by the legislature, whereas the quasi-judicial order comes from adjudication which is also a part of the administrative process resembling a judicial decision by a court of law. The findings of the Supreme Court in this regard have are as under:

"49. On the above analysis of various section of the 2003 Act, we find that the decision-making and regulation-making functions are both assigned to CERC. Law comes into existence not only through legislation but also by regulation and litigation. Laws from all three sources are binding. According to Professor Wade, "between legislative and administrative functions we have regulatory functions". A statutory instrument, such as a rule or regulation, emanates from the exercise of delegated legislative power which is a part of administrative process resembling enactment of law by the legislature whereas a quasi-judicial order comes from adjudication which is also a part of administrative process resembling a judicial decision by a court of law."
20. The decision making and regulation - framing functions have been provided to the PNRG under the PNRG Act. Under the PNRG Act, one of the major functions of the PNRG is to frame regulations. The regulations framed by the PNRG are a form of delegated legislation and hold a binding character. The existence of hierarchy when it comes to the exercising of regulatory powers and functions cannot be ignored. It is a settled principle of law that the first and foremost compliance must be with respect to the Constitution of India followed by the legislations framed. Such legislation must be in consonance of the provisions enshrined under the Constitution. Next, in the hierarchy come the Rules followed by the Regulations, which are both types of subordinate legislations. A subordinate legislation must not contravene the statute under which it has been framed. Additionally, it must also be taken into account that a delegated legislation can even have an overriding effect on an existing contract. In the PTC India case (supra.) the Supreme Court's observation in this regard is as under -

"58. One must understand the reason why a regulation has been made in the matter of capping the trading margin under Section 178 of the Act. Instead of fixing a trading margin (including capping) on a case-to-case basis, the Central Commission thought it fit to make a regulation which has a general application to the entire trading activity which has been recognised, for the first time, under the 2003 Act. Further, it is important to bear in mind that making of a regulation under Section 178 became necessary because a regulation made under Section 178 has the effect of interfering and overriding the existing contractual relationship between the regulated entities. A regulation under Section 178 is in the nature of a subordinate legislation. Such subordinate legislation can even override the existing contracts including
power purchase agreements which have got to be aligned with the regulations under Section 178 and which could not have been done across the board by an order of the Central Commission under Section 79(1)(j).”

21. The Hon’ble Supreme Court has held the binding nature of the Regulations framed under the Act including on the Authority which has framed such Regulations. Therefore, it is respectfully submitted that in so far as tariff fixation is concerned, the PNGRB is bound by the provisions of the Tariff Regulations framed by it.

22. The fixation of tariff for natural gas pipelines needs to be done in consonance with the provisions of the PNGRB Act, the Authorization Regulations and the Tariff Regulations. These will have binding effect, and the same is a set principle of law, reinstated in a number of judgments, most notably in the case of PTC India Ltd. (supra).

23. The Hon’ble Supreme Court in the above case has also held that a subordinate legislation can even override the existing contracts including PPAs. This shows the important position that is held by subordinate legislation. Clearly, such legislation cannot and must not be ignored under any circumstances.

24. In the above background, the PCP circulated by PNGRB is completely at variance with the PNGRB Act and the Regulations framed thereunder, GAIL had made a presentation on the “Determination of uniform/pooled tariff” for its interconnected cross country pipelines before PNGRB on
30.03.2017, and also submitted justifications on the proposal for unified/pooled tariff for its cross country natural gas pipelines on 04.05.2017.

25. In the Concerned PCP, in Para 5, the PNGRB has cited the Vision 2030 document as under:

"PNGRB vision 2030 document on "Natural gas Infrastructure in India", states as under:

"GOI and PNGRB need to take various policy and regulatory measures as suggested in the report. This would help sustained higher investment in the gas chain including exploration leading to sustained and healthy growth of the sector, ensuring that the share of gas is at least 20% in primary energy mix by 2030."

Currently, the share of natural gas in energy mix is approximately 6.5%-7%.

In the said, report with respect to tariff recovery mechanism, following is stated:

"Now, as a nationwide network of pipelines (national gas grid), with multiple sources and destinations for natural gas, is emerging in India, a switch could be attempted to the mature tariff system which not only provides access to the customers located geographically disadvantageous locations but also provide platform for a competitive market to develop. One of such system called "entry-exit" tariff system is used in some European countries including the UK. In this system, contractual path of the transportation services is broken into two transactions i.e (i) entry transaction and (ii) exit transaction and both can be entered separately. In this system
different entry and exit points are identified in the pipeline system which can also be on zonal basis, where the shipper has to pay one tariff to enter into a zone and another one to exit it. In this system separate booking of entry and exit capacity allows shippers and new entrants to book capacity without any contractual path and allows shippers to buy and sell freely gas once having paid the tariff to enter into the zone thus creating the conditions for a gas market.”

26. It is respectfully submitted that the vision document only suggests the need for the implementation of policy and regulatory methods by the Government of India and PNGRB. It however, in no way gives the power to PNGRB to change the manner of tariff fixation. Therefore, the dependence on this document in so far as the change in the method of tariff fixation is concerned, is flawed.

27. The PNGRB in the Concerned PCP has also placed reliance on the letter dated 18.10.2016 of Ministry of Petroleum and Natural Gas ("MOP&NG") which states that the MOP&NG would examine the request placed by GAIL of Unified/Pooled tariff for GAIL's inter-connected cross country pipeline for all the customers on such pipelines and decide whether such tariff should be fixed by the MOP&NG directly or the directions for the same be issued to the PNGRB.

28. In this regard it is stated that first and foremost, under the law no power lies with MOP&NG for fixing a tariff of a gas pipeline. The PNGRB Act in unambiguous terms provides the PNGRB with the power to frame regulations and regulate the tariff fixation. Secondly, even in order to fix a tariff, the PNGRB cannot ignore the existing regulations or deviate in any manner from the Regulations framed.
29. The PNGRB Act and the regulations do not provide the PNGRB with any powers of introducing Unified/Pooled tariff. On the contrary, it has been provided that the tariff would be determined based on each gas pipeline. Therefore, there can be no question of introducing uniform tariff cannot by the PNGRB. Moreover, the MOP&NG does not hold any powers whatsoever to either direct such tariff based changes nor to direct PNGRB to do so. The legal principles in this regard have been set down without any ambiguity.

30. Deviation from the PNGRB Act, Tariff Regulations and the Authorization Regulations cannot be permitted under any circumstances. The Hon'ble Appellate Tribunal for Electricity, Petroleum & Natural Gas in the case of Reliance Gas Transportation Infrastructure Limited v PNGRB (Original Special Petition No. 2 of 2015), whilst relying on the findings of the Constitutional Bench of the Supreme Court in the case of PTC India had held that the Tribunal can only secure the performance of the statutory functions. Undertaking judicial review of the set laws was outside the scope of powers of the Appellate Tribunal. The findings of the Appellate Tribunal in this regard are as under -

"25. We are concerned here with the scope of powers of this Tribunal under Section 121 of the Electricity Act. A plain reading of Section 121 makes it clear that any order, instruction or direction issued by this Tribunal under this section must be for securing performance of the Appropriate Commission's statutory functions under the Electricity Act. Several judgments have been cited before us. But we feel that it is not necessary to refer to all of them because, fortunately for us, we have the judgment of the Constitution Bench of the Supreme Court in PTC India Ltd. (CB) 26. In that case, the Constitution Bench was, inter alia, dealing with the question whether Parliament has conferred power of judicial review on this Tribunal under Section 121 of the Electricity Act. The Constitution Bench observed that under Section 121 of the Electricity Act, there must be a failure by a Commission to perform its statutory functions in which event the Tribunal is given authority to issue orders, instructions or directions to the
Commissions to perform their statutory functions. The Constitution Bench referred to the Supreme Court's judgment in which throws light on the ambit of this Tribunal's powers under Section 121

27. We feel that in view of the above clear pronouncement of law by the Constitution Bench, no further discussion is necessary on this issue. It is clear that under Section 121 of the Electricity Act, this Tribunal cannot undertake judicial review. It can only secure performance of statutory functions by the Appropriate Commission by issuing such orders, instructions or directions as may be necessary. This conclusion admits of no debate.

46. It is pointed out that under Section 42(1) of the PNGB Act, the Central Government may, from time to time, by writing issue to the Board such directions as it may think necessary in the interest of sovereignty and integrity of India and the security of the State, friendly relations with the foreign State or public order. Mr. Kuhad compared this power of the Central Government with the powers of this Tribunal under Section 34 of the PNGB Act read with Section 121 of the Electricity Act. According to him, in relation to regulatory matters, these provisions confer supervisory power upon a higher level superior regulatory body like this Tribunal. It is contended that if the Central Government can issue policy directives, this Tribunal can certainly issue policy directives. This is so stated in the written submissions also. In this connection, reliance is placed on Real Food Products. We are unable to agree with Mr. Kuhad that Section 34 of the PNGB Act read with Section 121 of the Electricity Act is comparable with Sections 42(1) and (2) of the PNGB Act. The Appeal No.158 of 2014 policy directives are issued by the Government taking into consideration the sovereignty and integrity of India and the security of the State, friendly relations with the foreign State or public order. Framing of policy and issuing necessary directions in that behalf are functions of the Central Government. It is not possible for this Tribunal to trench on the Central Government's powers, notwithstanding howsoever superior status it has as a regulatory body. This Tribunal, however, can supervise the conduct of the Appropriate Commissions and issue such instructions, orders and directions which can ensure that the Appropriate Commissions perform their statutory functions properly. This Tribunal can ensure that if any policy directives are issued in accordance with the statutory provisions, they are
followed by the Appropriate Commissions but, it will not be possible to agree with Mr. Kuhad that this Tribunal can under Section 34 of the PNGRB Act read with Section 121 of the Electricity Act issue policy directives. In Real Food Products, the question which the Supreme Court was dealing with was whether a direction issued under Section 78-A of the Electricity Appeal No. 158 of 2014 (Supply) Act, 1948 by the State Government is binding on the Electricity Board, or whether such directions are merely for guidance and the Board in formulating tariffs would yet be required to apply its mind independently to all the relevant criteria. While dealing with this question, the Supreme Court observed that Section 78-A uses the expression "the Board shall be guided by such directions on questions of policy as may be given to it by the State Government". The Supreme Court observed that the view expressed by the State Government on a question of policy is in the nature of a direction to be followed by the Board in the area of the policy to which it relates. In the context of the function of the Board of fixing the tariffs in accordance with Section 49 read with Section 59 and other provisions of the Act, the Board is to be guided by any such direction of the State Government. The Supreme Court observed that, however, if the action of the State Government is found to be in excess of the power of giving a direction on the question of policy, the Board may not be obliged to be bound by it. We do not think that this judgment helps the Petitioner.

47. So far as the grievance of the Petitioner that certain judgments of this Tribunal have not been followed by the Respondent is concerned, we are of the opinion that if that is true, the Respondent will suffer the consequence. It is not necessary for us, at this stage, to opine on this issue. The Respondent is expected to perform its statutory functions in accordance with law. If there are any pending appeals, which involve similar issues raised by the Petitioner, the Petitioner will undoubtedly get benefit if those issues are decided in its favour."

A copy of the Judgment dated 28.04.2015 is attached hereto and marked as Annexure C.

31. The Appellate Tribunal in the above matter decided that it had no power to direct the PNGRB to fix the tariff in a particular manner or by following any specific methodology. The PNGRB was expected to act as per the PNGRB
Act and the Tariff Regulations framed thereunder. Further, it was noted that the PNGRB is also not bound by the directions of the Central Government in so far as tariff fixation is concerned.

32. An authority that is bound by the law to perform its statutory functions cannot under no circumstances deviate from the provisions laid down in the statute. Therefore, it is reiterated that when there exists no provision for Unified/Pooled tariff in the PNGRB Act, and the regulations, it is not in the power of the PNGRB to set such tariff.

33. As per the presentation made by GAIL, under the Unified/Pooled Tariff, the overall capital expenditure and operating expenditure may be pooled and distributed over the pooled volume of the inter-connected cross-country natural gas pipeline system. It is also based on this presentation that the unified tariff may do away with levy of multiple tariffs for use of multiple natural gas pipelines and therefore, shall promote equitable distribution of gas and facilities, uniform gas based economic development across the country, increased share of natural gas in energy mix etc. which may however lead to the increase in tariff of some existing natural gas pipeline customers.

34. In this regard it must be taken into account that there are a number of pipeline consumers that have been in existence and have been operating since a period even before the coming into effect of the PNGRB. The tariff from many of these pipeline consumers has already been recovered. Therefore, it is beyond the purview of the law to ask them to pay once again in view of the unified/pooled tariff that is sought be implemented.

35. The members of Gas Consumer Association have already paid for the use of the respective natural gas pipelines of GAIL. The tariff that has already been recovered from them, should not be levied on them once again. It is
reiterated that a method of tariff fixation which is outside the ambit of the existing laws and regulations cannot be implemented. Such an implementation in the absence of a regulation is arbitrary and bad in law.

36. In the event such a method of tariff fixation is to be implemented, it must first be brought under the ambit of a regulation. The PNGRB has the power to frame regulations in this regard. In furtherance of this, such tariff should be fixated for the newer consumers of natural gas pipelines only since the pre-existing consumers have already made their due payments.

37. Alternatively, if the said tariff fixation method is to be applied to all consumers of natural gas pipelines, then the existing consumers must be excluded and any changes can be made only for the future consumers. This is based on the very basic principle of law that calls for equality among equals and inequality among un-equals. The existing consumers of the natural gas pipelines cannot possibly be put on the same pedestal as the new consumers.

38. In view of the aforementioned submissions, it is prayed that the said objections and comments may kindly be taken into consideration by the PNGRB, and the proposed deviation from the existing laws be prevented.

39. The Consumer Association craves leave to file additional submissions if so needed, and also craves to make oral submissions in the open house.

Dated: 4.12.2017  
Place: Mumbai

SOUTH GUJARAT GAS CONSUMERS ASSOCIATION
BEFORE THE HON'BLE PETROLEUM AND NATURAL GAS REGULATORY BOARD NEW DELHI

IN THE MATTER OF:

Integrated Authorization for Unified/ Pooled Tariff of GAIL (India) Limited for the Gujarat Natural Gas Pipeline Network.

AFFIDAVIT

I, Mr. Dineshkumar Gupta, son of Gupta Salek Chand, aged about 53 years, residing in 401 Ritu Bldg, 4th Floor, Road No.3, JVPD Scheme, Vile Parle (W), Mumbai 400056, do hereby solemnly affirm and state as under:

1. I say that I am the President in the South Gujarat Small Gas Consumers Association and I am conversant with the facts of the present case and competent and duly authorized to swear the present affidavit.

2. I say that the statements made in the objections are true to my knowledge and are based on the information received from the Public Consultation Paper dated 28/09/2017.

VERIFICATION

I, the deponent above named do hereby verify the contents of the above affidavit to be true to the best of my knowledge, no part of it is false and nothing material has been concealed therefrom.

Verified at ........................................ on this ........ day of ........., 2017.

DEPONENT

RAJKUMAR MOHITE
ADVOCATE & NOTARY
(GOV'T OF INDIA)
Dear Sir/Madam,

Greetings of the day...

This has reference to Public Consultation Paper No. Infr/NGPL/125/Integration/01/17, Dated: 28th Se regarding unified pipeline tariff of natural gas pipelines as one single integrated natural gas pipeline n attached word file.

(See attached file: Unified_Tariff.pdf)(See attached file: PNGRB.docx)

Best Regards,

Sukesh Kumar Jena
Assistant Manager
Material management
TRL. Krosaki Refractories Limited
(Formerly TATA Refractories Ltd.)

P.O: BELPAHAR, Distt: JHARSUGUDA Pin: 768 218 (ODISHA)
( 06645 258323 , +91 84558 68022 , E-mail: sukesh.jena@trlkrosaki.com

Please do not print this mail unless it is absolutely required. Save Trees Save Planet.

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This has reference to Public Consultation Paper No. Infr/NGPL/125/Integration/01/17, Dated: 28th September 2017 hosted on PNGRB website. PNGRB has asked for comments of stakeholders regarding unified pipeline tariff of natural gas pipelines as one single integrated natural gas pipeline network:

Our views, as representative of M/s TRL Krosaki Refractories Ltd., Belpahar, Odisha is as under:

1. Considering the geographical position in Eastern India, which is relatively disadvantaged to the extent of large distances from the existing gas sources /terminals located on the western coast, the present structure of additive tariffs will be a prohibitive factor in gas utilization by the industry. Towards this end, unified pipeline tariff will be very beneficial to the industry by facilitating gas availability at reasonable transmission tariff.

2. Natural Gas, as a clean and green fuel, has a major role in the development of industrial sector in India. With the emerging gas pipeline network across the length and breadth of India, natural gas will play an even bigger role in projecting India as a prominent world leader in industrial development.

3. With the development of Jagdishpur-Haldia and Bokaro-Dhamra natural gas pipeline (JHBDPL), most of the industries in eastern India will be connected to emerging national gas grid.

4. Govt. of India, under the aegis of Ministry of Environment & Forest, has pledged for COP 21 commitments to reduce CO2 emissions so as to reduce pollution and improve quality of life of people living in the country. Affordable availability of natural gas and rational transmission tariff will not only be a growth driver for the industries in Eastern India but also act a catalyst in achieving the Environmental targets set by GOI.

5. The proposed unified tariff for gas network would help in organic growth of the industry with a single pipeline tariff for gas transportation as against multiple network tariffs applicable at present. Such unified tariff would provide a uniform playing field for all the industry players and help overcome the disadvantages in terms of geographical locations with respect to the gas sources /regas terminals. It is pertinent to note that a major portion of the natural gas at present is consumed in and around the existing gas sources and regas terminals. *Thus unified tariff will lead to uniform and balanced development of industry across the length and breadth of country.*
Ref: BGCL/KOL/CGD/117/PNGRB/2017

To,

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

Subject: Integrated Authorization For Unified/Pooled Tariff

Respected Madam,

As you may be kindly aware, proposed Joint venture of GCGSCL (GoWB) and GAIL is taking steps to develop CGD project in Kolkata GA. This CGD project will be receiving natural gas through GAIL’s Jagdishpur-Haldia-Bokaro-Dhamra pipeline (JHBDPL).

As per present conditions, gas supplies are expected to be made available from Dahej, Hazira and Shahdol. In all these cases, transportation charges would involve additive pipeline tariff of two or more pipelines thereby making the end-delivered price of gas very costly.

In this connection, we are very happy to note that the Hon’ble Board has recently come out with a consultation paper for unification of various natural gas pipelines so as to calculate a combined/pooled transportation tariff. As rightly deliberated in the consultation paper, such unified tariff would help in avoiding cascading effect of additive tariffs.

As regards various options for unification as deliberated in the consultation paper, we request PNGRB to analyze and finalize that option which would result in overall lower tariff and which would be equitable for all gas users in the country irrespective of their locations.

We once again thank the Hon’ble Board for taking this forward looking step which would be a boost for the development of many CGD projects in distant parts of the country.

Thanking you,

Yours Sincerely,

(Vijay Kumar Pal)
General Manager-CGD
Kolkata CGD Project
On behalf of Proposed Joint venture of
GAIL (India) Limited and GCGSCL- GoWB

E-mail: vkspal@gail.co.in
Mobile: +91 9425354101
Subject: Integrated Authorization For Unified/Pooled Tariff - Proposed
JVC of GAIL & GCGSCL
To: "secretary@pngrb.gov.in" <secretary@pngrb.gov.in>

From: Vijay Kumar Pal (विजय कुमार पाल) <vkpal@gail.co.in>

Date: 26/10/17 06:40 PM

Respected Madam,

Please see the attachment for further perusal.

With best regards,

Vijay Kumar Pal
3M (CGD)
KOLKATA CGD Project
On behalf of Proposed Joint venture
of GAIL (India) Limited and GCGSCL-GoWB
Mobile - 9425354101

Think Digital, Be Digital

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Ref: BGCL/KOL/CGD/117/PNGRB/2017

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Thanking you,

Yours Sincerely,

[Vijay Kumar Pal]
General Manager-GCD
Kolkata CGD Project
On behalf of Proposed Joint venture of
GAIL (India) Limited and GCGSCL- GoWB

E-mail: vikpal@gail.co.in
Mobile: +91 9425354101
Dear Sir,

[Handwritten notes: A A (At) AA (Ak) L-UQ3 DD (KN) 25/10/17]

Recd. on 27/10/17
Secy 6-250

Ease find enclosed herewith our comments on Unified Tariff for Natural Gas Pipe line.

Thanks and Regards

Rabi Chowdhury
MD
Haldia Energy Limited
Subsidiary of CESC Limited

Sent from Rabi's iPhone
Please take reference of Public Consultation Paper No. Infr/NGPL/125/Integration/01/17, Dtd. 28th September 2017 hosted on PNGRB website. PNGRB has asked for comments of stakeholders regarding unified pipeline tariff of natural gas pipelines as one single integrated natural gas pipeline network:

Our views, as representative of M/s CESC Limited are as under:

1. Natural Gas, as a clean and green fuel, has a major role in the development of industrial sector in India. With the emerging gas pipeline network across the length and breadth of India, natural gas will play an even bigger role in projecting India as a prominent world leader in industrial development.

2. With the development of Jagdishpur-Haldia and Bokaro-Dhamra natural gas pipeline (JHBDPL), most of the industries in eastern India will be connected to emerging national gas grid.

3. Govt. of India, under the aegis of Ministry of Environment & Forest, has pledged for COP 21 commitments to reduce CO2 emissions so as to reduce pollution and improve quality of life of people living in the country. Affordable availability of natural gas and rational transmission tariff will not only be a growth driver for the industries in Eastern India but also act a catalyst in achieving the Environmental targets set by GOI.

4. It is understood that gas requirement for the plants located along JHBDPL shall be met by LNG imported and regassified at existing Terminals located on the western coast.

5. Eastern India, which is quite in a disadvantageous position, considering present location of gas resources. The present structure of additive tariffs of gas makes prohibitive for Industrial Purpose. However, unified tariff which is being proposed in the document will be very much beneficial for the industry by facilitating gas availability at reasonable transmission tariff.

6. The proposed unified tariff for gas network would help organic growth of the industry with a single pipeline tariff for gas transportation as against multiple network tariffs applicable at present. Such unified tariff would provide a uniform playing field for all the industry players and help overcome the disadvantages in terms of geographical locations with respect to the gas sources /regas terminals. It is pertinent to note that a major portion of the natural gas at present is consumed in and around the existing gas sources and regas terminals. Thus unified tariff will lead to uniform and balanced development of industry across the length and breadth of country.
सचिव, पेट्रोलियम और प्राकृतिक गैस विनियमक बोर्ड, पहली मंजिल, वर्ल्ड ट्रेड सेंटर, वाराणसी रोड, नई दिल्ली - 110001

विषय: यूनिफाइड/ पूल्ड टैरिफ हेतु एकीकृत अनुमति

आदरणीय महोदय,

हम विस्तृत का निर्माण करने हेतु प्राकृतिक गैस का प्रयोग करने वाले एक छोटा सा उद्योग हैं। लगतार बढ़ती हुई प्रतिस्पर्धा तथा बढ़ते हुए इनपुट लागत की स्थिति में हम सकल उत्पादन लागत की कम करने हेतु सभी मिश्रित जल तथा बायोजनिक तरीकों पर ध्यान दे रहे हैं।

हमारे उद्योग में निर्माण इकाइयां भारत के विभिन्न हिस्सों में स्थित हैं। और हम इस प्रकार के हर सुधार कार्य का स्वागत करते हैं जो हमारे लिए इनपुट लागत को एक समान करें।

सरकार द्वारा माल एवं सेवा कर प्रारंभ करना ऐसा ही एक सुधार है। हमें यह भी जाना है कि प्राकृतिक गैस विनियमक ने प्राकृतिक गैस के लिए एक समान यातायात दर निर्धारित करने हेतु प्रत्याशित था।

हमारे विचार से, यह प्राकृतिक गैस का प्रयोग करने वाले सभी निर्माण इकाइयों की एक समान अवसर उपलब्ध कराना चाहिए। अतः हम गैस विनियमक प्रावधान के इस सुधार का स्वागत करते हैं तथा यह उम्मीद करते हैं कि यह कदम प्राकृतिक गैस मूल्य को हमारे लिए और अधिक बढ़ाने की योग्यता बनाएगा।

सधन्यबाद,

भवरीय,

FOR SHREE NATH JEE BAKERS (P) LTD.

Director

Regd. Office:
Shree Nath Jee Bakers Pvt. Ltd., 267C, Harbansh Complex
1st Floor, Vijay Chowk, Cinema Road, GORAKHPUR - 273 001
E-mail: snjkdagr@gmail.com, shreenathjee.bakers@parle.biz
सचिव,
पेट्रोलियम और प्राकृतिक गैस विनियमक बोर्ड,
पहली मंजिल, बड़े टेड सेंटर,
बाबर रोड, नई दिल्ली - 110001

विषय: यूनिफाइड/ पूर्ण टैरिफ हेतु एकीकृत अनुमति

आदरणीय महोदय,

हम टीस्ट का निर्माण करने हेतु प्राकृतिक गैस का प्रयोग करने वाले एक छोटा सा उद्योग हैं। लगातार बढ़ती हुई प्रतिस्पर्धा तथा बढ़ते हुए इनपुट लागत की स्थिति में हम सकल उन्नयन लागत को कम करने हेतु सभी विकल्पों पर ध्यान दे रहे हैं।

हमारे उद्योग में निर्माण इकाइयां भारत के विभिन्न हिस्सों में स्थित हैं। और हम हम प्रकाश के हर सुधार कार्य का स्वागत करते हैं जो हमारे लिए इनपुट लागत की एक समान बनाने में सहायता करेंगे।

सरकार द्वारा माल एवं सेवा कर प्राप्त करने पर ऐसा ही एक सुधार है। हमें यह भी नहीं ताल कि प्राकृतिक गैस विनियमक ने प्राकृतिक गैस के लिए एक समान शानदार दर निर्धारित करने हेतु प्रस्ताव दिया है।

हमारे विद्यार्थी से, यह प्राकृतिक गैस का प्रयोग करने वाले सभी निर्माण इकाइयों को एक समान अवसर उपलब्ध कराएगा। अतः हम गैस विनियमक प्राथिकरण के इस सुधार का स्वागत करते हैं तथा यह उम्मीद करते हैं कि यह कदम प्राकृतिक गैस मूल्य को हमारे लिए और अंधकार बहन करने योग्य बनाएगा।

संधन्यवाद,
सचिव,
पेट्रोलियम और प्राकृतिक गैस वित्तियामक बोर्ड,
पहुंच मांजिल, वर्ल्ड ट्रेड सेंटर,
बाबर रोड, नई दिल्ली - 110001

विषय: यूनिफाइड/ पूल्ड टैरिफ हेतु एकीकृत अनुमति

आदरणीय महोदय,
हम ब्रेड का निर्माण करने हेतु प्राकृतिक गैस का प्रयोग करने वाले एक छोटा सा उद्योग हैं। लगातार बढ़ती है प्रतिस्पर्धा तथा बढ़ते हुए इंपुट लागत की स्थिति में हम सकल उत्पादन लागत को कम करने हेतु सभी विकल्पों पर ध्यान दे रहे हैं।

हमारे उद्योग में निर्माण इकाइयों भारत के विभिन्न हिस्सों में स्थित हैं। और हम इस प्रकार के हर सुधार कार्य का स्वीकार करते हैं जो हमारे लिए इंपुट लागत को एक समान करें।

सरकार द्वारा माल एवं सेवा कर प्रारंभ करना ऐसा ही एक सुधार है। हमें यह भी जाना है कि प्राकृतिक गैस वित्तियामक ने प्राकृतिक गैस के लिए एक सामान्य यातायात दर निर्धारित करने हेतु प्रस्ताव दिया है।

हमारे विचार से, यह प्राकृतिक गैस का प्रयोग करने वाले सभी निर्माण इकाइयों को एक समान अवसर उपलब्ध कराएगा। अत: हम गैस वित्तियामक प्राधिकरण के इस सुधार का स्वागत करते हैं तथा यह उम्मीद करते हैं कि यह कदम प्राकृतिक गैस मूल्य को हमारे लिए और अधिक बढ़ने के योग्य बनाएगा।

सधन्यवाद,


dd (kkr)

Head Office : Vinayak Electricals, 1st Floor B-64, Sector-B, Aliganj, Lucknow-226 024
City Office : 131, Chandpur, Lohia Road, Varanasi. Mob. : 9535300224
Subject: Single Transportation Tariff across nation
To: secretary@pngrb.gov.in

Date: 08/11/17 01:28 PM
From: Pda focalpoint <pda focalpoint@gmail.com>

doc00921220171108155417.pdf (310kB)

Dear Sir/Madam,

Please find an attached file.

--
Thanks

PDA Focal Point Unit.

\[ DD(KM) \]

\[ 28\text{m}^5 \]

\[ AA(\text{in}) 17-591 \]

\[ 1311117 \]

Red on 06-11-17

Seey 6468
The Secretary
Petroleum and Natural Gas Regulatory Board
1st Floor, World Trade Centre,
Babar Road, New Delhi-110001

Subject: Single Transportation Tariff across nation

Dear Sir/Madam,


Reference the consultation paper floated for opinion from all segments, we the Punjab Dyers Association of Ludhiana (Punjab) are in support of the paper.

Uniform tariff will be beneficial for industries to be connected to new and planned upcoming gas pipelines.

Inspite of being at the far end from the source of imported gas (Regasified LNG), with this unified tariff, our industries will get the gas at same cost as would be available for industries nearer to start of pipeline network.

It will make gas usage competitive and industries interest to shift to greener fuel will get a boost.

For Punjab Dyers Association
(Focal Point Module)

Authorized Signatory
Dear sir,

Please find enclosed request letter in attachment.

With best regards,

Hari Om

Caparo Power Limited,
Lot No. 307, Sector-3,
HSIIDC Growth Centre,
Bawal- 123501, Haryana
M: +91 9050910138
PH: 01284-264114, 264116

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To

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

Subject: Integrated Authorization For Unified/Pooled Tariff

Dear Sir / Madam,

We would like to introduce ourselves as a Gas based Group Captive Power Plant located in Bawal. We are currently consuming RLNG through GAIL’s Chainsa Jhajjar Pipeline wherein we are paying transportation tariff of Rs 67.17 + Tax per MMBTU. We are at the extreme farther end of the country from the point of view of the natural gas source. This substantially high tariff increases the delivered cost Gas, putting us at severe disadvantage vis-à-vis our competitors situated nearer to the source of RLNG.

We feel that a unified tariff would promote level playing field for all consumers across the industry.

This is also in line with various Government initiatives for growth of manufacturing sector in the country.

With best regards,

Yours faithfully,
For Caparo Power Ltd

(S. authorized Signatory)

[Signature]

Sachin Gupta
Whole Time Director & COO
CAPARO POWER LIMITED

Date: 16/11/17
Shobhana Desai  
Additional Secretary  

To,  
The Secretary,  
Petroleum & Natural Gas Regulatory Board  
1st Floor, World Trade Center  
Babar Lane,  
New Delhi-110001  

Sub: “Integrated Authorization for Unified/ Pooled Tariff”.  

Madam,  

I am directed to refer to the “Public Consultation Paper” issued by PNGRB vide letter No. Infra/NGPL/125/Integration/01/ 17 dated 28th September 2017 wherein PNGRB has requested views and comments of stakeholders on the unification/ integration of natural gas pipelines as one single integrated natural gas pipeline network and/or on other options (as stated in the Consultation Paper). The comments of State Government with regard to “Integrated Authorization for Unified/ Pooled Tariff” are as follows:--  

1. It may be noted that GAIL, after considering PNGRB moderation, has submitted a unified Tariff for its single integrated pipeline as Rs 57 Rs./ MMBTU.  

GAIL’s proposal for clubbing of JHBDPL with its existing/ operating interstate natural gas pipelines would enable GAIL to lower the tariff of JHBDPL and at the same time increase the tariff of existing/ operational natural gas pipeline to existing customers in Gujarat.  

Such proposed unified tariff, inter alia, would increase the cost of gas transportation for most of the customers in Gujarat, as shown below:  

- HVJ-GREP-DVPL by by 124% (from Rs. 25.46 per MMBTU to Rs. 57 per MMBTU*)  
- DVPL-GREP Capacity Augmentation by 6% (from 53.65 Rs. per MMBTU to 57.00 Rs. per MMBTU)
• DUPL/ DPPL by 133% (from 24.49 Rs per MMBTU to 57 Rs. per MMBTU*)
   (*Based on Entity submission)

2. The proposed Unified Tariff shall have the following impact on State of Gujarat:

• Impact of such proposed Unified Tariff on customers in Gujarat shall be in excess of Rs 600 Crores (calculated @ 57 Rs./ MMBTU – i.e. entity submission based on PNGRB’s earlier tariff approvals), on yearly basis.

• Proposed increase in transportation tariff cost due to unification shall result into:
  i) Increase in CNG & PNG prices in the State.
  ii) Gas based IPPs would become uncompetitive to coal based power plants in the State due to increase in cost of generation.

3. In view of the above, the State Government is concerned about:

• Proposed Postalized Tariff scheme (unified tariff) shall not only disincentive the existing gas customers but also adversely impact investment in the State of Gujarat as the geographical advantage of being situated near gas sources both domestic and imported would be lost.

• Further, gas has to compete with alternate fuels like Coal and the delivered cost of fuel is dependent on the distance from the source and with increase in distance the delivered cost also increases. Therefore, to put gas on parity, for gas transmission also, distance based tariff recovery is most appropriate.

Considering all these points, the State Government feels that such Unification and pooling of tariff, as proposed, is inappropriate & if it is carried out, the same will have far-reaching adverse implication on the gas market in Gujarat.

Yours faithfully,

(Shobhana Desai)
Additional Secretary
Ref No: RIL/GAS/PNGRB/17-18/23

November 30th, 2017

Secretary
Petroleum and Natural Gas Regulatory Board
1st Floor, World Trade Centre,
Babar Road,
New Delhi – 110 001

Kind Attn: Ms. Vandana Sharma

Subject: Comments on the integrated authorization for unified / pooled tariff

Ref.: PNGRB Public Consultation Paper no. Infr/NGPL/125/Integration/01/17 dated 28th September 2017

Dear Madam,

We have reviewed the Public Consultation Document (PCD) webhosted by PNGRB and would like to submit our comments for your kind consideration as under:

1. We note that the key objectives cited for proposed change of integrated authorization of multiple individual pipelines to single pipeline network for unified / pooled pipeline tariff are to:
   a. move towards a matured tariff system which provides access to the customers located at geographically disadvantaged locations;
   b. avoid cascading of transportation tariffs for areas distant from sources of gas to improve competitiveness and enable expansion of natural gas market in new areas & hinterland;
   c. provide a platform for equitable distribution of natural gas across the country and promote development of competitive gas market.

2. In our view the stated objectives are the steps in the right direction for development of truly competitive gas market. However, in order to ensure that the above objectives are fully achieved, it is imperative that the proposed change of integrated authorization for unified / pooled tariff is not restricted to single entity but implemented across all possible interconnected pipeline networks which are connected with the gas supply sources and demand centers. This would ensure that all the gas customers in the country can freely decide the gas sellers without any tariff restrictions based on distance from the gas source(s).

3. We note that the first option provided in paragraph 10 (i) of PCD envisages the proposed unification / integration of multiple pipelines only for a single entity who owns and operates such pipelines. In our view entity level unification would lead to market distortions as explained below;

Reliance Corporate Park, Building No. 6B, 2nd Floor, B Wing, Ghansoli, Thane Belapur Road, Navi Mumbai–400 701
Telephone: +91 22 4477 0000 Telefax: +91 22 4471 0030

Registered Office:
Maker Chambers IV
3rd Floor, 222, Nariman Point
Mumbai – 400 021, India

CIN : L17110MH1973PLC019786
Telephone : +91 22 2278 5000
Internet : www.ril.com
a. Integration of pipeline at entity level will still leave out large gas suppliers and customers connected to other pipeline networks in national gas grid. For such customers / shippers the pipeline tariff would still continue to be additive. This would be unfair against such entities and thus would defeat the basic intent to provide equitable distribution of natural gas across the country and promote development of competitive gas market.

b. Large volumes of domestic gas is expected to be available over next 2-3 years from KG Basin on eastern coast and exclusion of pipelines connecting these sources of domestic gas to the market would affect equitable distribution of domestic gas resources across nation which would severely impair the growth of the gas markets in country.

c. Further, exclusion of pipelines connecting domestic gas sources would only promote use of imported LNG from west coast which would be on unified tariff against the additive tariff for domestic gas from east coast. Such regulatory changes which discourages use of domestic gas would run contrary to the Government of India’s “Make in India” policy which promotes domestic production.

4. In our submissions, the proposed unification of multiple individual pipelines (authorized as separate pipelines) is against the basic regulatory framework established under PNGRDB Act and would require change in policy/ regulatory framework. Any policy design or change therefore, should not be entity or company specific but should be made applicable to entire sector on non-discriminatory basis.

5. Further, in our view benefits of proposed regulatory changes would not reach to the end consumers and would not help development of competitive markets unless this is accompanied by implementation of following critical elements;

a. Ensuring a truly fair, transparent and non-discriminatory transportation open access for all participants to gas pipelines

b. Unbundling of activities of transportation and marketing of gas:
   i. Existing regulations provides for unbundling of merchant and transportation business into separate entities to ensure end-customers have fair and non-discriminatory transportation access to all the suppliers.
   ii. One of the reason cited for delay in implementation of the above has been that such unbundling would hamper the development of gas pipeline infrastructure in the country. Proposed move for unification of the pipeline tariff should allay such concerns and therefore to ensure that the benefit of any policies and regulations reach to the end consumers, full unbundling of merchant and transportation functions into separate entities operating at arms-length should also be simultaneously mandated.

c. Appropriate mechanism for implementation and monitoring: We further submit that PNGRDB should develop appropriate mechanism in consultation with all the stakeholders for design,
implementation and regular monitoring the progress for the suggested regulatory changes to ensure timely implementation and all the benefits are ensuied to the end customers.

6. We are confident that PNGRB will appreciate our views as provided above and shall give due considerations while formulating its guidelines for the integrated authorization for unified/pooled tariff. We will be available for further discussion should the same be required by PNGRB.

Thanking you,

Yours truly,
For Reliance Industries Limited

Amit Mehta
Head - Gases
Ref.: TPL/IOC/2017-18

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

Date: 30th Nov 2017

Dear Sir,

Sub: Integrated Authorization for Unified/Pooled Tariff
Ref: Public Consultation Paper No. Infr/NGPL/175/integration/01/17 issued on 28th September, 2017

We would like to introduce ourselves as We Tamilnadu Petroproducts Limited having Regd. Office and Factory at Manali Express Highway, Manali, Chennai - 600068 are one of the leading manufacturer of Linear Alkyl Benzene for the past 33 years with the capacity of producing 1,20,000 MT per Annum.

We have been using Furnace oil for power generation through DG sets and for various process heaters and boilers till now. As a measure of environmental concern and the uncertainty in the availability of Furnace oil in the near future, we are planning to switch to RLNG for the above stated needs in our plant. For this we are entering into the agreement with IOCL for providing around 4000 to 4500 MMBtu/day to our plant.

For checking economic viability of RLNG, we calculate and compare the prices of other fuels like Furnace Oil. While calculating the landed cost, we have considered the transportation charges of pipeline of IOCL (from Ennore to Manali) at the present tariff of Rs.6.40 per mmBTU. Based on the cost economics, we have arrived at the decision of using RLNG.

In this connection, we observed from your public notice referred above, PNGRB wants to revise the notified/ pooled tariff to Rs.57/- per mmBTU as against the present tariff of Rs.6.40. This is highly discouraging us to procure RLNG by absorbing the increased tariff rate as this increases the landed cost to prohibitively higher price. The new landed cost of RLNG makes it costlier than the currently used fuel, Furnace oil. Because of this, our cost of production of the end product will increase and reduce our margin considerably. Thus, the option of changing to RLNG may become economically unviable.

As the gas pipe lines are new to Tamil Nadu, more industries are expected to use the facility. However, the pricing of LNG on higher side, may not attract industries to switch to RLNG. If PNGRB maintain the existing tariff of Rs.6.40 per mmBTU, all the industries will be encouraged to consume RLNG and the utilization of the Pipeline capacity will improve.
Date: 29 November, 2017
SUGEN/COMM/FUEL/17-18/08

To,
Secretary,
Petroleum & Natural Gas Regulatory Board,
1st Floor, World Trade Centre,
Babar Road, New Delhi 110001
E mail: secretary@pngrb.gov.in

Dear Sir,

Sub.: Public Consultation Paper on Integrated Authorisation for Unified/Pooled Tariff webhosted by PNGRB with Ref. No. Infra/NGPL/125/Integration/01/17 dated 28 September 17

Sir,

We thank PNGRB for inviting stakeholder’s participation by way of seeking comments in the matter of integrated authorisation for unified/pooled tariff.

Torrent Power Limited (TPL) is one of the largest gas based power generation company in India (2730 MW) and is connected to various gas sources and hence will be affected by the current proposal for integrated authorisation for unified tariff.

By this letter, TPL would like submit comments and views on the proposed unified tariff system and humbly request PNGRB to consider these comments:

1. At the outset, the proposed unified tariff is conceptually same as postal transportation tariff which was applicable prior to PNGRB act came into effect. The natural gas industry has evolved from the postal transportation tariff concept to the zonal tariff, which is now widely accepted by the industry. Moving back to the postal transportation tariff would be a backward step towards the vision of development of gas based economy, as it would severely affect the existing industries.

2. The erstwhile transportation tariff system that was based on a postal tariff for customers irrespective of the distance between them and the source; was perhaps suited for the stage of market prevailing at that point of time. The postal tariff system was fraught with multiple inefficiencies in the form of cross-subsidies and under-recoveries for the concerned entities.

3. The justification for the proposed unified tariff system given in the proposal states that it will provide level playing field to all gas marketers, regardless of location of gas source and end users. However it should be pertinent to note
that development and creation of gas based industry is also market driven and it is not solely dependent on the transportation tariff.

4. The proposed unified tariff will increase inefficiency and the uncontrolled capital expenditure by the transporter, at the same time it will drastically increase the transportation cost for the existing customers and affecting their competitiveness in market. Such humongous increase prima facie does not seem justifiable and is certainly not in the interest of the existing customers.

5. The proposed unified tariff is blatantly unfair to the large number of existing customers. The transportation of gas to the farther places would require development of infrastructure. It would be a time-consuming process to create a new market, once the required infrastructure is developed. During its gestation period, the burden of tariff is on the existing customers. It will jeopardise the existing gas industry.

6. Based on the aforesaid submissions, we humbly request PNGRB not to consider the proposed tariff structure.

7. Without prejudice to the submissions above, even assuming but not conceding that the said proposal is accepted by PNGRB, we consider that the tariff proposed by GAIL (India) Limited is significantly higher as compared to the existing tariffs for its own pipelines and it will create a tariff shock for the existing customers. One of the regulatory principles generally followed by sector regulators during determination of tariff in respect of protected monopoly infrastructure assets is to avoid imposing tariff shocks on the consumers. We therefore request PNGRB to verify and reconcile the tariff proposal and ensure that tariff shocks are not imposed on customers.

TPL would like to once again thank the Board for providing an opportunity to present its views. We humbly request the Board to consider our submissions.

Yours faithfully
For Torrent Power Limited

Jigish Mehta
Executive Director