



PL.HQ.PROJ.23.GEN-PNGRB/REG/OC

November 27, 2018

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

Kind Attention: Ms. Vandana Sharma

Madam,

**Subject:** Comments / Views on Draft Regulation on Petroleum and Natural Gas Regulatory Board (Levy of Fee and Other Charges) Regulations 2007.

This letter is in reference to the public notice dated 1<sup>st</sup> November 2018, vide which the Petroleum and Natural Gas Regulatory Board (PNGRB) have sought comments/views from the stakeholders on draft regulation on PNGRB (Levy of Fee and Other Charges) Regulations, 2007.

The draft regulation has been reviewed by us as a key stakeholder and our comments / views have been listed below, with a request to PNGRB to consider the same favourably:

i) Vide the draft regulation, PNGRB is proposing to almost double the fees stipulated in regulation 3 of PNGRB (Levy of Fee and Other Charges) Regulations 2007. Fees as per regulation 3(1)(2) is proposed to be increased ten times.

We understand that PNGRB receives grants from Government of India as per section 38 of PNGRB Act, 2006 for payment towards salaries, administrative and other misc. expenses. The purpose of PNGRB for levying Fees and Other Charges is basically to cover their expenses incurred while discharging its function under section 11 of the PNGRB Act, 2006. As such the charges levied by PNGRB are much higher than statutory bodies viz, PESO, Factory Inspector etc.

**View above, we are of the view that PNGRB should continue with the existing level of Fees and Other Charges.**

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रजिस्टर्ड ऑफिस : भारत भवन, 4 और 6, करीमभाँय रोड, बेलाई इस्टेट, मुंबई - 400 001.

ii) Regulation 4(2)(b) of PNGRB (Levy of Fees and Other Charges) Regulation, 2007 stipulates that the charges remitted by an entity during construction period are refunded after commencement of operations. However, in the proposed draft regulation, sub-regulation 4(2)(A) & 4(2)(B)(a) are silent on this issue. **It is proposed to include the provision of refunding the Other Charges paid during the construction period in these sub-regulations.**

iii) Regulation 4(1) of PNGRB (Levy of Fees and Other Charges) Regulation, 2007 stipulates others charges as 0.01% for Turnover upto Rs 20,000 Crores and so on. However in the proposed regulation 4(2)(B)(b) the other charges have been revised to minimum Rs 1 lakhs (upto 50 KM) / 5 lakhs (more than 50 KM) or 0.02% of the revenue whichever is higher. **We are of the opinion that, "revenue" should mean earnings made by authorized entity by raising invoices on third party for usage of common carrier pipelines. We are also of the opinion that the charges proposed in regulation 4(2)(B)(b) should be minimum Rs 1 lakhs (for pipeline of any length) or 0.02% of the revenue whichever is higher (considering revenue calculation as defined above).**

iv) Regulation 4(3) of PNGRB (Levy of Fees and Other Charges) Regulation, 2007 states that other charges shall be paid annually within fifteen days from the date of finalizing the annual statement (previous financial year) of accounts by the entity. However in the proposed draft regulation 4(3) other charges are required to be paid within a period of two months from the beginning of financial year based on revenue accrued during the previous financial year. **We are of the opinion that there should not be any change in this clause.**

v) We understand that the charges proposed under regulation 3(1)(1) are for only new entities entering Indian market to market notified petroleum and petroleum products, establish and operate liquefied natural gas terminals and storage facilities for petroleum, petroleum products or natural gas. As BPCL is already into this business, this clause is not applicable to us.

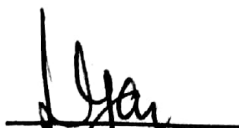
We request that the amendments if any in the subject regulation should be effective from the date of publication of regulation in the Official Gazette.

We sincerely request PNGRB to consider our comments / views on the draft regulation while finalizing the amendments.

Thanking You,

Yours faithfully,

For **BHARAT PETROLEUM CORPORATION LIMITED**



L R Jain  
CGM Pipelines (Ops & Projects)