

Subject: **Submission on Public Consultation Document (PCD) on Tariff Structure for HVJ-GREP-DVPL natural gas pipeline and DVPL-GREP-Up gradation natural gas pipeline.**

Date: 11/12/18 12:34 PM

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To: "Smt. Vandana Sharma" <secretary@pngrb.gov.in>

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 GSPL PNGRB letter dated 10122018.PDF (467KB)

Respected Madam,

Please find attached herewith GSPL letter dated 10.12.2018 on the subject matter.

Submitted for your kind perusal please.

Regards,

Vivek Singh

GSPL

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GSPL/COMM/2018
10th December, 2018

Ms. Vandana Sharma
Secretary,
Petroleum and Natural Gas Regulatory Board (PNGRB)
1st Floor, World Trade Centre
Babar Road
New Delhi- 110001

Sub: Submission on Public Consultation Document (PCD) on Tariff Structure for HVJ-GREP-DVPL natural gas pipeline and DVPL-GREP-Up gradation natural gas pipeline.

Respected Madam,

With reference to PNGRB Public Notice Ref.: No. PNGRB/ M(C)/65-Vol-II dated 29.11.2018 and Open House discussion had in the office of PNGRB on 26.11.2018, please find attached herewith GSPL's comments at Annexure-I for your kind perusal.

Thanking You,

Yours sincerely,


Devendra Agarwal
GM (Commercial)

A. Comparison of Final levelized Tariff submitted by GAIL for individual and integrated pipeline is misleading

- i. Final levelized tariff proposed & economic life considered by GAIL for individual and integrated pipeline are as follow:

Details	HVJ-GREP-DVPL	DVPL/GREP Up gradation	HVJ Integrated System
Final Tariff proposed	Rs 175.20 / MMBTU	Rs 88.09 / MMBTU	Rs 97.04 /MMBTU
Economic Life considered	Up to 14.08.2022	Up to 26.03.2035	Up to 26.03.2035

- ii. It may be seen from above table that
- For tariff determination of integrated network, economic life of HVJ-GREP-DVPL has being considered up to year 2035.
 - However to determine tariff on individual pipeline basis, economic life of HVJ-GREP-DVPL has being considered up to year 2022.
- iii. In this regard, the following is submitted for consideration of the Hon'ble Board:
- GAIL has provided details of future Capex, future Opex and other details up to year 2035 for HVJ-GREP-DVPL pipeline as has been mentioned at clause 3.3 of PCD dated 18.10.2018.
 - PNGRB may consider all these details provided by GAIL for arriving at tariff proposal of HVJ-GREP-DVPL pipeline considering economic life up to year 2035.
 - Thereafter, the Tariff proposal of HVJ-GREP-DVPL, DVPL/GREP Up gradation and HVJ Integrated System considering economic life up to year 2035 may be webhosted for public consultation.
 - As the same shall give correct comparison of impact of considering pipeline Tariff proposal on separate viz-a-viz integrated basis

B. DVPL-GREP up gradation project is a capacity augmentation project of existing GREP and DVPL pipeline

- i. From GAIL's submission dated 27.11.2018, it is understood that GAIL in year 2010 & 2013 has developed DVPL-GREP Up gradation project to add additional capacity of 54 MMSCMD to existing DVPL -GREP pipeline (capacity : 38.9 MMSCMD) to meet the increased gas flow requirement.
- ii. In this regard, it may be noted that Regulation 12 of PNGRB Authorisation Regulation specifies that if an entity proposes to expand the authorised capacity of natural gas pipeline by more than 10 % of authorised capacity,
- "...the entity agrees to a reduction in the unit natural gas pipeline tariff by sharing fifty percent of the proposed incremental tariff revenue calculated based on the applicable unit natural gas Pipeline tariff before expansion and the incremental volumes sought to be transported"

ii. If the Hon'ble Board is of opinion to consider DVPL-GREP Up gradation project a part of existing HVJ-DVPL -GREP pipeline as an integrated network

- a. Then existing customers of HVJ-DVPL-GREP pipeline in accordance with the above proviso of Regulation 12 of PNGRB Regulation should be benefited by the capacity expansion undertaken by GAIL by developing DVPL-GREP Up gradation project in terms of reduction in transportation tariff
- b. However, the GAIL proposal of integrated tariff is in contravention to above PNGRB Regulation wherein it has sought to increase the Transportation Tariff of existing customers

C. Non availability of access to HVJ-DVPL-GREP Up gradation natural gas pipeline has actually led to customer paying higher transportation tariff

- a. We understand that PNGRB direction at Clause 4.18 of PNGRB provisional tariff order dated 15th April, 2010 was due to HVJ-DVPL-GREP Up gradation operating at 100% capacity.
- b. Accordingly, PNGRB indicated in the aforesaid tariff order that new and incremental capacity should be booked in DVPL-GREPL Up gradation pipeline.
- c. However from FY 2010-11, as per GAIL submission and as mentioned in PNGRB Public Consultation document dated 18.10.2018, natural gas flow in HVJ-DVPL-GREP up gradation is around 75% of pipeline capacity.
- d. Hence, GAIL even after having sufficient capacity in its HVJ-DVPL-GREP Up gradation
 - i. Has been denying capacity to customers / shippers of HVJ-DVPL- GREP Up gradation
 - ii. Has been providing transportation service of HVJ customers in DVPL-GREP up gradation to earn higher transportation tariff.
