

**IOCL's Views on PCD for HVJ-GREP-DVPL and
DVPL-GREP Upgradation pipeline**

1.) Clause No 4.4 Unaccounted for Gas

GAIL has claimed unaccounted for gas @ 0.3% of the respective volume of that year totalling unaccounted for Gas of Rs 1121.68 crore for HVJ Network (from 20.11.2008 to 14.08.2022) and Rs 2642.68 crore for HVJ-Upgradation Network (from 27.03.2010 to 26.03.2035).

In the current regulations, unaccounted gas loss is not considered for tariff calculations. PNGRB may review the claim.

2.) Clause No 4.8 No. of Working Days

In case of HVJ network GAIL has considered 345 operating days from FY 2009-10 to FY 2021-22 and in case of HVJ Upgradation GAIL has considered 345 operating days from FY 2010-11 to FY 2033-34.

Comments: As per Clause 14(3) of the Access Code Regulations PNGRB has specified that the planned maintenance period shall not exceed ten days in a year. On this basis there would be 355 Working days for a pipeline in one fiscal year.

3.) Clause 4.5 Volume Divisor

GAIL has considered following volume divisor for the economic life of HVJ and HVJ Upgradation Pipeline in its tariff filing:

(MMSCMD)

Financial Year	HVJ	HVJ Upgradation
2008-09	47.46	-
2009-10	53.40	-
2010-11	42.19	13.12
2011-12	41.41	15.61
2012-13	44.73	19.51
2013-14	42.08	24.37
2014-15	36.99	27.31
2015-16	35.25	31.36
2016-17	38.53	34.76
2017-18	38.53	37.99
2018-19	38.53	39.10

Comments: Authorized combined capacity of Hazira–Vijaipur–Jagdishpur-GREP and Dahej-Vijaipur pipeline (DVPL) pipeline as per PNGRB letter reference Infra/PL/Exis/17/HVJ-GREP-DVPL/GAIL/01/10 dated 19.4.2010 is 57.3 MMSCMD. Whereas Authorised capacity of Dahej-Vijaipur (DVPL)-Vijaypur-Dadri(GREP) capacity augmentation as per PNGRB letter reference Infra/PL/Exis/17/DVPL-GREP-UPGR/GAIL/01/10 dated 14.02.2011 is 54.0 MMSCMD.

As per sub-clause (1) of clause 6 of Schedule-A of PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations, 2008

The volumes of natural gas to be considered as divisor in the determination of the unit natural gas pipeline tariff over the economic life of the project shall be computed on a normative or actual basis, whichever is **higher**. Volume on normative basis shall be calculated as indicated below:-

(a) The divisor for each of the first five years of operations of the natural gas pipeline shall be arrived by multiplying the applicable percentage utilization for the year, as per the basis indicated below, with seventy five per cent of the capacity of natural gas pipeline as declared under the Petroleum and Natural Gas Regulatory Board (Determining Capacity of Petroleum, Petroleum Products and Natural Gas Pipeline) Regulations, 2010:-

Year of Natural Gas pipeline operation	Percentage utilization
First	60%
Second	70%
Third	80%
Fourth	90%
Fifth	100%

(b) The divisor for the sixth and the subsequent years of operation of the natural gas pipeline shall be equal to the firm up contract capacity and booked common carrier capacity or seventy five % of the capacity of natural gas pipeline as declared under the Petroleum and Natural Gas Regulatory Board (Determining Capacity of Petroleum, Petroleum Products and Natural Gas Pipeline) Regulations, 2010, whichever is higher.

Volume divisor calculated as per the above regulations are given below.

Year of Natural Gas pipeline operation	Percentage utilization	HVJ-GREP-DVPL Volume (MMSCMD)	DVPL-GREP Upgradation Volume(MMSCMD)
First	60%	25.79	24.30
Second	70%	30.08	28.35
Third	80%	34.38	32.40
Fourth	90%	38.68	36.45
Fifth	100%	42.98	40.5
Sixth year onwards	100%+common carrier	57.3	54

Therefore, volumes 2014-15 onwards for HVJ and DVPL Upgradation should be 57.3 mmscmd and 54 mmscmd.

4.) Future Capex

GAIL has claimed total future capex outgo of Rs.10,802.47 Cr including escalation. Basis of the same may be reviewed.

5.) Opex

GAIL has considered annual escalation @4.58% on Opex. Hon'ble PNGRB has been following a uniform basis for estimating the annual Opex inflation at 4.5%. Therefore same should be taken for this pipeline also.
