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29 August 2018

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

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2/8/18*

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cc Member (I + T)

Dear Dinesh K Sarraf,

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Response to Notice Inviting Stakeholder Comments: PNGRB Registration for establishing & operating Liquefied Natural Gas (LNG) terminals Regulations - Dated: 23rd March 2018

We would like to thank the Petroleum and Natural Gas Regulatory Board for allowing us to share our thoughts on the draft policy titled "PNGRB Registration for establishing & operating Liquefied Natural Gas (LNG) terminals Regulations, 2018".

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Under the proposed draft, new LNG terminals are required to reserve a maximum of 0.5 MPTA or 20 per cent of their capacity for third-party access on a common carrier principle. We believe that this is a step in right direction at a juncture wherein there is a sharp rise in imported LNG. The draft policy is aligned with the country's target to increase its share of natural gas to 15% of its primary energy needs by 2022. Once the policy is ratified, India will join many other countries in reaping the benefits of common-carrier infrastructure that enables increased access to gas for a large number of end-use customers over the next decade. This policy marks a significant step toward improving security of supply of a cleaner fuel at a lower cost for India's consumers.

*AA (A+C) L-2532
4/9/18*

We suggest that the proposed policy draft could be further strengthened through inclusion of the following aspects:

- 1. Clarification on expansion at existing location** – The policy should bring out clearly that any expansion of capacity of existing RLNG terminals shall also be part of this regulation.
- 2. Information availability and transparency regarding available capacity** – While the new LNG terminals have been brought under the ambit of PNGRB, it is also crucial both existing and new terminals periodically release information on available capacity for third parties over a short-term horizon on a common web portal. Given the current infrastructure constraints, this shall help various players to assess available regas capacity in short- and medium-term horizons and to plan imports accordingly, benefitting customers in terms of efficient supplies (as customers have limited choice).

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3. **Schedule of LNG vessels / Bulk carriers at ports** – In addition to terminal capacity, it will also be helpful to understand schedule of vessels at port, and berth availability schedule for unloading etc. in advance. Currently, there are only a limited number of RLNG terminals (Dahej, Dhabol, Kochi and Hazira) and unloading of vessels takes significant time. Making schedule of vessels available in advance will help importers plan more efficiently and minimize operational costs.
4. **Standard contracts** – PNGRB could develop standard contracts for accessing the proposed common carrier capacity of RLNG terminala. This would avoid any anti-competitive or inequitable practices by the terminal operator(s).
5. **Information on pipeline capacity** – Even if the aforesaid information is made available, any uncertainty around pipeline transmission capacity would defeat the purpose of ensuring capacity access to the RLNG terminal. PNGRB could, through a separate policy initiative, ensure that short/medium term capacities of transmission pipelines is available on common web portal and through standard contracts.
6. **Rules for use of RLNG storage capacity** – Because LNG vessels carry a very large amount of natural gas in a single shipment, the management of storage capacity at the RLNG terminal plays a crucial role in delivering natural gas to customers at the appropriate time. Clear and reasonable rules governing the use and management of storage capacity will help ensure higher terminal utilisation, greater supply availability, and better flexibility to meet user needs.

We hope that the PNGRB will evaluate our suggestions and consider to include them in the updated draft as appropriate.

Yours Sincerely,

A handwritten signature in blue ink is written over a circular blue stamp. The stamp contains the text "Trafigura Pte Ltd" around the perimeter and a small star symbol at the bottom.

Hadi Hallouche
Head of Oil-Asia