

Subject: **FW: IOCL's comments on PCD for JHDPL tariff**  
 To: "secretary@pngrb.gov.in" <secretary@pngrb.gov.in>  
 Cc: "cragroup@gail.co.in" <'cragroup@gail.co.in'>, Rakesh Jain <rk.jain66@gov.in>, "ankur@pngrb.gov.in" <'ankur@pngrb.gov.in'>

Date: 02/11/18 03:22 PM

From: SHAM RAO &lt;&gt;, PODETI (पी. शाम राव) &lt;shamraop@INDIANOIL.IN&gt;

image001.jpg (2kB)

Annexure-I\_JHBDPL PCD Comments\_IOCL.pdf (231kB)

Respected Madam,

The subject mentioned in the trailing mail may please be read as "IOCL's comments on PCD for JHDPL tariff".

Regards,

**P. Sham Rao**  
 General Manager (PJ-Gas)  
 Indian Oil Corporation Ltd.  
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 Tel.: +91 120-2448156



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**From:** SHAM RAO, PODETI (पी. शाम राव)**Sent:** 02 November 2018 13:29**To:** 'secretary@pngrb.gov.in'**Cc:** 'cragroup@gail.co.in'; 'Rakesh Jain'; 'ankur@pngrb.gov.in'; JHA, S.K. (झा, एस. के.); NANDA, DEBASISH (नंदा, देबाशीष); ZUTSHI, RAJ K. (जुत्शी, राज के.); Goyal, Sanjay (गोयल, संजय); KUMAR, MANISH (मनीश कुमार)**Subject:** RE: Submission of information in respect of "North-East Natural Gas Pipeline Grid Project"**Importance:** High

Respected Madam,

This has reference to PNGRB Public Consultation Document ref. no. PNGRB/M(C)/ 209 dated 17.10.2018 in respect of Provisional initial unit natural gas pipeline tariff for Jagdishpur-Haldia-Bokaro-Dhamra Natural Gas Pipeline, soliciting views from stakeholders.

In respect of above, the views of IOCL are attached as **Annexure-I** for kind consideration please.

Regards,

**P. Sham Rao**  
 General Manager (PJ-Gas)  
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अस्वीकरण

यह संदेश इंडियन ऑयल मेसेजिंग गेटवे, भारत से भेजा गया है। इस इलेक्ट्रॉनिक संदेश में निहित जानकारी और इसके साथ कोई भी संलग्नक केवल प्रेषित व्यक्ति (यों) के लिए ही है और इसमें

स्वामित्व, गोपनीय या विशेषाधिकार प्राप्त जानकारी हो सकती है। यदि आप वांछित प्राप्तकर्ता नहीं हैं तो आपको इस ई-मेल को प्रसारित, वितरित या कॉपी नहीं करना चाहिए। कृपया इसकी सूचना तुरंत प्रेषक को दें और इस संदेश की सभी प्रतियां और सभी संलग्नक नष्ट कर दें।

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## IOCL's Views on PCD for JHBDPL tariff determination

### 1. Capex of branch lines

Capex of FCI Sindri for 12" x 6.71 km has been considered as Rs.29.142 Cr in comparison to SAIL, Bokaro branch line for 12" x 6.70 km as Rs.16.434.

Capex of IOC Guwahati 12" x 14 km has been considered as Rs.38.05 cr, whereas capex of IOC Bongaigaon 12"x5 km has been considered as Rs.18.1 cr.

### 2. Linepack

Line pack of about 71 mmscmd has been indicated. Basis for the same is not explained.

### 3. 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 1,330.21 crore to be claimed during the economic life of the pipeline.

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

### 4. Clause No 4.10 No. of Working Days

GAIL has considered 345 working days throughout the economic life of the pipeline considering 20 days plant shutdown.

**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 a fiscal year.

### 5. Clause 4.8 Volume Divisor

GAIL has considered following volume divisor for the first 5 years in its tariff filling:

Financial Year	Capacity (in MMSCMD)
2018-19	3.35
2019-20	3.91
2020-21	8.32
2021-22	9.52
2022-23	10.72

**Comments:** 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%

Authorized provisional capacity of GAIL's JHDPL pipeline is 16 MMSCMD including a common carrier capacity of 4 MMSCMD. Volume divisor calculated as per the above regulations are given below. Same should be considered while tariff determination.

Year of Natural Gas pipeline operation	Percentage utilization	Volume (MMSCMD)
First	60%	7.2
Second	70%	8.4
Third	80%	9.6
Fourth	90%	10.8
Fifth	100%	12
Sixth year onwards	100%+common carrier	16

#### 6. Clause 4.3 Operating Expenses (Opex)

As per the PCD, GAIL has claimed 2.5% of accumulated gross block as opex per annum and further escalated the same by inflation rate of 5.02% per annum based on CAGR of WPI from April'09 to March'17. Accordingly, GAIL has claimed a total Opex of Rs 18,646.54 Crore during the economic life of the pipeline. This Opex is based on normative assessment.

**Comments:** As per clause 5 of regulation A of tariff determination regulations, Operating cost required in the operation and maintenance of the natural gas pipeline over its economic life shall be computed, on an actual basis or based on a normative assessment by the Board, whichever is lower.

Therefore final figures for opex to be claimed are to be decided by the Board. 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.

#### 7. Capacity determination

The volume divisor plays a vital role in determination of the natural gas pipeline tariff considering various other tariff components. Provisional tariff would have more impact on the initial customers of the pipelines, as the subsequent tariff determination would be done on prospective effect.

Therefore, capacity determination exercise may be taken up immediately after project commissioning for all such pipelines to finalize the final tariff of the pipeline, which will be applicable to the customers on prospective effect.

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