Response of the Board to the comments received during the public consultation process

S/N	Comment/Objection	Remarks
A	**Raised by M/s GAIL:** PNGRB's earlier public notice dated 20.06.2009 was indicating only 50.0 MMSCMD/1120.08 Kms pipeline network u/r 18(5) and it did not mention anything about future/ incremental activities, if any, for extending or expanding the pipeline project beyond the stated total length of 1,120.08 Kms. Thus, it was inferred from the above that in terms of Regulation 18(2)(e) and Regulation 18(4), the Board had formed a prima-facie view to consider granting authorization for their existing natural gas pipeline project of total length of 1,120.08 Kms. However, PNGRB's public notice dated 01.03.2012 mentioned that based on the subsequent submissions made by the entity (i.e, applications/submissions subsequent to the earlier public notice dated 20/06/2009), the Board has now identified the total length of the same pipeline project as 2,366.43 Kms, comprising 75 nos. of distinct pipeline sections, with the total system capacity of 30.46 MMSCMD. This public notice has neither provided any map nor the details of whether any/all of these new/incremental pipeline sections are still proposed to be constructed / commissioned in future? The new list also includes the pipeline sections which are beyond the tariff zone width of the earlier existing pipeline system of the total length of 1120.08 kms that was prima-facie considered for authorization by the Board. Thus it is observed that newly identified total length of 2,366.43 Kms of network is more than two times the earlier considered network, i.e, it is 111.27 % higher in length in comparison to the	Against PNGRB's press note dated 30.10.2007, information was submitted by GSPL for 2372 Kms pipeline network under different heads viz. commissioned under-execution and planned sections. Application was submitted by GSPL in December-2008 about its 2396.4 Kms Gujarat Gas Grid network of Natural Gas pipelines under Regulation 18(1) of PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008. As GSPL did not submit the copy of DFR along with its application and since the sub-Regulation 18(2)(d) required physical progress and financial commitment of at least 25% of the CAPEX as per the DFR, the details of only commissioned pipelines (length 1120.08 Kms) before the appointed day i.e. 01.10.2007 were indicated in the earlier public notice issued on 20.06.2009 seeking comments and objections. Subsequently, GSPL submitted the copy of DFR indicating the entire Gujarat Gas Grid network as an integrated project conceived before the appointed day. With the submission of DFR and representations by GSPL to consider the entire Gujarat Gas Grid network as one single network, the detailed analysis was submitted. In the meantime, based on GSPL's request, the Board in its meeting held on 08.06.2010, allowed the issuance of letter to GSPL to submit tariff proposal. In the meantime, GSPL filed a separate application u/r 18(1) on 09.08.2010 for its 57.6 Kms low-pressure pipeline network. Subsequently, based upon the GSPL's submissions to tariff division, further

	earlier total length of 1,120.0S Kms, that was prima-facie considered by the Board for authorization in June, 2009.	detailed analysis was carried out and the public notice dated 01.03.2012 was then issued u/r 18(5) for 2366 Kms High Pressure network. -> It is evident from above that the processing of application u/r 18 was done in stages as detailed analysis was to be carried out and also the rollout of the network was underway.
B	**Raised by M/s GAIL:** (i) In its press note dated 30.10.2007, PNGRB directed that "*As far as entities which have initiated any of these activity or activities prior to 01.10.2007, without any authorization by the Central Government are concerned, they may apply for authorization under the provisions of the PNGRB Act, 2006, and in the meantime are required not to undertake any such new or incremental activity or activities without obtaining authorization*". (ii) Further, vide its letter no. CMD/23/08/5447 dated 26.03.2008, C&MD, GAIL wrote to Chairperson, PNGRB that" ... *a large many unauthorized pipelines have been/are being laid in the country without due approval/authorization from Ministry of Petroleum & Natural Gas/PNGRB ... " and " .... It is the need of the hour for PNGRB to step in and stop further construction of unauthorized pipelines...*". (iii) In response, Chairperson, PNGRB vide his letter no. Chair/PNGRB/O8 dated 28.03.2008 stated that "*..I note your concern about the growth of unauthorized natural gas pipelines in the country.....soon after the establishment of the Board, we had issued a Press release on 30.10.2007. in this Press Release.....the entities which did not have Central Government authorization before the*	Against PNGRB's press note dated 30.10.2007, information was submitted by GSPL for 2372 Kms pipeline network under different heads viz. commissioned under-execution and planned sections. Further, after notification of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008, an application under Regulation 18 was submitted by GSPL in December-2008 about its 2396.4 Kms Gujarat Gas Grid network of Natural Gas pipelines. The list of pipelines indicated in the public notices dated 20.06.2009 as well as 01.03.2012 is part of the same application u/r 18 (1). Further, no pipeline section which was not part of the application u/r 18 (1) has been considered by PNGRB for grant of authorization. Although prima-facie it appeared that all the sections mentioned are less than 50 kms, the same could be ascertained only if appropriate identification of the entire network in several tariff corridors is done. For this, GSPL had been asked on 01.03.2012 to submit the map indicating the tariff zone and corridor along with the reasons for expansion beyond the information provided to PNGRB. GSPL in its response furnished the map and mentioned that tariff zoning will

	Appointed day were asked not to undertake any new or incremental activities without the authorization from the Board." (iv) Subsequently, after notification of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008, PNGRB issued a reminder public notice on 11.11.2008 urging all the entities to apply for grant of authorization, under the relevant notified regulations within 15 days. (v) Also, in an order dated 12.11.2008, PNGRB rejected a complaint filed by certain agricultural land owners in Gujarat complaining that M/s GSPL is proceeding to acquire RoU in their land for laying gas pipeline, but without any authorization by the Board. In this order, the Board stated that: ➢ *"The pipeline project is an ongoing project of GSPL and at an advanced stage on the appointed day as defined in the PNGRB Act. It further emerged that GSPL have not done any new or incremental activities but they have completed the existing/pending activities and the activities covered in the instant complaint were ongoing activities before the appointed day".* ➢ *"GSPL has been completing the existing or pending activities and embargo from the Board was only with respect to the new / incremental activities"* ➢ *Therefore the Board cannot offer any relief sought for by the complainants. Accordingly, the complaint lacks merit and deserves to be rejected".* (vi) In respect of the application for the 1120.08 kms pipeline project, that was prima- facie considered for authorization by the Board	be done as per PNGRB Regulations. Further, GSPL submitted that the reasons for expansion of the network are to connect new district headquarters as well as new customers that are in the vicinity of the network so that gas could be made available to as many consumers as possible. The details of the same are being examined and an appropriate decision under relevant provisions of the PNGRB Act, 2006 would be taken for such incremental activities, taken by GSPL, if any.

	through public notice dated 20.06.2009, the final decision of the Board in terms of Regulation 18(6) of the said regulations is yet to be announced. (vii) A few pipelines in the newly identified list are reaching the same demand centres/consumers that are already covered by existing Central Govt. authorized pipelines. Therefore, these need to be seen/ reviewed from the point of view of avoiding in-fructuous investments. Furthermore, this aspect also needs to be seen from the point of view of already filed regulated tariffs for the Central Govt. authorized pipelines of GAIL in Gujarat. Furthermore, it may also be seen whether the capacity bookings for the newly identified list is in terms of Regulation 18 (2) (h) of the said Regulations. (viii) In the case of common carrier petroleum product pipelines, the Board has initiated an open bidding process to select an entity for laying 93 kms Awa-Salawas pipeline as against permitting M/s HPCL to lay it on nomination basis as an extension of its existing pipeline. (ix) In respect of Natural Gas Pipelines that are not authorized by the Central Government before the appointed day, once the Board has prima-facie considered the application for authorization in terms of relevant regulations, including Regulation 18 (2) (e), and thereafter the Board issuing the public notice giving brief details of the same for public comments and objections in terms of Regulation 18 (5), it needs to be seen whether regulatory provisions are there for subsequently identifying and granting authorization for carrying out substantially new/incremental construction activities (viz. laying a new 215 kms pipeline; a new 115	

	Kms pipeline etc) based on some subsequent submissions made by the entity to the Board (i.e. based on the premise that the entity has 'informed' the Board already)? It needs to be seen whether such substantially new/incremental construction activities that are to be carried out after the Appointed Day are to be treated as fresh applications for initiating open bidding processes. ➔ In view of the above, the Board is requested to kindly see whether this whole process, including the newly identified list as stated in the public notice dated 01.03.2012, is consistent with: (iv) Provisions of the PNGRB Act 2006, (v) Regulations notified there-under, and (vi) Directions issued by the Board w.r.t. incremental activities vide its various public notices/orders.	
C	**Raised by M/s GAIL:** (i) There is a linkage Between Authorization and RoU Acquisition for which reference of "Policy for Development of Natural Gas Pipelines and City or Local Natural Gas Distribution Networks notified by Central Government on 22.12.2006" has been drawn. PNGRB Act and Central Government Policy Guidelines require obtaining prior authorization from PNGRB as a "pre-condition" for consideration of RoU acquisitions for laying of natural gas pipelines, and it cannot be vice-versa. (ii) Natural gas being a central subject, historically, the Central Government has been deciding upon the public expediency for transportation of natural gas from one place to another place throughout the country, by	Grant of Authorization for laying, building, operating or expanding natural gas pipelines in the country after the appointed day is to be done by PNGRB in accordance with the provisions of the notified Regulations. However, provisions of Regulation 18 also exist for the entities laying, building, operating or expanding natural gas pipelines without Central Government authorization before the appointed day. The current application of GSPL is being processed under Regulation 18. On the issue of natural gas being Central Government subject, the judgment given by Hon'ble Supreme Court is self-explanatory. As far as RoU acquisition is concerned, it is not mandatory that RoU acquisition is necessarily to be

	exercising the statutory provisions under the Section 3 (1) of the P&MP Act 1962. The foremost decision in the entire RoU acquisition process is the consideration of public interest to transport gas from one point to another point. (iii) This aspect may be seen in the light of the Hon'ble Supreme Court's decision dated 25.03.2004 in a case pertaining to Association of Natural Gas & Ors. vs. Union of India & Ors. - (2004) 4 SCC 489 (CB), wherein, the Hon'ble Supreme Court stated that "the people of the entire country has a stake in the natural gas and its benefit has to be shared by the whole country. There should be just and reasonable use of natural gas for national development. If one State alone is allowed to extract and use natural gas, then other States will be deprived of its equitable share all these factors lead to the inescapable conclusion that "natural gas" in raw and liquefied form is petroleum product and part of mineral oil resource, which needs to be regulated by the Union". (iv) Subsequent to the enactment of PNGRB Act, 2006, the discretion to decide upon the expediency and necessity to lay a pipeline from one point to another point has been delegated/vested by Central Govt. to PNGRB vide Section 19 of the PNGRB Act, which states that when, either on the basis of an application, or on suo-motu basis, the Board forms an opinion that it is necessary or expedient to lay, build, operate or expand a common carrier or contract carrier between two specified points, the Board may give wide publicity of its intention to do so and may invite	done through PMP Act, 1962 as in some cases the same is done through private negotiations also. Further, as per the provisions of the notified Regulations, there is no linkage of RoU acquisition with the authorization process.

	applications from interested parties and so on → The above aspects may be seen by the Board, in consultation with the Central Government (MoP&NG), for processing the applications for authorization of gas pipelines in the country for which the ROUs have been acquired after the appointed day of the Board.	
D	**Raised by M/s GGCL:** The pipelines mentioned in GSPL's application are located in the GA of the CGD entities currently under authorization/bidding process of the PNGRB or in areas which may be put up for CGD bid in the future bid rounds. Hence, these natural gas pipelines should be made available to the existing/upcoming CGD entities on common carrier basis so that CGD entity may get benefited to enhance the supply security.	The application has been processed on the basic premise of considering the Gujarat Gas Grid network of GSPL as common/contract carrier. However, as per the notified Regulations, any authorized common or contract carrier can always supply to a CGD entity en-route the pipeline within tariff zone.
E	**Raised by M/s GGCL:** It should be ensured that the pipelines mentioned in GSPL's application do not cater to CGD customers.	As per sub-regulation 3(2)(a) of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Regulations, 2008, customers having requirement of natural gas up to 50,000 SCMD shall be supplied through the CGD network.
F	**Raised by M/s GGCL:** PNGRB is requested to further webhost the specific details (section name, number of sections, entry/exit point details, technical parameters, geo-referenced map, integrated route map etc.) for the stakeholders to provide specific observations. Another 30 days time may be then provided for public consultation process.	Section-wise details have been already provided in the public notice dated 01.03.2012. However, other technical details may be provided in future by GSPL as per the provisions of the notified Regulations.
G	**Raised by M/s GGCL:** GSPL has sought GGCL's permission for crossing GGCL's pipelines to lay natural gas sour-pipelines to JB SEZ in Panoli GIDC in the approved GA of	Amboli-Vantevad including Panoli JB SEZ spur-line which is under-construction/under-development is not a part of GSPL's application u/r 18(1) submitted to PNGRB. In case of

	GGCL and also for under-construction/development Amboli-Rajpipla pipeline in the approved GA of GGCL. GGCL has been catering to CGD customers through its CGD network in Panoli GIDC near JB SEZ since year 2000. In view of the above, PNGRB is requested to ensure that there is no duplication of pipeline infrastructure leading to in-fructuous investment in the region.	consumers having requirement below 50,000 SCMD, the same shall be covered under CGD Regulations.
H	**Raised by M/s Torrent Power Limited** Details of the pipeline network provided in the public notice dated 01.03.2012 is prima-facie inconsistent and require certain clarifications: (i) GSPL is a transporter of gas and supplies gas to individual customers as well as to CGD networks. Public notice mentions the requirement of authorization for a High Pressure network. It needs to be clarified whether the overall idea is to bifurcate the network in to high pressure and low pressure, and if yes, the basis and tenability of such bifurcation. (ii) Between 2009 and 2012, GSPL has laid additional 1246 Kms of pipelines. However, there are no details provided regarding reasonability and justification of this capacity addition. In fact, despite the said addition of pipeline network, the quantity of gas proposed in this pipeline over the same period has reduced from 50.00 MMSCXMD to 30.00 MMSCMD. (iii) The cost of such addition would need to be borne by the consumers transporting gas in the system. Obviously the capacity addition, coupled with the reduction in quantity would substantially increase the transportation tariff, adversely affecting all the customers.	Earlier public notice dated 20.06.2009 included pipeline sections for entire Gujarat Gas Grid network of GSPL. Subsequently, based upon the presentation made by GSPL to the Board on 23.07.2010, a separate application u/r 18(1) was filed for GSPL's Low Pressure network (57.6 Kms) bifurcating the earlier application in to two parts viz. High Pressure (2366 Kms) and Low Pressure network (57.6 Kms). Public notice dated 01.03.2012 is only for the High Pressure network of GSPL. In the first application filed by GSPL u/r 18(1) in December-2008, the system capacity of the GSPL's Gujarat Gas Grid network was indicated as 50 MMSCMD. In the separate application filed by GSPL for Low Pressure network in August-2010, the system capacity of Low Pressure network has been indicated as 18.70 MMSCMD. Accordingly, the system capacity for balance High pressure network has been indicated as 30.46 MMSCMD by GSPL. Put together, the system capacity remains approx. 50 MMSCMD. One of the reasons given by GSPL for bi-furcating low pressure network from high pressure network was to insulate large volume consumers in low pressure network from steep increase in tariff.

I	**Raised by M/s Welspun India Limited** a) In the public notices dated 20.06.2009 and 01.03.2012, there appears to be no plausible explanation/justification for reduction in grid capacity from 50 to 30 MMSCMD, despite increase in pipeline diameter from 24" to 30" and doubling of network length. Such a network expansion with decrease in network capacity defies logic and cannot have concurrence of PNGRB, as required under the Regulations. b) This increased asset base along with apparent reduction in line capacity will result in drastic tariff hike adversely affecting the GSPL customers. c) There appears to be no plausible explanation for classifying the 98 bar pipeline network as "*High Pressure*" now, even though there is no change in network pressure. d) GSPL's network has always been operated as a single network with uniform commercial terms for all its customers. Has the Gujarat Gas grid of GSPL been now re-classified into High Pressure, Medium pressure. Low Pressure and Very Low Pressure networks? If so, the details are not made available to the public and the purpose of doing so is also not clear. e) There should be only uniform tariff for all gas consumers, both PNG and CNG, in the state	As given above in Sr. No. (H) above.