

Minutes of the Open House

Public Consultation Document	PNGRB Webhosted the Public Consultation on 26.08.2022 for seeking comments from the Stakeholders
Regulation	a) Draft Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Amendment Regulations, 2022 and Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Second Amendment Regulations, 2020, b) Draft PNGRB (Determining Capacity of Petroleum, Petroleum Products and Natural Gas Pipeline) Amendment Regulations, 2022 and c) Draft PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Amendment Regulations, 2022.
Date & Time of Open House	28.09.2022 at 11:00 Hrs at PNGRB New Delhi

1. An Open House (“OH”) was conducted by PNGRB at its New Delhi premise on 28.09.2022 at 11:00 hrs. to discuss the Public Consultation Document (“PCD”) on the proposed draft 'Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Amendment Regulations, 2022 and Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Second Amendment Regulations, 2020 as well as on the proposed draft amendments in the PNGRB (Determining Capacity of Petroleum, Petroleum Products and Natural Gas Pipeline) Amendment Regulations, 2022 and the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Amendment Regulations, 2022. The OH was attended by various stakeholders like Marketers, Traders, Producers, Pipeline entities, Gas exchange, LNG Terminal Operators, Consumers, etc. List of participants is placed at **Annexure-I**.

2. PNGRB welcomed all the participants wherein Hon’ble Members in their opening remarks informed that the intent of the proposed amendments is to not only safeguard the interest of the consumers but also enable the pipeline entities to recover their reasonable return while providing uninterrupted quality transmission services to the end consumers even in far flung areas:
 - a) Vision of the Government of India is to increase the share of natural gas in the energy mix to 15% by 2030. Accordingly, PNGRB’s thrust is on development of common carrier pipeline(s)

and distribution network of CGD across the country. After award of various GAs in the past CGD bidding round(s) there is a coverage of around 88% of the total area and 98% of the population in the country. Therefore, gas pipeline infrastructure development and their proper maintenance for uninterrupted transportation of natural gas in different parts of the country is essential.

- b) The gas transportation cost in the overall delivered cost is relatively low. As per the data provided by pipeline entities, some of the pipelines are not even able to recover their cost. Except two pipeline(s) in the country, the average utilization of other pipeline(s) in last 10 year is less than 40% whereas tariff is determined considering 75% as normative capacity or actual volume, whichever is higher.
 - c) In order to achieve the objective as provided in the Act i.e. to safeguard the consumer interest and at the same time recovery of cost of transportation in a reasonable manner, etc. interest of both the consumers as well as the pipeline operators needs to be balanced.
 - d) Unification of natural gas pipelines at the national level and the Unified Tariff thereof is the final objective wherein entity level integration of tariff would be a building block. It was informed that the notified Unified Tariff are having multiple issues in implementation related to settlement, contractual and taxation and therefore, it should be brought in a manner which should be practicable with least complexities in implementation and convergence of all stakeholders.
 - e) PNGRB also informed that since amendment in the Tariff Regulations on Unified tariff does not provide for settlement mechanism, therefore a committee will be formed soon comprising of consultant, PNGRB representatives and major pipeline operators for resolving the issues in the implementation of the Unified Tariff in a time bound manner.
 - f) Further PNGRB asked the stakeholders to deliberate and provide their views during the open house on the possibility of simplifying and number of zones as well on annual tariff escalation which is being proposed by various stakeholders at different stages.
3. PNGRB appreciated that in response to the PCD various categories of stakeholders have submitted their detailed comments and are actively participating in the OH. In order to provide ample opportunity to every stakeholder and to streamline the OH, PNGRB categorized the participants in various groups wherein opportunity was given to each of the participants starting with the

Consumers, LNG terminals, E&P companies, Gas Marketers, Traders, Pipeline Operators and others to express their views.

- A. The views on the Draft **Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Amendment Regulations, 2022 and Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Second Amendment Regulations, 2020** are as under:

Consumers:

1. **AGP City Gas Pvt. Ltd:** Allowing transmission loss as operating cost of natural gas pipelines may be additional cost to CGD entities and may eventually lead to the additional cost to the end consumers. This may have implications for new CGDs awarded in 9th, 10th and 11th bidding rounds where initial demand is expected to be very low.
2. **PGP Glass Pvt Ltd:** Acknowledged that PNGRB should protect the interest of both consumers and the transporters. However, in the current environment of high gas prices, the amendments may further increase the cost for end consumers. Industries have set up their plants based on the pipeline infrastructure and the availability of gas. There should not be any drastic increase in the tariff. The implementation of the regulations should not substantially increase the cost to the consumers.

Responding to the concerns of the consumers, PNGRB clarified that in order to make the gas available to the far flung areas, development of pipeline infrastructure for covering the GA's is required. The gas can be reached to those areas once the pipeline infrastructure is in place. Therefore, balancing the interest of the consumers at the same time recovery of transportation cost is essential. The proposed amendment will be implemented in such a manner that there may be marginal increase in the transportation tariff. Should the need arise annual escalation in the tariff to protect the interest of consumers may be introduced as also suggested by the various stakeholders in due course and after detailed analysis as well as consultation with stakeholders.

Refinery & Traders:

3. **Indian Oil Corporation Limited:** Sought clarity whether the amendment in volume divisor and transmission loss will be on retrospective basis or prospective basis.
The Board clarified that these provisions will be applied on a prospective basis.

4. **Hindustan Petroleum Corporation Limited:** HPCL is having refineries near Mumbai, Vizag and one more is currently under construction in Rajasthan where gas is being consumed or will be consumed by them and the existing refineries may be falling under the Second Unified Zone under the Unified Tariff regulations. HPCL expressed its preference for early implementation of Unified Tariff Regulations and requested to include the regional pipeline(s) like KG Basin and others also in the Unified Tariff. HPCL also expressed that transportation costs through Unified Tariff may substantially increase once the tariff of entity level interconnected pipeline is integrated. HPCL also sought the timelines for implementation of Unified Tariff.

PNGRB clarified that determination of Unified tariff with multiple separate tariffs will be complex and its implementation in the current form are found to be having serious settlement, contractual, taxation and other issues. These issues are to be addressed, for which an industry committee along-with the consultant will be formed soon to submit its report in a time bound manner. Meanwhile, integration of tariff at entity level as proposed will reduce the frequency of changes in Unified Tariffs and it will provide a good building block for implementation of the Unified Tariff. With regard to the apprehension of substantial increase in tariff of integrated pipelines at entity level, PNGRB mentioned that due to such integration as the volume flow on which the entity is currently charging tariff will also decrease and additivity tariff within the same entity's pipeline network will go away, therefore, there would be marginal increase in the tariff due to such integration. The case will be similar to national level unification wherein tariff of some customers will increase and for customers will decrease. However, PNGRB will look into to modifying the no. of zones so that the existing consumers are least impacted. Further, should the need arise PNGRB will also consider introducing a gradual and reasonable annual escalation clause in the tariffs as proposed by various pipeline entities so that there is no immediate increase in tariffs.

Power

5. **Torrent Power Limited:** Effect of proposed amendments should be such that they do not substantially increase the cost to the customers.

Traders / Marketers / Producers

6. **India Gas Solutions Private Limited and Reliance Industries Limited:** While appreciating the Board for clarifying that integrated tariff at entity level will be used as a building block for implementation of the Unified Tariff, they urged the Board to implement the Unified Tariff soon in a time bound manner as it is already delayed. For sourcing the gas, additive tariff is impacting the

competitiveness of the gas source. By allowing the Unified tariff the customers will have the choice to select the gas from any source. IGS requested the Board to ensure that pipeline level integrated tariff should be followed by implementation of Unified tariff and integrated tariff at entity level should not be stopped at the level only.

PNGRB clarified that entity level integrated tariff is only a building block towards national unified tariff. The Board also urged all the traders, marketers and producers who are selling/re-selling domestic gas or imported gas to consider the consumer interest especially in the current situation of high gas prices which is the major component in the overall delivered cost and element of transportation cost is low. Further, Board again reiterated that the marketers/traders and producers will only be able to sell their gas in the far-flung areas once natural gas pipeline infrastructure is in operation on an economically viable basis and for that reasonable tariff will have to be provided to pipeline entities.

7. **Oil and Natural Gas Corporation Limited:** ONGC stated that under the proposed amendments they had apprehended that Unified Tariff is being replaced by the Integrated Tariff at entity level, however, now they were pleased to know that PNGRB will finally be doing unified tariff at national level and integration of entity wise pipelines will be used as building blocks towards the same. ONGC also requested to include all the connected pipelines in the Unified Tariff.
8. **Shell Energy India Pvt Ltd:** Shell thanked PNGRB for clarifying on the apprehension of the various stakeholders and that integrated pipeline is not the only amendment and is only a building block towards national level unification. Protecting the interest of consumer and pipeline operator both are equally important as per the PNGRB Act. Pipelines are the backbone of the total system and so balancing the interests of both the consumers and entities would be helpful for market development.
9. **BP Exploration (Alpha) Limited:** Welcomed the PNGRB drive to expand the gas market in India for taking the gas in energy basket to 15%. BP thanked Board for clarifying that the proposed amendment of integration at entity level which would be used as a building block towards national unified tariff. BP requested the Board for early implementation of its proposed reforms and to have timelines/roadmap for the ultimate implementation of Unified Tariff at all India level after properly addressing all the challenges. BP emphasized that the pipeline tariff should be like almost a

redundant factor in deciding the gas source by a consumer and also customer must not be charged additive tariff which is against the spirit of development of a gas-based economy.

PNGRB mentioned that while an industry committee along-with the consultant will be formed soon to submit its report in a time bound manner, it will be in the interest of the pipeline entities also to find a proper and expeditious solution towards settlement mechanism and the issues like revenue sharing, raising invoice, etc. arising in implementation of Unified Tariff so that logical conclusion is arrived at.

LNG Terminals

10. **Dhamra LNG Terminal Pvt. Ltd:** Welcomed proposal to exempt addition of capacity due to any new natural gas source to a natural gas pipeline for a period of five years from the date of commissioning of the new gas source.

11. **HE Marketing Private Limited:** Representative from H-Energy requested for implementing Unified Tariff for increasing the gas consumption in the country. Under the proposed amendment, only certain specific pipeline categories have been indicated to be included within the scope of integrated natural gas pipelines. While H-Energy is not opposed to the concept of integrated natural gas pipelines, it was submitted that the restriction of integrated natural gas pipeline to certain specific categories of pipelines, without any stated justification does not appear to have any rational correlation with the objectives of the Act as far as the treatment of common carriers is concerned. Further, as understood by H-Energy, the Board has again come up with a provision of exemption for addition of capacity in tariff calculations due to addition of any new natural gas source to a natural gas pipeline for a period of five years from the date of commissioning of the new gas source, but H-Energy stated that capacity and new capacity additions may still have implications for providing third party access and therefore requested the Board for carrying out capacity determination at the time of every new source addition. H-Energy also mentioned that the process of amendment in the regulations is lacking explanatory memorandum and in this regard H-Energy cited the principles and procedure of transparency that have been highlighted by the Hon'ble Supreme Court in various judgments.

While addressing and clarifying the entity's concern about determination of capacities, it was mentioned that in any case capacities will be determined and declared by the Board in regular frequencies under the amended capacity determination regulations for Access. The Board also mentioned that various proposed amendments are being brought on the basis of requests being made

from time to time by the pipeline entities and these were also webhosted through various public consultation documents and accordingly the reasons for the proposed amendments are generally well known to the stakeholders. It was further stated that today also during the open house proposed amendments are being discussed amongst all the stakeholders who are present here. The Board also mentioned that the objectives, aspects and the reasonings were discussed in detail during the previous amendment in their respective open houses. Thus, the proposed amendments are actually in continuation and furtherance to the earlier proposed amendments which are being deliberated since 2017, 2019 and even in 2020 and accordingly, explanatory memoranda were not required in these amendment provisions.

Board also clarified that the capacities of the pipelines considered in the past tariff orders for determining tariff which will now be retained as the final capacities for the purpose of tariff determination except in some of the pending cases like CJHPL, GSPL HP, Gujarat Regional, etc. for the reasons like deferment of capex or new capex or replacement capex, resizing of pipeline, installation/hiring of compressor(s), etc.

Gas Exchange

12. **Indian Gas Exchange:** IGX welcomed PNGRB's proposed amendments including integrated tariff as progression in the reform process and thanked for clarifying the various concerns of all the stakeholders in the opening remark itself.

Natural Gas Pipeline Operator

13. **Gujarat State Petronet Limited:** GSPL sincerely thanked Board for considering the long pending requests of the pipeline entities.
 - a. GSPL mentioned that the Unified Tariff regulations were brought in November 2020 but due to settlement and tax related issues, have not been notified yet. Considering the advantages of Unified Tariff, they requested to expedite the implementation of Unified Tariff. With reference to the entity level integration, GSPL commented that the PNGRB has power to determine tariff for Common carrier and contract carrier pipelines and there is no provision for determination of tariff of integrated pipeline network. As per GSPL, determination of integrated tariff for the interconnected pipelines will lead to increase in tariffs for the end consumers and hence GSPL was not in favour of integrated tariff.

Board clarified that it would be the choice of the entities to moot for integration of its respective interconnected pipelines and in this regard it was stated that PNGRB's experience so far in respect of entity level integration has been good for all the concerned stakeholders and such entity level

integration was first done by the Board for GSPL's HP network at the behest of GSPL and in that case GSPL's seven different trunk pipelines were allowed to be integrated for the purpose of enabling GSPL to submit tariff proposal for integrated network. Later in 2019 GAIL's HVJ pipeline and GREP/DVPL Upgradation pipelines were also integrated by the Board for the purpose of integrated tariff and such integrated tariff has also been well accepted by all the concerned stakeholders including its consumers. The Board emphasised that the principle for integration remains the same for all whether it is from day one or at a later date. With reference to the entity's comment on end consumers, PNGRB clarified that the interest of consumers will be taken care of. Further integration at entity level is optional and even the option of integrating GSPL HP and GSPL LP pipeline is also with the entity.

- b. **Transmission Loss:** GSPL requested to fix the transmission loss as a normative percentage of volumes considered for tariff determination, as per the standard practice worldwide instead of taking either a fixed percentage or actual transmission loss whichever is lower. This will incentivise for efficiency in saving the losses to the entity. GSPL also mentioned that transmission losses have always been in the system, entities have also been claiming for the same and PNGRB access code regulations also specifically recognizes such transmission loss since July, 2008. Accordingly, GSPL requested the Board to consider normative transmission loss in DCF calculations retrospectively.
PNGRB reiterated that transmission loss as operating expenses be applied prospectively, once it is considered.
- c. **Schedule A Clause 6.1.a:** GSPL mentioned that the clause has a lot of subjectivity and requested the Board to consider volumes as per existing methodology and not as per likely future volumes as proposed in the amendments. This point was noted for review by PNGRB.
- d. **Volume Ramp Up:** GSPL submitted that most of the pipelines have already completed 10 years of operations and the proposed gradual ramp up in volume divisor may actually provide relief to only 1 or 2 pipelines if it is applied on a prospective basis only. While requesting the Board to suitably look into this aspect, GSPL also thanked the Board for inclusion of expansion in capacity (other than the expansion due to addition of new natural gas source) as such capacity expansion will also now rightly have its due volume ramp up provision for a period of 10 years from the date of commissioning / expansion of capacity.
- e. GSPL also welcomed the proposed amendment wherein the capacity expansion due to addition of new source shall be excluded for 5 years. GSPL requested to provide volume ramp up provisions from 6th year onwards to capacity increase due to source addition.

- f. GSPL requested that tariff review only be carried every 5 years to bring a stability in the tariffs for the end consumers. GSPL also requested the Board to consider converting Bid out pipelines to cost plus pipelines after a period of 10 year as is already being done for petroleum product pipelines.
- g. It was particularly emphasized that GSPL's capacity utilization and volumes have been adversely impacted in covid times and now due to high gas prices and such unprecedented conditions have adversely affected the tariff revenues. Accordingly, it was requested that for the purpose of tariff calculation, application of revised corporate tax rate may be considered on a prospective basis which will provide some relief. PNGRB mentioned that this suggestion of GSPL will be looked into.

14. **Pipeline Infrastructure Limited:**

- a) PIL appreciated and thanked Board for considering the long pending issues of the pipeline entities and accordingly proposing the draft tariff amendments. It was also emphasized that while the potential financial impact due to any amendment may have its own importance from the implementation point of view, but the prime consideration for deciding an amendment should be based on the merit of its underlying principle alone instead of over-emphasizing on their financial impact on tariff.
- b) PIL also submitted that considering design capacity as already i.e. 85 MMSCMD in case of PIL for the past years which was also considered in the previous tariff orders as the authorized capacity order(s), for tariff working is a good initiative which will not only reflect the pipeline's investments with the volume divisor but also bring stability in tariff for the customers. PIL suggested that as and when there is a change in such authorized capacity it should be stated through a timely amendment in the respective authorization letter and webhosted which will bring transparency for all the stakeholders.
- c) Allowing normative SUG is also step towards synchronizing the fuel quantity with the volume denominator and PIL fully supported the same. However, there are certain drafting issues in the proposed clause and the same may be amended as suggested in PIL's written submissions.
- d) PIL thanked Board for considering cost of the transmission loss for tariff workings which was a long pending demand. PIL also submitted that transmission loss is globally accepted cost under the gas transmission and generally regulators allow the same on normative basis. Gas being the precious commodity for the country, efforts should be made to minimize the loss of such commodity and incentivize entity for the efficient operations. Considering the above and as it is not easy to calculate the actual transmission loss and will always have subjectivity, therefore, it was requested to consider transmission loss on normative basis as a fixed percentage only

instead of taking lower of fixed percentage or actuals. PNGRB mentioned that this suggestion of PIL will be looked into.

- e) PIL submitted that the proposed volume build up would be applicable to only some of the pipelines. Accordingly, it was requested to provide extended volume build up on a prospective basis to all the pipelines for say next 5 years, after the date of notification of these amendments as majority of pipelines have actually been utilised at far lower than the normative levels as considered in their tariff calculations. It was highlighted that this will provide some relief in improving the sub-optimal returns on investments.
- f) On the pending tariff determination due to change in the Tax rate, PIL mentioned that it may be appreciated that pipeline entities are already facing huge under recoveries due to lesser utilization of the pipeline besides issues triggered due to Covid. Relief has already been given to CGD entities for covid. Therefore, it was requested that adjustment of revised corporate tax rate may be considered on a prospective basis.
- g) PIL based on clarification provided by PNGRB mentioned that the proposed approach for entity level integration to be used as building block for Unified tariff is acceptable to them. It only requested to expedite the development of settlement mechanism in a time bound manner and providing a clear road map for implementing the Unified Tariff.

The Board further clarified that industry level committee including consultant will be formed soon.

- h) PIL also requested that in order to safeguard the interest of consumers, the Board may introduce regulation for considering a gradual annual escalation in tariffs.

The Board mentioned that the suggestion will be looked into.

15. GAIL (India) Limited:

- a) GAIL thanked Board for the regulatory reforms being proposed by the Board, both in terms of the proposed tariff computation aspects as well as the proposed integration and unification of pipelines for the purpose of tariff.
- b) GAIL also thanked the Board for acknowledging that many natural gas pipelines are not able to realize specified reasonable return on their investments, and in some cases even the cost incurred are not being recovered. Therefore, necessary changes in regulations are much needed to enable realization of reasonable returns and recovery of cost of transportation in a reasonable manner.
- c) GAIL highlighted that the present transportation charges in the final delivered price of gas is typically about 5 % only, and hence, the impact of regulatory changes to enable realization of reasonable returns by pipeline entities may not unduly affect safeguarding the consumer interest.

- d) On the proposed amendments on volume divisor, while welcoming the proposed amended volume ramp-up provisions for the first ten years of operation of a pipeline and each phase of a pipeline, GAIL pointed out that most of the pipelines have already completed more than 10 years of operations and hence this proposed amendment in its present form may not provide the intended benefit to most of the pipelines. Hence, it was requested that in order to actually provide the intended regulatory relief to the pipelines that have already suffered the steeply ramped-up and very high normative volume divisors, the Board may consider some suitable relief provisions for some future years also as provided in its written submissions.
- e) On the proposed amendments on Transmission Loss (TL), it was submitted that it is important to keep the TL parameter simple and easy to apply, and that is one of the reasons why regulators specify only one clear-cut norm which would be uniformly applied to all the pipelines. It was expressed that otherwise, determination and validation of actuals on a case by case basis may not only be inaccurate and cumbersome exercise, but also it would lead to different TL considerations for different pipelines.
- f) GAIL submitted that due to the unprecedented impact of COVID pandemic, as a relief measure to mitigate the hardships being faced by pipeline transporters, the entities including GAIL have requested for not taking the revised corporate tax rate from a retrospective date from 2019-2020 and requested to consider revised corporate tax rate on a prospective basis.
- g) Current regulations do not incentivise the transporting entities in maintaining pipelines in good health. After the expiry of the first economic life period of a pipeline, the current methodology does not provide for any return on the capital which was already deployed during its first economic life during its extended economic life period, and expressed that such denial of any reasonable return on such capital during the extended economic life period is an anomaly in itself. In so far as further reduction in pipeline tariff due to extension of economic life impacting its opex recovery also, it was mentioned that GAIL has suggested for taking some projected future capex/opex in the DCF calculations on a normative basis (without insisting on upfront supporting for such future costs to be incurred), which can be trued up later based on actuals.
- h) On the proposed integration and unification of pipelines for the purpose of tariff, the following were submitted by GAIL:
 - i. Apart from the GoI vision to have interconnected national gas grid for development of gas markets all across the country, it has been the objective of PNGRB also to have an enabling regulatory framework to promote and expand the natural gas infrastructure in all parts of the country. Way back in 2011, a multi-stakeholder committee was constituted by PNGRB for formulating a Vision-2030 for Natural Gas Infrastructure in India and that report envisaged that

a mature tariff system could be attempted which would not only provide access to the customers located in geographically disadvantageous locations but it would also provide platform for a competitive market to develop.

- ii. In 2016, during the approval granted by the Cabinet Committee on Economic Affairs (CCEA) for development of the JHBDPL Urja Ganga project, Unified/Pooled tariff for GAIL's interconnected pipelines was taken as a key consideration to achieve the twin objectives of tariff rationalization for consumers as well as to ensure reasonable 12% return on the pipeline entity's investment. Accordingly, on 28.09.2017, PNGRB brought out a Public Consultation Paper on Integrated Authorization for Unified/Pooled Tariff with three options and the Board proposed that the unification of all interconnected pipelines can be implemented in phases and the option of unification of inter-connected pipelines at entity level can be implemented to begin with. Then in 2019, the Board integrated the HVJ and DVPL/GREP Upgradation pipeline tariffs and the Board also brought out draft regulations for determining combined basis tariff for multiple interconnected pipelines of an entity. Such measures culminated in the draft regulations in June, 2020, under which integrated natural gas pipeline systems were proposed for entity level inter-connected pipelines. Ideally implementation of the reform process in such phased manner in this regard could have been rolled out in line with these measures as already proposed by the Board.
- iii. However, towards the end of 2020, the earlier envisaged last phase of implementation, that is unification of all pipelines including bid-out pipelines at the national level was straightaway proposed, and such a proposition involved not only implementation and settlement issues but also other issues including tax issues. All these issues need to be properly settled out before rolling out this final phase of national level unification.
- iv. As regards integration of two or more pipelines of an entity, it was reiterated that such integration for the purpose of integrated tariff has already been done by the Board earlier in the case of GSPL's High Pressure Gujarat Gas Grid where seven different trunk pipelines, which were executed in different phases, were integrated. Further, HVJ and DVPL/GREP upgradation pipelines of GAIL was also integrated for the purpose of integrated tariff. In all these cases, there have been clear benefits to all the concerned stakeholders.
- v. The proposed reform for integration of pipelines at entity level needs to be rolled out quickly keeping in mind that the Indradhanush Gas Grid in the North-East region is also becoming operational soon.
- vi. It was submitted that any reform would be a continual process and straightaway including all the elements in the beginning phase itself may not be possible always. Also achieving a perfect neutrality pre and post reform may also not be possible and every reform would entail some

impact in some quarter every time. In this connection, implementation of GST reform was mentioned to highlight the fact that still some items are not included under GST due to practical implementability issues and it was also highlighted that perfect tax revenue neutrality has also not been there between pre and post implementation of GST. Therefore, keeping in view such practical examples, the proposed reform of rolling out entity level integration as a building block for moving towards national level integration would be a practical and judicious measure and accordingly GAIL would fully support such an approach by the Board.

- i) In respect of any potential tariff impact on consumers, GAIL suggested that the Board may consider gradual annual escalation in tariffs as mooted by the Board in April, 2020, and it will help in providing stability and predictability of tariff for all stakeholders. This concept is well accepted in RLNG Terminal charges as well as adopted by PNGRB for CGD Network Tariffs also.

B. The views on the draft PNGRB (Determining Capacity of Petroleum, Petroleum Products and Natural Gas Pipeline) Amendment Regulations, 2022 are as under:

1. H-Energy stated that Capacity determination should not be delinked from tariff in such case, pipeline operators may not submit capacity data to PNGRB annually. Also, determination of capacity whenever there is change or in case of new source addition, shall be retained.

It was informed that the capacity of a pipeline shall be submitted by entity on first working day of April every year for next financial year or whenever there is an aggregate change of plus or minus 10% due to factors listed in sub clause 7(i) of PNGRB Capacity regulations. The capacity determination exercise, whenever the pipeline configuration is changed affecting the original design capacity, shall be undertaken as per Capacity Regulations.

2. IOCL suggested that for the purpose of approval of information to be submitted to PNGRB in Schedule A & Schedule B, “board of the entity”, should be replaced by “person authorized by the board of the entity”. IOCL also enquired whether the proposed amendments will be applicable retrospectively or from date of notification.

C. The views on the draft PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Amendment Regulations, 2022 are as under:

1. H-Energy submitted that the proposed amendment in Regulation 12(2) by applying to only pipelines authorized by the Board under Regulation 4 seems to be not favorable and the same needs to be reviewed.

2. GSPL submitted that the applicability of Regulation 12(2) i.e., 50% revenue sharing in case of Bid Out Pipelines should also be relooked into, as there is no provision for tariff increase in bid out pipelines in spite of incurring such Capex.

3. GSPL further submitted that the proposed amendment in Regulation 12(3) of NGPL Authorization Regulations provides various objectives, of which one objective is to go for bidding instead of expansion of existing authorized pipeline. Further, the entity requesting for expansion may have existing facility, RoU and other facilities, whereas the bidding process can get delayed due to various reasons, even for tenders of expansion pipelines, the participation through bidding process could be lower. Therefore, proposed amendment should be deleted.

PNGRB clarified that the guiding objectives, as proposed in Regulation 12(3) is to protect the interest of entities as well as consumers and to encourage competition.

4. GSPL submitted that addition of injection point to existing Common Carrier pipeline is not considered as an expansion of capacity, therefore there should be no need to obtain approval from PNGRB.

It was clarified that entity must take prior approval for any new/change in pipeline project including addition of interconnection. Further, it was also clarified that interconnection is just a hook up point between two Common/Contract carrier pipeline as per NGPL Access Code Regulations. The same does not mean laying a new pipeline under the name of inter connection. For addition of source by laying pipeline, it shall be dealt as Tie-in connectivity for which approval from PNGRB shall be required under Regulation 21(1) of NGPL Authorization Regulation.

5. GSPL also suggested that the definition of Economic Life mentions twenty-five years in NGPL Authorization Regulation should be changed to Thirty years in line with Clause 7 of Schedule A of Tariff Regulations.

Member(s) summed up by retreating that for the purpose of implementing the Unified Tariff, an industry committee including consultant and PNGRB representative will soon be formed for suitably resolving the settlement, taxation, contractual issues, etc. Integrated tariff at entity level would be used as building block towards achieving the goal of simplified and more stable Unified Tariff. Further, consumers interest, and at the same time development of infrastructure in the country and recovery of the cost in reasonable manner will always be the objectives of the Board. It was further emphasised that the proposed amendment may not result in substantial increase in tariff. In order to have a more balanced and equitable

solution, simplification of tariff zones will be looked into and should the need arise some pre-specified gradual annual escalation in the tariff to protect the interest of consumers may also be introduced after due diligence.

The open house was conducted on 28.09.2022 and the stakeholders were asked to submit their further views/ comments, if any within 7 days. However, no further comments have been received.

The discussion concluded with a vote of thanks to the Chair.

Participant List

S. No.	Name	Designation	Organisation
1	Mr. Gajendra Singh	Member-I	PNGRB
2	Mr. Anjani Kumar Tiwari	Member-II	PNGRB
3	Mr. Ajit Kumar Pande	Member (Legal)	PNGRB
4	Mr. Pankaj Bhutani	Joint Adviser (Com)	PNGRB
5	Mr. S.C. Gupta	Joint Adviser (A&T)	PNGRB
6	Mr. K. Kittappa	Joint Adviser (M)	PNGRB
7	Mr. Anil Kr. Garg	Join Adviser (Admin)	PNGRB
8	Mr. Md. Tanweer Akhter	Joint Adviser (Auth)	PNGRB
9	Mr. Ankur Jain	Dy. Adviser (Com)	PNGRB
10	Mr. Gagan Aggarwal	Dy. Director (Auth)	PNGRB
11	Mr. Shreyas Palsule	Asst. Adviser (Com)	PNGRB
12	Ms. Ankita Soni	Asst. Consultant (Com)	PNGRB
13	Mr. Pathak Maharshi	Asst. Consultant (Auth)	PNGRB
14	Mr. Ashish Ranjan	Asst. Consultant (Tech)	PNGRB
15	Mr. Dadhich Bhatt	Manager	PGP Glass Pvt. Ltd.
16	Mr. Karan Malik	Sr. Manager-Legal	AGP City Gas Pvt. Ltd.
17	Mr. D. Mohanty	GM (PJ-Systems)	IOCL
18	Mr. R. K. Singh	Chief Project Manager	IOCL
19	Mr. Manish Kumar	DGM	IOCL
20	Mr. Sobran Singh	Project Manager	IOCL
21	Mr. Chinmoy Tikader	Chief Manager	HPCL
22	Mr. Vinod Tahiliani	CEO	India Gas Solutions
23	Ms. Soma Banerjee	Head Policy & Regulators	BP Exploration
24	Mr. Chirag Shah	Manager-Policy & Reg.	BP Exploration
25	Mr. A K Srivastava	GM Corporate	Torrent Power Limited
26	Mr. I. H. Zuberi	GM (Mktg)	ONGC
27	Mr. Himanshu Katoch	Sr. Marketing Officer	ONGC
28	Mr. Devang Chandratre	Lead-Commercial	Dhamra LNG Terminal
29	Mr. Vikas Guliani	RA Manager	Shell Energy India
30	Mr. Hiren Mehta	VP & Head (Mktg & Com)	H-Energy

S. No.	Name	Designation	Organisation
31	Mr. Sakya Singha Chaudhuri	Advocate	H-Energy
32	Mr. Mritunjay Srivastava	V.P. (Reg.)	Indian Gas Exchange
33	Mr. Anuj Mathur	Manager-BD	Indian Gas Exchange
34	Mr. Vinay Ganatra	V.P.-Gas	Reliance Industries Limited
35	Mr. Rakesh Kumar Jain	Director (Finance)	GAIL (India) Limited
36	Mr. Kumar Shanker	CGM	GAIL (India) Limited
37	Mr. Ashwani Gupta	DGM (Pricing)	GAIL (India) Limited
38	Mr. Joy Banerjee	DGM (Mktg.-RA)	GAIL (India) Limited
39	Mr. R. Kannan	DGM (Mktg.-RA)	GAIL (India) Limited
40	Mr. Vivek R. Neelam	CM (Mktg.-Pricing)	GAIL (India) Limited
41	Mr. Neeraj Pasricha	V.P. (Reg.)	Pipeline Infrastructure Ltd.
42	Mr. Manoj Pandey	V.P. (BD/BO)	Pipeline Infrastructure Ltd.
43	Mr. Rajat Gupta	Sr. Manager (RA)	Pipeline Infrastructure Ltd.
44	Mr. Devendra Agarwal	GM	Gujarat State Petronet Ltd.
45	Mr. Rupesh Shah	AGM	Gujarat State Petronet Ltd.
46	Mr. Neeraj Diwakar	Lead-Commercial	Adani Total Pvt. Ltd.
47	Mr. Rajesh Sreerama	Asst. Manager (AM)	KPMG India
48	Mr. Nachiket Chipunkar	Consultant	KPMG India