



Petroleum and Natural Gas Regulatory Board
New Delhi

Tariff Order

Subject: Tariff for GAIL (India) Limited's Vizag-Secunderabad LPG Pipeline (VSPL)

PNGRB/COM/11-PPPLTariff(1)/2024 Vol-I (E-5022)

Ref No. : TO/PPPL/2024-25/19

Date: : 28.11.2024

1. Background

- 1.1.** In terms of Sections 11(e) and 22 of the PNGRB Act, 2006, the Board is entrusted with the responsibility of regulating the transportation rates for common carrier or contract carrier pipelines.
- 1.2.** PNGRB (Determination of Petroleum and Petroleum Products Pipeline Transportation Tariff) Regulations, 2010 ("PPPL Tariff Regulations, 2010"), as amended vide Amendment Regulations, 2012; Amendment Regulations, 2014; Amendment Regulations, 2016; Amendment Regulations, 2017; Amendment Regulations, 2018 and Amendment Regulations, 2019; Amendment Regulations, 2020: Second Amendment Regulations, 2020; Third Amendment Regulations, 2020; Fourth Amendment Regulations, 2020, Amendment Regulations, 2021, Amendment Regulations, 2023, Second Amendment Regulations, 2023 and Second Amendment Regulations, 2024 read with Statutory Provisions, empower the Board to approve/ determine the Petroleum and Petroleum Products Pipeline Transportation Tariff to be charged by the entity laying, building, operating or expanding petroleum and petroleum products pipeline.
- 1.3.** The period and methodology for determination of the pipeline tariff has been specified in the relevant provisions (Regulation 4 and 5) of the PPPL Tariff Regulations, 2010. Under the provisions of these regulations, the Board has to determine the Petroleum and Petroleum Products Pipeline Transportation Tariff by benchmarking against alternate mode of transport i.e. 75% of rail tariff except for LPG, where it will be 100%, on a train

load basis, for equivalent rail distance along the Petroleum and Petroleum Product Pipeline route. This tariff was initially applicable for a transition period of two years. Subsequently, the transition period was extended through issuance of the Amendment Regulations from time to time upto 30.6.2024.

- 1.4. PNGRB vide letter dated 18.5.2015 issued the final terms and conditions for acceptance of GAIL (India) Limited's Vizag-Secunderabad LPG Pipeline (VSPL) under Regulation 17(1) of PNGRB Authorization Regulations. The authorisation was amended for addition of new custody transfer/ entry point vide letter dated 4.2.2022
- 1.5. Tariff Orders were issued by the Board time to time. Last Tariff Order for VSPL was issued on 18.9.2024 with validity upto 31.7.2024.

2. PPPL Tariff Regulations, 2024

- 2.1. In supersession of these PPPL Tariff Regulations 2010 which were transient in nature, the Board has notified PNGRB (Determination of Petroleum and Petroleum Product Pipeline Transportation Tariff) Regulations, 2024 (“PPPL Tariff Regulations, 2024”) on 22.07.2024 for determining the pipeline transportation tariff for petroleum product pipelines. These regulations have come into force from 1.8.2024.
- 2.2. The PPPL Tariff Regulations stipulates that transportation tariff for PPPL which has been commissioned before the notification of PPPL Tariff Regulations 2010 shall be determined as per procedure at Schedule ‘A’ of regulation 5 of these regulations.
- 2.3. As per Schedule ‘A’:
 - a) The PPPL transportation tariff (Class 180A–petroleum products other than SKO/LPG and Class 165–SKO/LPG, etc.) shall be determined basis the railway’s goods tariff table of railway rate circular No. 19 of 2018 dated 31.10.2018 (effective from 1.11.2018).
 - b) The base tariff for PPPL shall be benchmarked at a level of 75% of the tariffs as per railway’s goods tariff table on a train load basis for equivalent rail distance along the PPPL route except LPG where it will be benchmarked at a level 100%. The above base tariff shall remain fixed in accordance with the railway rate circular No. 19 of 2018 dated 31.10.2018 (effective from 1.11.2018) and shall not be changed due to any future revisions in the railway rate circular for the purpose of determination of PPPL tariff.
 - c) One-time escalation of 17% (@ 3.40% from 2019-20 till 2023-24, based on 10 year WPI CAGR from 2013-14 to 2022-23 over the Railway’s goods tariff table of above railway rate circular No.19 of 2018 shall be considered on the base tariff, however, the same shall be applied prospectively from the date of these regulations come into force till the end of financial year 2024-25.

- d) From financial year 2025-26 onwards, annual escalation shall be considered, based on the “Wholesale price Index (WPI) Data (2011-12 = 100) for “All Group/Commodity”, as published by the Office of Economic Adviser, Government of India, Ministry of Commerce and Industry, Department of Industrial Policy and Promotion (DIPP).
- e) The CAGR of WPI from year FY 2013-14 to FY 2022-23 is 3.40%. From financial year 2025-26 i.e. from 1.4.2025 onwards, an annual escalation factor of 3.40% per annum shall be considered year on year basis. The Board may consider and decide revision in tariff escalation factor in case the change in CAGR of the WPI index for the previous 10 years on floating basis with a lag of one financial year preceding the financial year for which tariff is applicable, on either side, is 0.5% or more.

2.4. Since VSPL was commissioned on 21.7.2004, tariff for this pipeline shall be determined under the provisions of Schedule-A of PPPL Tariff Regulations, 2024.

3. Data submission by GAIL (India) Limited

GAIL (India) Limited, vide its email dated 6.9.2024 followed by letter dated 6.9.2024 has submitted the required data as per Attachment 1 of Schedule ‘A’ in respect to its Vizag-Secunderabad LPG Pipeline (VSPL), as given below:

	Data Required	Data submitted by entity
1	Date of Commissioning of the pipeline	21.7.2004
2	Petroleum Products being transported	LPG
3	Injection points, Delivery points, Pipeline distance and Equivalent rail distance of the pipeline	

Sl No.	Injection points	Delivery points	Pipeline Distance (km)	Equivalent Rail Distance (km)
i	Ex Vizag (SALPG) (in HPCL Petropark)	HPCL Rajamundry BP	183.62	237.82
		HPCL Kondapalli	352.10	383.54
		IOCL Kondapalli	352.24	384.14
		BPCL Kondapalli	349.04	384.94
		HPCL Cherlapalli	581.67	701.97
		IOCL Cherlapalli	582.94	704.17
		BPCL Cherlapalli	582.89	704.17
ii	Ex Refinery (Rail Loading Point of HPCL Petro park)	HPCL Rajamundry BP	183.62	237.82
		HPCL Kondapalli	352.1	383.54
		IOCL Kondapalli	352.24	384.14
		BPCL Kondapalli	349.04	384.94

		HPCL Cherlapalli	581.67	701.97
		IOCL Cherlapalli	582.94	704.17
		BPCL Cherlapalli	582.89	704.17
iii	Ex EIPL Storage	HPCL Rajamundry BP	184.63	239.72
		HPCL Kondapalli	353.11	385.44
		IOCL Kondapalli	353.25	386.04
		BPCL Kondapalli	350.05	386.84
		HPCL Cherlapalli	582.68	703.87
		IOCL Cherlapalli	583.95	706.07
		BPCL Cherlapalli	583.9	706.07

3.1. On comparison of the submitted data, certain deviations were observed and accordingly vide email dated 11.9.2024, PNGRB requested GAIL to clarify the deviations. The deviations observed vis-à-vis replies submitted by GAIL are as given below:

i. **PNGRB Query**

In place of existing 2 entry points i.e. Ex-New Vizag LPG Terminal (Petropark, HPCL, Vizag) and Ex-HPCL Bottling Plant (VSPL-Interconnection Point at Old HPCL BP), now only 1 entry point i.e. Refinery (Rail Loading Point of HPCL Petro park) has been mentioned.

Reply by GAIL

Initially, there were two entry points: a) Ex-HPCL Bottling Plant (VSPL-Interconnection Point at Old HPCL Bottling Plant) b) Ex-HPCL Visakhapatnam Refinery (VSPL-Interconnection Point of SALPG).

Later, due to the HPCL Vizag Refinery Modernization and Expansion Project (VRMP), the old LPG Bottling Plant was shifted to the New Vizag LPG Terminal at Petropark, which became the new entry point for both SALPG and the refinery.

PNGRB acknowledged this change in HPCL letter dated 4.2.2022, and the same was reflected in the VSPL Tariff Order PNGRB/COM/3-PPPL Tariff(1)/2012(Vol-IV)(P-1018) dated 18.2.2022.

ii. **PNGRB Query**

In respect to remaining 2 entry points also, differences in equivalent rail distances has been observed.

Reply by GAIL

The difference in equivalent rail distance is due to updates in the length of the rail path, which was taken from the official railway website <https://rbs.indianrail.gov.in/ShortPath/ShortPath.jsp>, and changes in the distance of the approach road, which was taken from Google Maps. However, it's important to note that these changes in distance have not affected the tariff slabs.

4. Tariff determination

4.1. For the financial year 2024-25 (w.e.f 1.8.2024 till 31.3.2025)

As discussed at Para 2 above, the tariff for financial year 2024-25 (from effective date i.e. 1.8.2024 till 31.3.2025) shall be determined as under:

a) Base tariff

The base tariff for VSPL based on Railway Goods Tariff Table issued vide circular no. 19 dated 31.10.2018 is as under:

I. Vizag (SALPG) (in HPCL Petropark)

Entry Point	Tap-Off Points (ToPs)	Equivalent Rail Distance	Rail Freight For LPG Class 165	Base tariff for LPG Class 165 (100% of rail freight)
		(Km)	(₹/MT)	(₹/MT)
(1)	(2)	(4)	(5)	(6)
Vizag (SALPG) (in HPCL Petropark)	HPCL Rajamundry BP	237.82	467.80	467.80
	HPCL Kondapalli	383.54	706.90	706.90
	IOCL Kondapalli	384.14	706.90	706.90
	BPCL Kondapalli	384.94	706.90	706.90
	HPCL Cherlapalli	701.97	1274.20	1274.20
	IOCL Cherlapalli	704.17	1274.20	1274.20
	BPCL Cherlapalli	704.17	1274.20	1274.20

II.Ex Refinery (Rail Loading Point of HPCL Petro park)

Entry Point	Tap-Off Points (ToPs)	Equivalent Rail Distance	Rail Freight For LPG Class 165	Base tariff for LPG Class 165 (100% of rail freight)
		(Km)	(₹/MT)	(₹/MT)
(1)	(2)	(4)	(5)	(6)
Refinery (Rail Loading Point of HPCL Petro park)	HPCL Rajamundry BP	237.82	467.80	467.80
	HPCL Kondapalli	383.54	706.90	706.90
	IOCL Kondapalli	384.14	706.90	706.90
	BPCL Kondapalli	384.94	706.90	706.90
	HPCL Cherlapalli	701.97	1274.20	1274.20
	IOCL Cherlapalli	704.17	1274.20	1274.20
	BPCL Cherlapalli	704.17	1274.20	1274.20

III. Vizag EIPL Storage

Entry Point	Tap-Off Points (ToPs)	Equivalent Rail Distance	Rail Freight For LPG Class 165	Base tariff for LPG Class 165 (100% of rail freight)
		(Km)	(₹/MT)	(₹/MT)
(1)	(2)	(4)	(5)	(6)
Vizag (EIPL)	HPCL Rajamundry BP	239.72	467.80	467.80
	HPCL Kondapalli	385.44	706.90	706.90
	IOCL Kondapalli	386.04	706.90	706.90
	BPCL Kondapalli	386.84	706.90	706.90
	HPCL Cherlapalli	703.87	1274.20	1274.20
	IOCL Cherlapalli	706.07	1274.20	1274.20
	BPCL Cherlapalli	706.07	1274.20	1274.20

b) Tariff from 1.8.2024 till 31.3.2025

After providing one-time escalation of 17% over base tariff, the final pipeline transportation tariff for the period from 1.8.2024 till 31.3.2025 shall be as under:

I. Vizag (SALPG) (in HPCL Petropark)

Entry Point	Tap-Off Points (ToPs)	Equivalent Rail Distance	Base tariff for LPG Class 165 (100% of rail freight)	Pipeline transportation tariff from 1.8.2024 to 31.3.2025 for LPG Class 165 (Base tariff + One-time 17% escalation)
		(Km)	(₹/MT)	(₹/MT)
(1)	(2)	(3)	(4)	(5)
Vizag (SALPG) (in HPCL Petropark)	HPCL Rajamundry BP	237.82	467.80	547.33
	HPCL Kondapalli	383.54	706.90	827.07
	IOCL Kondapalli	384.14	706.90	827.07
	BPCL Kondapalli	384.94	706.90	827.07
	HPCL Cherlapalli	701.97	1274.20	1490.81
	IOCL Cherlapalli	704.17	1274.20	1490.81
	BPCL Cherlapalli	704.17	1274.20	1490.81

II.Ex Refinery (Rail Loading Point of HPCL Petro park)

Entry Point	Tap-Off Points (ToPs)	Equivalent Rail Distance	Base tariff For LPG Class 165 (100% of rail freight)	Pipeline transportation tariff from 1.8.2024 to 31.3.2025 for LPG Class 165 (Base tariff + One-time 17% escalation)
		(Km)	(₹/MT)	(₹/MT)
(1)	(2)	(3)	(4)	(5)
Refinery (Rail Loading Point of HPCL Petro park)	HPCL Rajamundry BP	237.82	467.80	547.33
	HPCL Kondapalli	383.54	706.90	827.07
	IOCL Kondapalli	384.14	706.90	827.07
	BPCL Kondapalli	384.94	706.90	827.07
	HPCL Cherlapalli	701.97	1274.20	1490.81
	IOCL Cherlapalli	704.17	1274.20	1490.81
	BPCL Cherlapalli	704.17	1274.20	1490.81

III. Vizag EIPL Storage

Entry Point	Tap-Off Points (ToPs)	Equivalent Rail Distance	Base tariff For LPG Class 165 (100% of rail freight)	Pipeline transportation tariff from 1.8.2024 to 31.3.2025 for LPG Class 165 (Base tariff + One-time 17% escalation)
		(Km)	(₹/MT)	(₹/MT)
(1)	(2)	(3)	(4)	(5)
Vizag (EIPL)	HPCL Rajamundry BP	239.72	467.80	547.33
	HPCL Kondapalli	385.44	706.90	827.07
	IOCL Kondapalli	386.04	706.90	827.07
	BPCL Kondapalli	386.84	706.90	827.07
	HPCL Cherlapalli	703.87	1274.20	1490.81
	IOCL Cherlapalli	706.07	1274.20	1490.81
	BPCL Cherlapalli	706.07	1274.20	1490.81

4.2. For the financial year 2025-26

With WPI of 151.42 for the year 2023-24, the CAGR of WPI from year FY 2014-15 to FY 2023-24 works out to 3.22%. However, since the change in CAGR of the WPI index for the previous 10 years on floating basis with a lag of one financial year preceding the financial year for which tariff is applicable, on either side, is not 0.5% or more, the applicable escalation in pipeline transportation tariff for the year 2025-26 shall remain 3.40%. Accordingly, the pipeline transportation tariff for the year 2025-26 shall be as under:

I. Vizag (SALPG) (in HPCL Petropark)

Entry Point	Tap-Off Points (ToPs)	Equivalent Rail Distance	Pipeline transportation tariff from 1.8.2024 to 31.3.2025 for LPG Class 165 (Base tariff + One-time 17% escalation)	Pipeline Transportation tariff for FY 2025-26 for LPG Class 165 (Tariff from 1.8.2024 to 31.3.2025 + 3.4% escalation)
		(Km)	(₹/MT)	(₹/MT)
(1)	(2)	(3)	(4)	(5)
Vizag (SALPG) (in HPCL Petropark)	HPCL Rajamundry BP	237.82	547.33	565.94
	HPCL Kondapalli	383.54	827.07	855.19
	IOCL Kondapalli	384.14	827.07	855.19
	BPCL Kondapalli	384.94	827.07	855.19
	HPCL Cherlapalli	701.97	1490.81	1541.50
	IOCL Cherlapalli	704.17	1490.81	1541.50
	BPCL Cherlapalli	704.17	1490.81	1541.50

II. Ex Refinery (Rail Loading Point of HPCL Petro park)

Entry Point	Tap-Off Points (ToPs)	Equivalent Rail Distance	Pipeline transportation tariff from 1.8.2024 to 31.3.2025 for LPG Class 165 (Base tariff + One-time 17% escalation)	Pipeline Transportation tariff for FY 2025-26 for LPG Class 165 (Tariff from 1.8.2024 to 31.3.2025 + 3.4% escalation)
		(Km)	(₹/MT)	(₹/MT)
(1)	(2)	(3)	(4)	(5)
Refinery (Rail Loading Point of HPCL Petro park)	HPCL Rajamundry BP	237.82	547.33	565.94
	HPCL Kondapalli	383.54	827.07	855.19
	IOCL Kondapalli	384.14	827.07	855.19

	BPCL Kondapalli	384.94	827.07	855.19
	HPCL Cherlapalli	701.97	1490.81	1541.50
	IOCL Cherlapalli	704.17	1490.81	1541.50
	BPCL Cherlapalli	704.17	1490.81	1541.50

III. Vizag EIPL Storage

Entry Point	Tap-Off Points (ToPs)	Equivalent Rail Distance	Pipeline transportation tariff from 1.8.2024 to 31.3.2025 for LPG Class 165 (Base tariff + One-time 17% escalation)	Pipeline Transportation tariff for FY 2025-26 for LPG Class 165 (Tariff from 1.8.2024 to 31.3.2025 + 3.4% escalation)
		(Km)	(₹/MT)	(₹/MT)
(1)	(2)	(3)	(4)	(5)
Vizag (EIPL)	HPCL Rajamundry BP	239.72	547.33	565.94
	HPCL Kondapalli	385.44	827.07	855.19
	IOCL Kondapalli	386.04	827.07	855.19
	BPCL Kondapalli	386.84	827.07	855.19
	HPCL Cherlapalli	703.87	1490.81	1541.50
	IOCL Cherlapalli	706.07	1490.81	1541.50
	BPCL Cherlapalli	706.07	1490.81	1541.50

5. Order

The pipeline tariff for the VSPL as given at column 5 of Tables at para 4.1(b) above will be applicable for the period from 1.8.2024 to 31.3.2025 and at column 5 of Tables at para 4.2 above for the financial year 2025-26 respectively.

Sd/- (Dr. Anil Kumar Jain) Chairperson	Sd/- (Gajendra Singh) Member- I	Sd/- (Anjani Kumar Tiwari) Member- II	Sd/- (A Ramana Kumar) Member- III
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