

Gas consumers object to govt's pipeline tariff rationalisation plan

FE BUREAU

New Delhi, July 28

INDUSTRIAL CONSUMERS OF natural gas have objected to the government's plan to rationalise gas pipeline tariffs, claiming that the new proposed mechanism, if implemented, would unduly favour customers located far away from the LNG import terminals and gas production units. Industry representatives also pointed out that since the new tariff structure will not be imposed on all the gas pipelines in the country, it will lead to market distortion as customers will end up paying under multiple tariff regimes, depending on the pipelines used by them.

In order to develop new gas markets in far flung areas, the government has decided to rationalise gas pipeline tariff structure as the current additive pricing system raises pipeline charges every 300 kilometres, discouraging potential consumers located in areas far from the gas production facil-



ities and import terminals (injection points). To that end, the petroleum and natural gas regulatory board (PNGRB) is seeking to make amendments to pipeline tariff regulations for the determination of "unified tariff", wherein transport rates beyond 300 kilometres of the injection points would be the same all across the country.

However, PNGRB's draft amendment proposes that unified tariff would be applicable only on the integrated trunk pipeline network of state-run GAIL and Gujarat State Petronet Ltd, leaving out 30% of the current gas pipeline capacities.