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Unified tariff for gas pipelines from April 1

Industrial customers transporting gas over larger distances to now pay less

SUBHAYAN CHAKRABORTY
New Delhi, 14 March

More than a dozen gas pipelines that form the national gas grid are on track to come under a unified tariff structure from April 1, a top Petroleum and Natural Gas Regulatory Board (PNGRB) official said on Tuesday.

Based on the principle of 'one nation, one grid, and one tariff', the unified tariffs will benefit customers transporting fuel over longer distances and multiple pipelines, PNGRB Board Member A K Tiwari said at the International LNG Conclave organised by the PHD Chamber of Commerce and Industry.

Currently, customers pay additional tariffs for using multiple and inter-connected pipelines. This results in consumers away from the coast paying higher charges as compared to those near it. To simplify the implementation of unified tariff, the sector regulator introduced entity-level integrated natural gas pipeline tariff.

Under the new regime, buyers will be charged a fixed tariff for the transport of gas over three zones, up from two . This includes transportation of gas within 300 km of a source (gas field or LNG import terminal), 300-1,200 km, and 1,200 km, Tiwari said.

"The existing tariff of the first zone will almost remain the same. The tariff of the second zone will be less than the additive tariff, and the third will have a tariff which is much less than the additive tariff," he said. PNGRB had earlier said the tariff for the first tariff zone will be 40 per cent of the tariff for the second zone. The government has also incorporated other amendments, such as allowing unaccounted gas, moratorium period, and ramp-up in capacity.

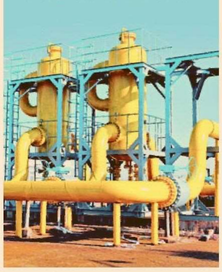
The pipelines that will be part of the unified tariff plan include state-owned gas utility GAIL India-operated Hazira-Vijaipur-Jagdishpur (HVJ) and its supplementary Dahej-Vijaipur line and Dahej (in Gujarat) to Uran-Dabhol-Panvel (in Maharashtra) pipeline.

Reliance Industries' subsidiary-operated Shahdol-Phulpur line from CBM block in Madhya Pradesh to Uttar Pradesh as well as its formerly owned East-East pipeline from Kakinada in Andhra Pradesh to Baruch in Gujarat would be part of the plan.

Of the 35,000 km of natural gas pipeline that is currently in the works, 23,000 km has been commissioned. As a result, the natural gas mission will go live in the next four-five years.

Kumar, however, stressed that subdued natural gas volumes and under-utilisation of pipelines remain a challenge. "We know the utilisation for any pipeline across the country is around 40 per cent. In some cases, pipelines are utilising around 10 per cent," Tiwari said. Meanwhile, the capacity utilisation for LNG terminals remains at 50-55 per cent barring few, he added.

WHAT'S NEW



- Number of tariff zones expanded to 3 from 2
- Existing tariff of the first zone to almost remain the same
- Tariff of the second zone to be less than the additive tariff
- Industrial gas buyers now pay more over longer distances
- Part of move to raise share of gas in energy mix to 15% by 2030

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UNDER INSOLVENCY AND BANKRUPTCY CODE

NCLT Okays Gail's Plan for JBF Petro

Maulik Vyas & Sangita Mehta

Mumbai: India's bankruptcy court on Monday approved Gail (India) Ltd's resolution plan of ₹2,101 crore for JBF Petrochemicals, in a rare instance of a government-owned entity acquiring a company under the Insolvency and Bankruptcy Code.

The sale of JBF Petrochemicals will equate to a 41% recovery for financial creditors. The resolution professional, Sundaresh Bhat, backed by BDO India, admitted ₹5,628 financial and operational creditors' claims.

Gail has offered ₹2,015.4 crore secured and ₹14.4 crore to unsecured creditors against their total claim of ₹4,915 crore.

This would be the third acquisition by a state-owned entity under Insolvency and Bankruptcy Code. Earlier, NTPC acquired Jhabua Power, an Avantha group company; and recently, Indian Oil Corporation emerged as the winning bidder for Mercator Petroleum.

The Mumbai bench of the National Company Law Tribunal (NCLT) led by a judicial member Madan B Gosavi, and a technical member Ajai Das Mehrotra, while approving the resolution plan, noted that as far as various statutory rights vested with the corporate debtor in the form of various licenses, leases, and other alike matter, we make it clear that the successful resolution applicant (GAIL) has to approach the concerned statutory authority for those concessions and those authorities will consider the same as per their established procedure.

The order stated the fair value and the liquidation value of JBF Petrochemicals was pegged at ₹2,719 crore and ₹1,616.6 crore, respectively.

₹2,101CR

RESOLUTION PLAN

Lenders had received seven expressions of interest, including from Reliance Industries, Jindal Power, MPCI, IOC-ONGC consortium and Gail, said people aware of the development.

However, only three companies — IOC-ONGC consortium, MPCI and Gail eventually gave a resolution plan on August 30, 2022, the order issued by Ajai Das Mehrotra and Madan Gosavi said.

JBF Petrochemicals was admitted for corporate resolution by the Ahmedabad NCLT last February after an out-of-court work resolution since October 2017 collapsed.

NCLT approves GAIL's ₹2,079 cr resolution plan

The National Company Law Tribunal (NCLT) has approved the state-owned GAIL's Rs 2,079 crore resolution plan for JBF Petrochemicals, which owed Rs 7,918 crore to a consortium led by IDBI Bank. "We being satisfied approve the resolution plan submitted by GAIL (India) Limited.....the resolution applicant shall obtain necessary approvals required under any law for the time being in force within a period of one year from the date of approval of the resolution plan," the order issued by the NCLT Mumbai said on Monday.