



Petroleum and Natural Gas Regulatory Board
New Delhi

Tariff Order

Subject: Tariff for Petronet MHB Limited's Mangalore Bangalore Pipeline (MBPL)

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

Ref No. :TO/PPPL/2024-25/15

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 24.11.2011 issued final terms and conditions for acceptance of Petronet MHB Limited's Mangalore Bangalore Pipeline (MBPL) under regulation 17(1) of PNGRB Authorization Regulations.
- 1.5. Tariff Orders were issued by the Board time to time. Last Tariff Order for MBPL 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 22.7.2024 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, 2024 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 MBPL was commissioned on 1.8.2003, tariff for this pipeline shall be determined under the provisions of Schedule-A of PPPL Tariff Regulations, 2024.

3. Data submission by Petronet MHB Ltd

Petronet MHB Ltd, vide its email dated 29.7.2024 followed by letter dated 29.7.2024 has submitted the required data as per Attachment 1 of Schedule 'A' in respect to its Mangalore Hassan Bangalore petroleum product pipeline (MBPL), as given below:

	Data Required	Data submitted by entity
1	Date of Commissioning of the pipeline	1.8.2003
2	Petroleum Products being transported	MS, HSD, SKO and ATF
3	Injection points in the pipeline	Mangalore
4	Delivery points in the pipeline	Hassan and Bangalore
5	Pipeline distance of the pipeline	Hassan: 165 km, Bangalore: 362.373 km
6	Equivalent rail distance of the pipeline	Hassan: 206 km, Bangalore: 466 km

4. Tariff determination for MBPL

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 MBPL based on Railway Goods Tariff Table issued vide circular no. 19 dated 31.10.2018 is as under:

Entry Point	Tap-Off Points (ToPs)	Equivalent Rail Distance	Rail Freight		Base Tariff (75% of rail freight)	
			For SKO Class 165	For MS, HSD & ATF Class 180A	For SKO Class 165	For MS, HSD & ATF Class 180A
(1)	(2)	(Km) (3)	(₹/MT) (4)	(₹/MT) (5)	(₹/MT) (6)	(₹/MT) (7)
Mangalore	Hassan	206	426.80	428.20	320.10	321.15
	Bangalore	466	827.70	830.30	620.78	622.73

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:

Entry Point	Tap-Off Points (ToPs)	Equivalent Rail Distance (Km)	Base Tariff (75% of rail freight)		Pipeline transportation tariff from 1.8.2024 to 31.3.2025 (Base tariff + One-time 17% escalation)	
			For SKO Class 165 (₹/MT)	For MS, HSD & ATF Class 180A (₹/MT)	For SKO Class 165 (₹/MT)	For MS, HSD & ATF Class 180A (₹/MT)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Mangalore	Hassan	206	320.10	321.15	374.52	375.75
	Bangalore	466	620.78	622.73	726.31	728.59

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:

Entry Point	Tap-Off Points (ToPs)	Equivalent Rail Distance (Km)	Pipeline transportation tariff from 1.8.2024 to 31.3.2025 (Base tariff + One-time 17% escalation)		Pipeline Transportation tariff for FY 2025-26 (Tariff from 1.8.2024 to 31.3.2025 + 3.4% escalation)	
			For SKO Class 165 (₹/MT)	For MS, HSD & ATF Class 180A (₹/MT)	For SKO Class 165 (₹/MT)	For MS, HSD & ATF Class 180A (₹/MT)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Mangalore	Hassan	206	374.52	375.75	387.25	388.53
	Bangalore	466	726.31	728.59	751.00	753.36

5. Order

The pipeline tariff for the MBPL as given at column 6 and 7 of Table at para 4.1(b) above will be applicable for the period from 1.8.2024 to 31.3.2025 and at column 6 and 7 of Table 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