

## Incentive Scheme for Existing and Prospective customers of PMHBL

1. Incentive scheme shall be applicable on non-discriminatory basis for all customers willing to utilize PMHBL pipeline for transportation of petroleum products Viz., MS,HSD,SKO,ATF etc.,and participate in the scheme.
2. Existing Customers defined for Incentive Scheme:
  - a) Existing Customers for Hassan: HPC/BPC/IOC/MRPL
  - b) Existing Customers for Devangonhi: HPC/BPC/IOC
3. The incentive will be offered in two ways i.e. for a commitment of min. 1 year and for a commitment of min. 3 years.
  - a) The incremental volumes for Hassan & Devangonhi will be worked out on standalone and mutually exclusive basis for offering respective incentives on incremental volumes.
  - b) The entity can enter into agreement for either Hassan or Devangonhi or both. Incentive will be offered on individual location basis for incremental volume above the respective benchmark.
  - c) **Benchmark volumes for Existing customers:**

For commitment of min. 3 years or 1 year with incremental thruput, the annual benchmark will be 3-year annual average of FY 2017-18 to 2019-20 and as given below:

**Table-1**

<b>Hassan</b>	
<b>Customer</b>	<b>Annual Benchmark Volume (TMT)</b>
<b>HPC</b>	908
<b>BPC</b>	545
<b>IOC</b>	1124
<b>MRPL</b>	89

  

<b>Devangonhi</b>	
<b>Customer</b>	<b>Annual Benchmark Volume (TMT)</b>
<b>HPC</b>	349
<b>BPC</b>	199
<b>IOC</b>	50*

\* Refer Cl. 3(e) below.

**d) Benchmark volumes for New customers:**

For any new customer, the minimum thruput benchmark requirement shall be 50 TMT/PA for Hassan and 50 TMT/PA for Devangonhi.

- e) For Existing or New customer, *incentive will be only offered* if the annual performance is more than the benchmark or 50 TMT, whichever is higher.

4. For Existing customers: Respective entity monthly volumes will also be averaged over 3 years from 2017-18 to 2019-20, to arrive at respective customer monthly break up of above yearly average

5. For New Customers: Benchmark volume shall be prorated basis PMHBL monthly thruput average from FY 2017-18 to 2019-20 to arrive at monthly benchmark volumes for new customers.

**6. Incentive Amount and weightage-based payment**

- a) Following maximum incentive for the incremental volumes over benchmark volumes for existing customers (refer cl. 3.c), or specified min. volumes for new customers (refer cl.3.d), prior to application of thruput weightage factor as elaborated herein.

**Table-2**

Incentive at Hassan	
Agreement/ Commitment Period	Incentive Amount (Rs/MT)
Min 1 Year	95
Min. 3 Years	120

Incentive at Devangonathi	
Agreement/ Commitment Period	Incentive Amount (Rs/MT)
Min 1 Year	155
Min. 3 Years	200

- b) 50% of applicable incentive amount (Rs. / MT) as mentioned in Table-2 will be payable outrightly for incremental volume over and above the benchmark volumes.
- c) Balance 50% incentive amount (Rs. / MT) as mentioned in Table-2 for such incremental volume will be payable based on the weightage factor of the benchmark volumes as mentioned below:
- (i) A thruput weightage factor of 100 percentile would be given for the customer with max. benchmark volume (Table 1), at each location Hassan and Devangonathi. For the other customers at respective locations with lesser Benchmark thruput as the case may be, the percentile score would be prorata reduced w.r.t maximum customer benchmark volume at that location.
  - (ii) Balance 50% incentive amount would be multiplied by respective customer's thruput weightage percentile score for Hassan and Devangonathi individually.

- d) **Incentive Weightage Factor Calculations as per above is shown below:**

**Table-3**

Hassan			
OMC	Benchmark Volume, TMT (A)	Volume Share % (B)	Weightage Factor {C= B/Highest Volume share % (i.e. 41)}
HPC	908	33	0.81
BPC	545	20	0.48
IOC	1124	41	1.00
MRPL	89	3	0.08
New	50	2	0.04
<b>TOTAL</b>	<b>2716</b>	<b>100</b>	

Devangonathi			
OMC	Benchmark Volume, TMT (A)	Volume Share % (B)	Weightage Factor {C= B/Highest Volume share % (i.e. 54)}
HPC	349	54	1.00
BPC	199	31	0.57
IOC	50	8	0.14
New	50	8	0.14
<b>TOTAL</b>	<b>648</b>	<b>100</b>	

7. **Cutoff date for incentive scheme** will be 30.04.2024. The entity can enter into incentive agreement as per following:

- a) For minimum 3-year commitment: Offer shall be open till 31/3/21.
- b) For minimum 1-year commitment: Offer shall be open till 31/3/23.

**8. Release of Incentive Payments and Control Mechanism**

- a) The incentive will be offered for incremental volume for each month over and above the respective monthly average worked out as per Cl.4 & 5 for existing & new customers respectively.
  - b) The incentive will be offered on monthly basis as long as the thruput is above the respective month benchmark thruput individually at Hassan and Devangonhi and there is no carried forward shortfall in the year.
  - c) In the event of shortfall in any or successive months, same shall be carried forward until such cumulative shortfall is made up by incremental volume(s) over benchmarks of subsequent months and a net incremental volume is achieved qualifying for the incentive.
  - d) If a customer defaults in any year on overall year thruput in offering the incremental volume for any one or both locations (Hassan & Devangonhi), the offered incentive scheme stands withdrawn prospectively for that particular location (s) as the case may be.
  - e) PLT invoices shall be raised on monthly basis by PMHBL at PNGRB notified tariff order for respective month base thruput plus carried forward shortfall in the year. For the incremental volume, the applicable incentive would be reduced from PNGRB tariff. GST would be raised on overall monthly invoiced amount. No refund or further reconciliation of billed amounts is thus envisaged for the bills raised once.
9. If PNGRB reduces the tariff from those prevailed in 2019-20, the incentive specified in Cl. 6 stands prorated reduced.
- 10. Before commencement of scheme, an Agreement shall be entered with individual customer (*Refer Annexure for draft agreement*).**
11. The final incentive scheme will be displayed in PMHBL website. It will be circulated to all existing entities for their active participation and commitment for incremental volumes.

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