

**TARIFF FIXATION FOR GAS PIPELINE GRID, CREATION OF NATIONAL GAS GRID
MANAGEMENT SYSTEM AMONGST 5 CRITICAL AREAS THAT NEED TO BE ADDRESSED: L
MANSINGH**

NEW DELHI, March 23, 2010. Mr. L. Mansingh, Chairman, Petroleum & Natural Gas Regulatory Board, said here today that five critical areas that need to be addressed to bring about a modern gas regulatory framework were minimum feasibility bids, competition in City Gas Distribution (CGD) network business, tariff fixation for a natural gas pipeline grid, creation of a National Gas Grid Management System and capacity determination of transmission pipelines and CGD networks.

Delivering the keynote address on *Regulation of Transportation & Distribution Business – Justification and Extent* at the 6th Asia Gas Partnership Summit, Mr. Mansingh said that the role of the market in a modern regulatory framework cannot be wished away. In fact, competition was a necessary precondition for a robust regulatory framework. Besides, the regulatory body should aim towards prevention of the distortion and manipulation by market players.

The summit is organized by FICCI, promoted by GAIL and supported by the Internal Gas Union.

Mr. S P Singh, Senior Director, Deloitte Touche Tohmatsu India Pvt. Ltd., said that key expectations of gas industry from the regulatory body were maintenance of independence or impartiality, providing legal teeth to the regulator, accountability, balancing of the interests of all stakeholders, and transparency in decision making. The Finance Bill 2010, he said, did not contribute much to gas sector and the proposed Direct Tax Code would be detrimental for gas sector growth. He stressed the need for clarity in policies, infrastructure status to transportation and distribution companies for ECB, clarity on investment linked incentives to CGD, tax holiday for natural gas for pre-NELP VIII and CBM-IV blocks, zero customs duty on LNG/ Natural Gas and on LNG infrastructure facilities, declared goods status to natural gas, and exemption from service tax to services used in upstream sector.

The session was also addressed by **Ms. Thea Khitarishvili, Senior Expert, Energy Charter Secretariat, Belgium,** who spoke on *Regulations of Gas Transit in the Energy Charter Constituency*; **Mr. Paul Griffin, Partner, Herbert Smith LLP, UK,** on *International Legal Issues Involved in Gas Transit Across State Boundaries*; **Ms. Ieda Gomes, Head (New Ventures & INGL), BP Gas – Asia & Middle East, UK** on *Success of Regulation in the Downstream Gas Sector – International Experience*; and **Mr. Mac Cessna, Manager, Global Regulatory, ExxonMobil Gas & Power Marketing Pvt. Ltd.** on *Characteristics and Values of Independent Regulator*.

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