TIMES OF INDIA, Delhi, 31.1.2018
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GAIL: Dr. Ashutosh Karnatak, Director (Project) GAIL (India) Limited, hoisted the National Flag at their corporate office in New Delhi on the occasion of 69th Republic Day of India and addressed GAIL employees and their families

ECONOMIC TIMES, Delhi, 31.1.2018
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Dual Role of Gas Transportation & Trading Under Lens

Letting cos play both roles will lead to unfair practices, says oil regulator

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New Delhi: Letting companies operate both as transporter and trader could lead to restrictive trade practices in the natural gas sector, and Petroleum and Natural Gas Regulatory Board (PNGRB) plans to soon address this, its chairman has said.

"Restrictive trade practices could arise because some of the entities are present in both transportation and marketing. It may lead to certain practices that's not fair," DK Sarraf, chairman of PNGRB, the downstream regulator, told ET. He cited global practice of keeping trade and transport separate to support his argument.

"We are examining this and there are options available. We will see which option can resolve this perceived problem," Sarraf said. "You have to find the balance between the development of infrastructure and protection of customers."

Sarraf didn't name any company but GAIL and Gujarat State Petroleum Corp (GSPC) are two state-owned companies that straddle both gas transportation and marketing and could be affected by any decision on the issue by the downstream regulator. Separating the two businesses at these two firms can radically alter their character.

Whether the regulator will also consider splitting the twin roles of gas trader and import terminal operator at Petronet LNG, Sarraf said, "That's not a high priority although I am aware of that."

Many gas consumers have in the past alleged that GAIL had abused its dominance in the gas market, a charge denied by the company. The Competition Commission is investigating about seven cases of alleged abuse of dominance by GAIL in dealing with some of its small customers.

DK SARRAF
Chairman, PNGRB

Restrictive trade practices could arise because some of the entities are present in both transportation and marketing. It may lead to certain practices that's not fair

Splitting of transportation and trading activities by companies, increased transportations facilities across the country, and optimal regulations are necessary for an efficient gas market.

The government is working on a plan to set up a natural gas trading platform to help discover market prices for gas produced and consumed in the country. The oil ministry has hired KPMG as consultant for this effort.

"Our role would be to make regulations for the gas exchange so that it functions transparently," said Sarraf. "We are studying our own (PNGRB) Act to see if it is good enough or requires legislative changes (to facilitate setting up of the exchange)."

The government expects the proposed gas price platform to bring transparency in the market discovery of price and certainty of return on investment to companies.

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Post-acquisition of HPCL, Moody's affirms 'stable' rating on ONGC

PRESS TRUST OF INDIA
Mumbai, January 30

Rating agency Moody's on Tuesday affirmed the rating for state-run ONGC as 'stable' following the oil major's recent acquisition of majority shareholding in Hindustan Petroleum Corporation (HPCL).

The transaction remains subject to requisite approvals from the shareholders of ONGC.

ONGC has acquired 51.11 per cent equity stake in HPCL from the Centre for a consideration of ₹36,915 crore to be paid in cash by January 31 this year.

"Moody's Investors Service, affirmed Oil and Natural Gas Corporation's 'Baa1' local and foreign currency issuer ratings, and the 'Baa1' ratings on the senior unsecured bonds issued by ONGC Videsh and ONGC Videsh Vankorneft Pte Ltd, both guaranteed by ONGC," the rating agency said.

Rating reflects ONGC's position as the only integrated oil and gas company in India with significant reserves, production and crude distillation capacity, post the acquisition

"The outlook on all ratings is stable," it added.

ONGC's 'Baa1' issuer ratings are primarily driven by its standalone credit profile.

Moody's noted that the rating reflects ONGC's position as the only integrated oil and gas company in India with significant reserves, production and crude distillation capacity, post the acquisition.

Besides, it also incorporates substantial operating cash flow generation capacity as well as weakened but still appropriate credit metrics for its ratings following the HPCL acquisition.

Further, Moody's expects that the company will not be asked to share fuel subsidies as long as oil prices stay below $60-65 a barrel.

"The rating outlook is stable reflecting Moody's expectation that the company will lower its borrowings through sale of stake in IOC and GAIL," the agency said.

"Further, the stable outlook also incorporates our expectation of benign oil price environment and that the company's growth plan will continue to be executed within the tolerance level of its current ratings," it added.

However, the agency noted that the likelihood of a ratings upgrade for ONGC in the next 12-18 months remains low given the high leverage.