

Oil Regulator Mandates Uniform PNG Rates for Indian Households



In a significant directive aimed at promoting fairness and preventing misuse of subsidized fuel, India's oil and gas sector regulator, the Petroleum and Natural Gas Regulatory Board (PNGRB), has ordered City Gas Distribution (CGD) entities to implement a uniform pricing structure for Piped Natural Gas (PNG) supplied to domestic households. This decision, announced in mid-July 2025, specifically targets the prevalent "telescopic pricing" model, where the per-unit cost of gas increases with higher consumption.

The PNGRB's directive comes in response to observations that some CGD companies were charging escalating rates as household PNG consumption surpassed certain thresholds. This practice, according to the regulator, not only unfairly burdened genuine domestic consumers with higher usage but also inadvertently created an avenue for the unauthorized use of subsidized Administered Price Mechanism (APM) gas by commercial establishments misclassified as household consumers. APM gas is allocated to CGD entities at concessional rates by the government specifically to promote the adoption of natural gas in domestic households and the transport sector. The expectation is that this cost advantage should be passed on to the end-users.

The regulator emphasized that the differential pricing of PNG for domestic users, based on their consumption levels, was "incorrect." A notice from the PNGRB stated that such practices could "inadvertently facilitate the unauthorized use of subsidised APM gas by commercial consumers who may be misclassified as domestic consumers." It further highlighted that "genuine domestic consumers with higher consumption levels may be unfairly subjected to elevated charges, despite natural gas being supplied to CGD entities at a uniform APM rate."

To ensure equity and transparency, the PNGRB has advised all CGD entities to conduct a thorough review of consumption patterns. They are also directed to investigate any anomalous cases where domestic consumers exhibit significantly higher usage than the industry average. Based on these findings, CGD firms are expected to institute corrective measures as per existing regulations. The core of the directive is clear: PNG for domestic kitchen usage "should be supplied at a uniform rate to all domestic household consumers, irrespective of their daily consumption levels."

This aligns with the broader governmental push to streamline the gas sector and increase the share of natural gas in India's energy mix. By ensuring consistent and fair pricing, the PNGRB aims to enhance the accessibility and attractiveness of PNG for households, further supporting the nation's energy transition goals while curbing potential misapplication of subsidized resources.