
Draft

Regulations for
Authorizing
Entities for the
Development of
Natural Gas
Pipelines

Petroleum & Natural Gas Regulatory
Board, New Delhi

November 29, 2007

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Regulations for Authorizing Entities for the Development of Natural Gas Pipelines

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NOTIFICATION

New Delhi, the.....

PETROLEUM AND NATURAL GAS REGULATORY BOARD

In exercise of the powers conferred by clauses (n), (p), (r) and (y) of sub-section (2) to section 61 of the Petroleum and Natural Gas Regulatory Act, 2006 (19 of 2006), the Petroleum and Natural Gas Regulatory Board hereby makes the following regulations, namely:-

1 Short Title and commencement-

1.1 These Regulations may be called The Petroleum and Natural Gas Regulatory Board (Authorization for Development of Natural Gas Pipelines) Regulations, 2007.

1.2 These Regulations shall come into force on the date of their publication in the Official Gazette.

2 Definition

a) In these Regulations, unless the context otherwise requires-

- i. "Act", means the Petroleum and Natural Gas Regulatory Board Act, 2006;
- ii. "Appointed Day" means the date of October 1, 2007.
- iii. "Board" means the Petroleum and Natural Gas Regulatory Board established under sub-section (1) of Section 3 of the Act.
- iv. "Development of Natural Gas Pipeline" – means the activities of laying, building, operating or expanding a natural gas pipeline.

- v. "Natural Gas Pipeline" – means any pipeline, including spur lines, for transporting or supplying of natural gas and includes all connected infrastructure, like, spur lines, compressors, storage facilities, metering units, etc. except -
 - a. a dedicated pipeline laid to supply natural gas to any specific consumer originating from a regulated pipeline, provided the same is for its own use and not for re-sale, and
 - b. pipelines in a city or local natural gas distribution network covered under the Regulations for Authorizing Development of City or Local Natural Gas Distribution Networks.
- b) All other words and expressions used herein but not defined shall have the same meanings respectively assigned to them in the Act.
- c) Unless defined herein or in the Act, the provisions of the General Clauses Act, 1897 as amended from time to time shall apply to these Regulations.

3 Scope

3.1 These regulations shall apply to an entity-

3.1.1 which is laying, building, operating or expanding, or which proposes to lay, build, operate or expand a natural gas pipeline; and

3.1.2 which proposes or is asked by the Board to convert a dedicated natural gas pipeline for supply of natural gas to a specific consumer in to a pipeline covered under clause 3.1.1 above.

4 Proposal to lay, build operate or expand natural gas pipeline

4.1 Initiation of Proposal

4.1.1 Expression of Interest (EOI) route

An entity desirous of laying, building, operating or expanding a natural gas pipeline shall submit an Expression of Intent (EOI) to the Board in the format at **Annexure-A**.

4.1.2 Suo-Motu by Board

The Board may also suo-motu invite EOI from entities interested in laying, building, operating or expanding natural gas pipeline along a route or in a geographical area.

4.2 Criteria for selection of entity

4.2.1 For Expression of Interest (EOI) route

4.2.1.1 The Board shall carry out a preliminary assessment of the EOI with respect to the following-

- a) natural gas availability position,
- b) spare capacity available in the existing natural gas pipelines already serving the area, region or route along the proposed natural gas pipeline route (including techno-economic

feasibility of expansion of the capacity and/ or extension of an existing natural gas pipelines)¹,

- c) possible connectivity with other natural gas pipelines, and
- d) Any other relevant issue.

4.2.1.2 The Board shall, within 15 days of the receipt of EOI and based on its preliminary assessment, either issue an open advertisement in at least one national and one vernacular daily newspaper (including webhosting) notifying receipt of an EOI and commencement of “Open Season” period of 30 days or reject the proposal. In the latter case, the Board shall inform the entity of the decision immediately along with the reasons for rejecting the proposal.

4.2.1.3 During the period of “Open Season”, any person, entity, body, organization, etc. may submit, in writing, to the Board, its views, suggestions and comments, if any on the EOI.

4.2.1.4 The Board may, based on the views and suggestions received, firm-up the indicative pipeline route, length and area/ region meant to be serviced by the natural gas pipeline.

4.2.1.5 The Board may, within a period of 15 days of the end of the “open season” period, notify through an open advertisement in at least one national and one vernacular daily newspaper (including webhosting), the proposal for the development of natural gas pipeline and invite bids for the same.

¹ The Board may examine the techno-economic feasibility of expansion (including extension through spur pipelines) of an existing natural gas pipeline to meet the additional requirements of transportation or supply of natural gas.

4.2.1.6 Minimum Eligibility Criteria

The Board shall scrutinize the bids received in response to the advertisement in respect of only those entities, which fulfill the following minimum eligibility criteria:

4.2.1.6.1 Entity should be technically capable of laying and building natural gas pipeline as per the following qualifying criteria-

- a) Entity has on its own in the past laid and built either a hydrocarbon pipeline of a length not less than 300 kilometers; or
- b) Entity has a joint venture with another entity (with at least 11% equity holding by that entity) which in the past has laid and built a hydrocarbon pipeline of a length not less than 300 kilometers; or
- c) Entity intends to lay and build proposed natural gas pipeline on Lump Sum Turnkey/ Project Management Consultancy basis through one or more technically competent firms, which in the past have laid and built a hydrocarbon pipeline of a length not less than 300 kilometers. The entity may also enclose a list of such firms along with aforesaid proof of their technical competence, along with its bid proposal. The entity will have the freedom to choose from amongst such firms at the time of execution of the project. The Board reserves the right to cross verify the credential of

the party (ies) included in the list and seek clarifications, if any; or

d) Entity has an adequate number of technically qualified personnel with experience in construction, pre-commissioning & commissioning of hydrocarbon pipelines and also has a credible plan to independently undertake and execute the natural gas pipeline project on a standalone basis.

4.2.1.6.2 Entity should be technically capable of operating and maintaining natural gas pipeline as per the following qualifying criteria-

a) Entity on its own has an experience of at least one year in operations and maintenance of a natural gas pipeline of a length not less than 300 kilometers; or

b) Entity has a Joint Venture with another entity (with at least 11% holding of that entity) which has an experience of at least one year in operations and maintenance of a natural gas pipeline; or

c) Entity intends to operate and maintain the proposed natural gas pipeline through an appropriate firm technical assistance agreement for a period of at least one year, with another party having experience of at least one year in operations and maintenance of a natural gas pipeline; or

- d) Entity has an adequate number of technically qualified personnel with experience in commissioning and operation & maintenance (O&M) of natural gas pipeline (s) and also has a credible plan to independently undertake the O&M activities of a natural gas pipeline on a standalone basis.

Note:

- i) In case of c) above, the entity shall submit in its application-cum-bid, a list of proposed parties with whom it desires to have a firm technical assistance agreement, along with the proof of relevant and credible experience of such parties. The list may be exhaustive and the entity may choose party (ies) from amongst the parties in this list for operation and maintenance of the proposed natural gas pipeline.
- ii) The entity should also submit a credible plan along with the bid to develop an in-house O&M team for natural gas pipeline.
- iii) The Board reserves the right to cross verify the credential of the party (ies) included in the list and seek clarifications, if any.

4.2.1.6.3 The applicant has the organizational and technical capabilities and undertakes to abide by such technical standards and specifications including safety standards, as may be specified by the Board

from time to time for development of natural gas pipelines.

4.2.1.6.4 The applicant has adequate financial strength to execute the proposed natural gas pipeline project and operate & maintain the same besides having a combined net worth (equity share capital and free reserves of the applicant and its co-promoter (s)) as per the minimum amount as per the categories indicated below-

Range of estimated pipeline length (Kilometers) (including spur lines)	Net worth requirement (Rs. in crore per kilometer of estimated pipeline length)
1,751 and above	0.90
1,001 -1,750	0.85
251-1,000	0.75
Up to 250	0.50

4.2.1.6.5 The applicant is a body corporate or else undertakes to become a company registered under the Companies Act, 1956 on being declared a successful bidder, prior to grant of authorization.

4.2.1.6.6 The entity should have a credible plan for utilization of the capacity in the proposed natural gas pipeline as per the basis indicated below-

a) The entity shall submit along with the application, a copy of the Memorandum of Understanding (MOU) or Heads of Agreement (HOA) with the entity with whom it intends to enter into an agreement for booking of capacity in the natural

gas pipeline (hereinafter referred to as other entity). The other entity should-

- i) either be the owner of natural gas or have a firm natural gas supply arrangement with a supply source, and
- ii) must be willing to use the pipeline capacity at the time of commissioning of the project.

provided the other entity may also, re-assign directly or indirectly through a trading mechanism in a recognized national commodity exchange, the capacity booked to any other entity fulfilling sub-criteria at i) & ii) above.

b) Similarly, as regards the own capacity requirements of the entity, the entity shall submit a copy of the Memorandum of Understanding (MOU) or Heads of Agreement (HOA) with the entity (hereinafter referred to as other entity) with whom it intends to enter into an agreement for supply of natural gas. The other entity should-

- i) either be the owner of natural gas or have a firm natural gas supply arrangement with a supply source, and
- ii) must be willing to supply the same to the entity at the time of commissioning of the project as per the schedule mutually agreed.

The Board reserves the right to directly approach the other entity under a) & b) above to ascertain the credibility of the MOU/ HOA and also assess the ability and willingness of the other entity to book the capacity in the natural gas pipeline or supply natural gas to the applicant entity, as the case may be in case the latter were to get authorization for natural gas pipeline project.

4.2.1.6.7 The applicant entity furnishes a bid bond of an amount determined as per the length of the proposed natural gas pipeline as per the applicable category indicated below-

Pipeline Length (Kilometers) (including spur lines)	Amount of Bid Bond (Rs. in crore)
2,501 & above	25
1,751-2500	20
1,001-1750	15
251-1,000	8
Up to 250	2

This bid bond is prescribed with a view to ensure that only serious and committed bidders participate in the financial bidding. The bid bond will be encashed if a bidder wins the bid and walks out. The Bid bond in respect of the unsuccessful bidders shall be released immediately while that of the successful bidder retained till the prescribed performance bid is furnished at the time of authorization.

4.2.1.6.8 The entity undertakes to build extra capacity in the natural gas pipeline with the following stipulation:

4.2.1.6.8.1 The capacity of natural gas pipeline shall be an aggregate of the following:

- a) Capacity requirements of the entity;
- b) Firmed-up contracted volumes; and
- c) At least 33%² of (a) and (b).

4.2.1.6.8.2 The capacity mentioned at clause 4.2.1.6.8.1 c) above shall be available for use as common carrier by any third party on open access and non-discriminatory basis.

4.2.1.6.9 In case the bidder does not fulfill the requirements of any criteria under clauses 4.2.1.6.1 to 4.2.1.6.8 above, the application shall be summarily rejected and a communication in this regard shall be sent to the applicant. In such a case, the financial bid shall not be opened for that bidder.

4.2.1.7 Application-cum-Bid Format

The application-cum-bid, to be submitted in two separate, properly earmarked and sealed envelopes, shall be in two parts-

- a) Part I (Technical bid) covering general particulars of the applicant and technical details of the project (including minimum eligibility criteria) under clause 4.2.1.6.

² The extra capacity of 33% should be achievable at maximum pressure as prescribed in the Regulations for Technical Standards and Specifications including Safety Standards.

b) Part II (Financial bid) covering the financial details under clause 4.2.3.

The format of the Application-cum-bid is specified in **Annexure – B**.

4.2.1.8 A time period of 45 days shall be allowed for submission of the application-cum-bid for grant of authorization for laying, building, operating or expanding the natural gas pipeline. Application-cum-bid received after the notified date shall not be considered.

4.2.1.9 The Board may, if required, extend the date of submission of bids through an advertisement in the same manner as under clause 4.2.1.5 above, including a situation where only a single application-cum-bid is received in response to the original advertisement.

4.2.2 Invitation by Board for laying, building, operating or expansion of natural gas pipeline

The Board may, suo-motu, through an open advertisement in at least one national and one vernacular daily newspapers (including hosting on its website) invite application-cum-bids from entities interested in laying, building, operating or expansion of natural gas pipeline along a specified route and the provisions in clauses 4.2.1 (except that the details of the EOI shall be replaced by Project details as perceived by the Board) shall apply.

4.2.3 **Bidding Criteria**

4.2.3.1 The Board, while considering a proposal for authorization, shall tabulate and compare all financial bids meeting the minimum eligibility criteria by applying suitable weights against the bidding criteria given below:

4.2.3.1.1 Pipeline Tariff

Lowness of the present value of the proposed pipeline tariff (bid in Rs./ Standard Cubic Meter (SCM) and on a postalized basis ³, i.e., uniform at all delivery or off take points). The bidders shall, in their bids, indicate natural gas pipeline tariffs on an annual basis over the entire economic life of the project (25 years). This shall have a weightage of 70%.

4.2.3.1.2 Pipeline Throughput

Highness of the present value of the natural gas volumes (in Million Standard Cubic Meters, i.e., MMSCM) proposed to be transmitted in the natural gas pipeline. The bidders shall, in their bids, indicate natural gas volumes build-up on an annual basis over the entire economic life of the project (25 years). This shall have a weightage of 30%.

Note:

³ While for the bidding purpose, the entity may bid for the pipeline tariff on a postalized basis, the actual recovery of the pipeline tariff could be allowed under different methods, viz., distance-based with/ or without volumes delivered, telescopic basis, zonal system, entry-load exit-load system, etc. The Board invites suggestions/ comments on this issue and also on the administrative mechanism to be put in-place to ensure that the overall revenue recovery by the entity is in line with the bid.

The volume of natural gas considered for arriving at the tariff bid for each year under clause 4.2.3.1.1 and that considered as pipeline throughput for each year under clause 4.2.3.1.2 should be the same.

4.2.3.2 The present value in the criteria at clauses 4.2.3.1.1 and 4.2.3.1.2 above shall be calculated by the entity using a discount rate not exceeding the Reasonable Rate of Return (RoR). The RoR shall be fixed as equal to the average rate of long-term Government securities issued by the RBI during the period of 12 months prior to the last date for obtaining the application-cum-bid documents + X%.⁴

~~4.2.3.3~~ Entity with the highest composite score considering the criteria under clauses 4.2.3.1.1 to 4.2.3.1.2 above shall be declared as successful in the bid subject to the provision under clause 4.2.3.4 below.

4.2.3.4 In case of a single bid, the Board may scrutinize the Detailed Feasibility Report (DFR) of the project as assessed by the Financial Institution or a Bank and assess the reasonability of the proposed plan to lay, build, operate or expand natural gas pipeline. In case the same is found to be sub-optimal, the Board reserves the right to reject the bid.

4.3 Performance Bond

4.3.1 The grant of authorization shall be made after the selected entity furnishes a performance bond of 2% of the project cost in the approved

⁴ The criteria for determining "X" is as explained under the Regulations for Determination of Network Tariff for City or Local Natural Gas Distribution Networks.

bid towards guarantee for timely commissioning of the natural gas pipeline as per the prescribed milestones and for meeting the performance undertakings during the operating phase.

4.3.2 The performance bond has been prescribed for guaranteeing timely commissioning of the proposed natural gas pipeline as per the prescribed milestones⁵ and for meeting the performance undertakings of the selected entity during the operating phase of the project.

4.3.3 In case of not meeting the prescribed milestone of timely commissioning of the natural gas pipeline, the board shall serve a notice for such shortfall and requiring the entity to fulfill the same within the time prescribed in the notice. Further, in the event of non-compliance to the requirements of such notice, the performance bond may be encashed and the entity shall have to replenish the same within the period prescribed in the encashment order. Further, for not meeting the performance undertakings during the operating phase, the performance bond may be encashed in terms of clause 4.10 below.

4.4 Grant of Authorization

4.4.1 The authorization shall be granted to the selected entity in the Format at **Annexure-C** within a period of 30 days of the last date of submitting the bid.

4.4.2 The grant of authorization to the selected entity cannot be transferred or assigned or surrendered, except with the prior express consent of

⁵ The entity shall be allowed a maximum period of 36 months from the date of grant of authorization for commissioning of the natural gas pipeline project. However, the Board may allow further extension of time provided that, based on a representation by the entity, it is satisfied that the delay is attributed to force majeure, like, act of God, war/ internal strife, etc. but not including delays due to failure to obtain statutory clearance, mobilization of resources, etc.

the Board. The entity is obliged to give prior intimation to the Board, of any proposed change in the constitution of ownership and / or management of the authorized entity. The Board reserves the right to review the authorization granted earlier, with such modifications as it may deem fit.

4.5 Capacity booking, Natural Gas tie-up & financial closure

4.5.1 The selected entity shall be required to achieve firm agreement (s) for booking of capacity in the natural gas pipeline with the entity with which it had entered a MOU or HOA as stated under clause 4.2.1.6.6 a) above and also for its own use under clause 4.2.1.6.6 b) above. The selected entity will also have the option to achieve firm agreement (s) with any other entity (ies) not stated under clause 4.2.1.6.6 above. The booking of the capacity in the natural gas pipeline shall be equal to at least 50% of the sum of the own capacity requirements of the entity and firmed-up contracted capacity. Further, the agreement (s) shall be entered into a transparent manner and be based on the principle of “At an Arm’s Length”, provided that up to 10% of this capacity could be booked on firm and mutually agreed “take or pay” or “minimum guarantee off-take” basis without insisting on physical delivery of natural gas. The entity must submit copies of the natural gas supply agreement (s) for its own capacity requirements and natural gas transmission service agreement (s) for firmed-up contracted capacity to the Board within a period of 45 days of the date of the issue of the authorization.

4.5.2 The selected entity with the authorization by the Board may proceed for seeking financial closure of the project by Banks/ Financial Institutions and it is required to achieve a financial closure within a period of 90

days from the date of the authorization. However, in case of an internally financed project, the entity is required to submit its Board's approval of the Detailed Feasibility Report (DFR) of the project. The Board reserves the right to ask the entity to submit any further details.

4.6 Pipeline Tariff

The pipeline tariff for transmission of natural gas in natural gas pipeline shall be as per the pipeline tariff bid. However, in case of a single bid, the pipeline tariff shall be as per the bid or as normatively determined by the Board, whichever is lower. The procedure for determination of normative pipeline tariff by the Board shall be as per the provisions in **Regulations for Determination of Tariff for Natural Gas Pipeline**.

4.7 Recovery of Pipeline Tariff

4.7.1 The entity shall recover the pipeline tariff as per the following procedure-

4.7.1.1 The entity shall charge pipeline tariff through an invoice as determined under clause 4.6 above on a non-discriminatory basis (i.e., without any premium or discount) from all consumers.

4.7.1.2 The entity laying, building, operating or expanding the natural gas pipeline is expected to maintain the operating pressure in the natural gas pipeline at all times as per the DFR and also in line with the Technical Standards, specifications including safety standards as specified by the Board. The entity may, separately charge additional compression charge towards compression of natural gas, to the extent not included in the

tariff of natural gas pipeline as per clause 4.6 above, from such consumer, to whom the supply of natural gas is required at a specific deliverable pressure as defined in the contract and beyond the operating pressure profile of the natural gas pipeline.

4.7.2 Recovery of the unit pipeline tariff shall be linked to the volume of natural gas as per the terms of the contract *and as per the methodology decided by the Board (refer footnote 3)* between the entity laying, building, operating or expanding natural gas pipeline and any other entity.

4.8 Post-authorization monitoring of activities

Pre-Commissioning

4.8.1 An authorized entity is required to provide, on a quarterly basis, a progress report detailing the clearances obtained, milestones achieved, expenditure incurred, works-in-progress and any other relevant information as per the format at **Annexure - D**.

4.8.2 The Board shall seek compliance by the entity to the notified technical standards and specifications including safety standards through conduct of technical and safety audits during the commissioning phase, as well as on an on-going basis thereafter, for ensuring safe commissioning and operation of the natural gas pipeline.

4.8.3 The Board may allow-

4.8.3.1 re-routing of the natural gas pipeline (including spur lines),

4.8.3.2 allow additional spur line (s) along the natural gas pipeline,

4.8.3.3 increase the capacity in the natural gas pipeline by 10%

provided such re-routing, additional spur lines and/ or increase in the capacity does not exceed 10% (of the length and/ or capacity, as the case may be) in respect of the natural gas pipeline (including spur-lines) as per the earlier authorization and is at the same approved pipeline tariff.

4.8.4 The Board shall monitor the progress in achieving various milestones as regards the natural gas pipeline project and advise remedial action, if any, to the entity.

4.9 Service Obligations of authorized entity (Post Commissioning)

4.9.1 The Board shall carry out an operating performance review of the natural gas pipeline once in a period of two years and the entity shall facilitate such review.

4.9.2 The entity shall not cause the activity of transmission of natural gas in the natural gas pipeline and its delivery to any consumer be made conditional to sourcing of the natural gas from the entity or its affiliate(s).

4.9.3 The authorized entity shall maintain separate books of accounts (including detailed activity-based costing records) to segregate direct, indirect and common costs (along with the basis of allocation) and the revenues earned in respect of the activities of-

4.9.3.1 purchase of natural gas (if applicable)

4.9.3.2 transmission of natural gas in the natural gas pipeline, and

4.9.3.3 marketing/ distribution of natural gas (if applicable).

The costs and revenues associated with activities other than those stated in clauses 4.9.3.1 to 4.9.3.3 above should be reflected separately in the books of accounts of the entity.

4.9.4 The entity shall give wide publicity of the capacity available in the natural gas pipeline for use on common carrier on non-discriminatory basis to encourage maximum utilization of the pipeline capacity. The entity shall maintain on its official website, real time information on:

4.9.4.1 capacity available in the natural gas pipeline,

4.9.4.2 names of shippers who have booked the capacity in the natural gas pipeline along with particulars of volumes booked, date booked, contract period & expiry, operating parameters, and

4.9.4.3 any other information prescribed by the Board to maintain transparency.

4.9.5 The capacity available on use as common carrier shall be allocated on a first-cum-first serve basis with no discrimination for volumes and length of the period of capacity contracted.

4.9.6 The authorized entity shall strictly adhere to the provisions under the **Regulations for Affiliate Code of Conduct** right from the stage of submission of its application-cum-bid and onwards, including the operation of the natural gas pipeline.

4.9.7 The entity shall be obligated to take all steps in adhering to the requirements of unbundling of the activity of transmission from the activity of distribution/ marketing of natural gas in the natural gas pipeline, as and when so decided by the Board.

4.9.8 Technical & Safety audit

4.9.8.1 The authorized entity shall be responsible for getting technical & safety audit (s) carried out, by independent technical experts at intervals specified or directed by the Board, during the commissioning phase as well as on an on-going basis thereafter to ensure compliance of the technical standards and specifications including safety standards as notified by the Board. The audit report along with the findings shall be submitted to the Board. The Board may review the same and advise remedial action, if any, to the entity.

4.9.8.2 Third party technical & safety audits shall be carried out by independent technical expert (s)/ accredited agencies out of the panel approved by or registered with the Board.

4.10 Consequences of Default and Termination of Authorization procedure

4.10.1 An authorized entity shall abide by all the terms and conditions specified in the Regulations and a failure in doing so, except for force majeure, shall be dealt with as per the following procedure:

4.10.2 The Board shall issue a notice to the defaulting entity allowing it a reasonable time to fulfill its obligations under the Regulations.

4.10.3 No further action shall be taken in case remedial action is taken by the entity within the specified period to the satisfaction of the Board.

4.10.4 In case of failure to take remedial action the Board may, after issuing a notice giving one month's time encash the performance bond of the entity.

4.10.5 The entity shall be required to replenish the performance bond to its original level, within a period of 15 days from the date of its encashment. In case of entity not replenishing the bond within 15 days, the Board may terminate the authorization of the entity.

4.10.6 When the entity replenishes the performance bond, but fails to take remedial action, the Board may, after giving a notice giving one month time, may terminate the authorization of the entity.

4.10.7 The procedure for implementing the termination of an authorization will be as laid out in **Annexure - G**.

4.10.8 Notwithstanding the above, the Board may also levy civil penalty as per Section 28 of the Act in addition to taking action as prescribed for offences and punishment under Chapter IX of the Act.

5 Entities laying, building, operating or expanding natural gas pipeline before the Appointed Day

5.1 The Board may declare such natural gas pipelines as common carrier or contract carrier under the concerned regulations.⁶

5.2 Entity authorized by the Central Government for laying, building, operating or expanding natural gas pipeline before the Appointed Day

⁶ Regulations for declaring Natural Gas Pipelines as Common Carrier or Contract Carrier are being separately notified.

5.2.1 The entity shall submit relevant information along with supporting documents in the format as per **Annexure - E** within a period of 180 days from the Appointed Day.

5.2.2 The entity shall abide by the terms & conditions of the authorization by the Central Government including obligations, if any.

5.2.3 The entity shall abide by the technical standards, specifications including safety standards as prescribed by the Board from time to time.

5.2.4 The Board shall approve the pipeline tariff to be charged based on the methodology for determination of tariff as applicable to a single bid as per the **Regulations for Determination of Pipeline Tariff for Natural Gas Pipeline**.

5.2.5 The activities of the entity may be subject to such other regulations as may be applicable to them as per different provisions of the Act.

5.3 Entity not authorized by the Central Government for laying, building, operating or expanding Natural Gas Pipeline before the appointed day

5.3.1 An entity laying, building, operating or expanding natural gas pipeline at any time before the appointed day but not duly authorized to do so by the Central Government shall apply immediately for obtaining an authorization in the format as per **Annexure- F**.

5.3.2 The Board may consider the following criteria while considering the application for grant of authorization-

5.3.2.1 The entity should possess all necessary statutory clearances, permissions, NOCs', etc. from the Central/ State Governments and other statutory authorities/ bodies.

5.3.2.2 The actual physical progress made and the financial commitment thereof till immediately before the Appointed Day in comparison with the entity's detailed feasibility report appraised by a financial institution. Normally, a physical progress of around 25% and a financial commitment of around 25% of the capital expenditure identified for the natural gas pipeline project (as identified in the DFR appraised by a financial institution) immediately before the appointed day may be considered as adequate. The Board may get the physical progress certified by an authorized third party or Government valuer. Similarly, the certification of the financial commitment shall be done by a Chartered Accountant.

5.3.2.3 Ability to meet the applicable technical standards and specifications including safety standards as may be prescribed in the Regulations on the subject. These would apply both for laying, building or expanding and for operating the natural gas pipeline. It is for the entity to satisfy the Board on the adequacy of its capability in this regard, besides being obligated to abide by the Board's directives in this issue.

5.3.2.4 The Board may scrutinize the entity's DFR and in case the same is found to be sub-optimal to meet the natural gas pipeline requirements, the Board may seek modifications on

techno-economic considerations and the entity would need to abide by the Board's directives.

5.3.2.5 Assessment of the financial position of the entity in timely & adequately meeting the financial commitments in developing the natural gas pipeline as appraised by a Financial institution and examination of the audited books of accounts of the entity.

5.3.2.6 The booking of the capacity in the natural gas pipeline should be equal to at least 50% of the sum of the own capacity requirements of the entity and firmed-up contracted capacity. Further, the agreement (s) should be entered into a transparent manner and be based on the principle of "At an Arm's Length". The entity must submit copies of the natural gas supply agreement (s) for its own capacity requirements and natural gas transmission service agreement (s) for firmed-up contracted capacity.

5.3.2.7 Any other criteria considered as relevant by the Board based on the examination of the application.

The evaluation of the application in terms of the criteria at 5.3.2.1 to 5.3.2.7 shall be done in totality considering the composite nature and the inter-linkages of the criteria.

5.3.3 The Board, after examining the application in terms of the criteria under clause 5.3.2 above and also taking into account the requirements in other regulations may form a prima-facie view as to whether the case should be considered for authorization. In case of prima-facie consideration, the Board shall issue a public notice in

one national and one vernacular daily newspaper (including webhosting) giving brief details of the project and seek comments and objections, if any, within 30 days from any person on the proposal.

5.3.4 The Board, after examining the comments and objections, if any under clause 5.3.3 above, may either consider or reject the case for authorization development of natural gas pipeline. In case it is decided to grant authorization, the same shall be in the format at **Annexure-C**. In case of rejection of the application, the Board shall pass a speaking order after giving a reasonable opportunity to the concerned party to explain its case and proceed to select an appropriate entity for the project in terms of clause 4.2.2 above. In case of rejection, the entity shall not be entitled for any compensation.

5.3.5 In case the entity is selected for grant of authorization for laying, building, operating or expanding natural gas pipeline-

5.3.5.1 The Board shall approve the pipeline tariff to be charged for use of the natural gas pipeline based on the methodology for determination of tariff as applicable to a single bid as per the **Regulations for Determination of Pipeline Tariff for Natural Gas Pipelines**.

5.3.5.2 The entity shall abide by the technical standards, specifications including safety standards as may be prescribed by the Board from time to time.

5.3.5.3 The provisions under clauses 4.3, 4.8, 4.9 & 4.10 above shall apply to the entity.

6 Laying a dedicated pipeline for supplies of natural gas to a specific consumer and the provisions for conversion of a dedicated pipeline in to a natural gas pipeline

6.1 It is expected that a dedicated pipeline for supply of natural gas to a specific consumer is laid considering only the future requirements of particular consumer.

6.1.1 Any entity laying, building, operating or expanding a dedicated pipeline before the appointed day, is required to submit details, including its DFR to the Board, within a period of 30 days of the notification of this regulation.

6.1.2 Any entity which proposes to lay, build, operate or expand a dedicated pipeline after the appointed day, shall submit the details of such proposal (including pipeline length, route, capacity and details of the consumer proposed to be served, etc. and enclose the DFR of the project) to the Board, at least 30 days before the commencement of such an activity.

6.1.3 The Board while taking into consideration all the relevant factors, including public interest, may prima facie come to a conclusion that instead of a dedicated pipeline, a common carrier or contract carrier pipeline requires to be laid, built, operated or expanded in public interest. In such a case, the Board may give a notice to the entity and issue appropriate directions through a specific order, provided in case no direction is issued by the Board within 30 days of receiving the details of the proposal, the entity may go ahead with its proposal to lay, build, operate or expand a dedicated pipeline.

6.2 Notwithstanding the provisions under clause 6.1 above, the entity may submit its proposal to convert its dedicated pipeline into a natural gas pipeline by applying to the Board in the format as per **Annexure - B**.

6.3 The Board may, in the overall public interest, issue grant of authorization to the entity for such natural gas pipeline and the provisions under clause 5.3.5 above shall apply.

6.4 The Board may also, in the overall public interest, direct an entity, owning and / or operating a dedicated pipeline laid to supply natural gas to a specific consumer, to convert such pipeline into a natural gas pipeline. However, such a direction shall be given only after giving an opportunity to the entity for presenting its case, and through a specific order. The entity shall be obliged to provide all relevant information to the Board as may be sought for this purpose. Once authorized as natural gas pipeline, the provisions under clause 5.3.5 above shall apply.

7 Access & Inter-connectivity to natural gas pipeline⁷

The entity shall be obligated to follow the access code and allow inter-connectivity to another natural gas pipeline as per the provisions of the **Regulations for Access and Inter-connectivity of Natural Gas Pipelines**.

8 Role of Consultants

The Board may engage consultant (s) for rendering assistance to the Board in carrying out the activities covered under these regulations. The role of the consultant (s) shall be recommendatory in nature and not binding on the Board.

⁷ Regulations for Access Code for Natural Gas Pipeline are being separately notified.

9 **Miscellaneous**

If any dispute arises with regards to the interpretation of any of the provisions of these regulations, the decision of the Board shall be final. Further, the Board may at any time effect appropriate modifications in these regulations.

Annexure- A

Format for submitting Expression of Interest (EOI) by entity desirous of laying, building, operating or expanding Natural Gas Pipeline (as per clause 4.1.1 of the Regulations for Authorizing Entities for the Development of Natural Gas Pipelines)

1	General Details
A	Name of the Applicant
B	Type of the firm – Public Limited Company / Private Limited Company / Partnership firm / Proprietorship firm / Others (please specify)
C	Date of incorporation & date of commencement of business
D	Address of Registered office
2	Financial Details
A	Share Capital / Proprietor's own Funds
B	Loans likely to be utilized– amount, tenure, moratorium period, rate of interest, and asset to be mortgaged / hypothecated for securing the same (if any)
C	Reserves (if any)
3	Business Activities
A	Previous experience in laying & building of hydrocarbon pipelines and also previous experience in operations & maintenance of hydrocarbon pipelines
B	Details of existing natural gas pipeline of the entity, if any
C	Details of other business, if any, being carried out by the promoters
4	Technical Details
A	Details of the Pipeline route depicted on a physical map.
B	Preliminary Technical details of the project in terms of the likely pipeline size, its diameter, class of pipeline, spur lines, if any, other facilities & equipments, etc. also depicted in the map
C	Development Plan envisaged for the project along with preliminary details of phasing out of facilities & equipments, like, compressors, etc.
D	Preliminary assessment of potential demand for natural gas in the area or region sought to be covered by the proposed natural gas pipeline project along with likely delivery points and proposed inter-connectivity, if any, with an existing or proposed natural gas pipeline
E	Likely source (s) of supply of natural gas in the natural gas pipeline and details of any firm tie-ups or MOU/ HOA with consumers, shippers and suppliers of natural gas
5	Any other information considered as relevant by the entity

Format for Application-cum-Bid for grant of authorization for natural gas pipeline (as per Clause 4.2.1.7 of the Regulations Authorizing Entities for the Development of Natural Gas Pipelines)

To,
Chairperson
Petroleum & Natural Gas Regulatory Board
1st Floor, World Trade Centre
Babar Road, Connaught Place
New Delhi-110 001.

Sub: Grant of Authorization for laying, building, operating or expansion of natural gas pipeline from _____ to _____

(Attach separate sheets for providing information wherever necessary)

1	Applicant Details	
A	Name of the Applicant	
B	Type of firm – Public Limited Company / Private Limited Company / Partnership firm / Proprietorship firm / Others (please specify) (Attach copy of Articles of Association / Partnership Deed, etc.)	
B	Date of incorporation & date of commencement of business	
C	Address of Registered office	
D	Name, addresses, telephone numbers, E-mail ID of all Directors / Partners / Proprietor (please provide full details with STD Code and Pin Code)	
2	Financial Details	
A	Share Capital / Proprietor's own Funds	
B	Loans – amount, tenure, moratorium period, rate of interest, taken from and asset mortgaged / hypothecated for securing the same (if any)	
C	Reserves (if any)	
D	Fixed Assets	
E	Current Assets	
F	Current Liabilities	
G	Sales Turnover	
H	Profit After Tax	

	(Attach copies of audited Profit & Loss Account & Balance Sheet for last 3 financial years) - In case applicant is a subsidiary company, copies of audited Profit & Loss Account & Balance Sheet for last 3 financial years of the Parent Company to be attached.	
3	Business Activities of the Applicant	
A	Details of all existing natural gas pipelines of the entity, if any (design specifications, installed capacity, average capacity utilization, capital cost, year-wise details of operating cost, age of the pipeline, gas volumes transported along with details of consumer profile, network map & drawings showing details of existing facilities and future plan, natural gas source, average unit tariff being charged, etc.)	
B	Details of tie-up or collaboration with any other authorized entity	
C	Details of other business, if any, being carried out by the promoters for the last 3 years	
4	Ownership & Affiliate Details	
A	Details of promoters	
B	Details of all affiliates of the applicant mentioning the business relationship between the applicant and the affiliates ("Affiliate" means as defined in the Affiliate Code of Conduct notified by the Board)	
C	The applicant undertakes to produce all relevant records / documents of itself and its related entities on demand by the Board.	Yes / No
D	The applicant undertakes to abide by the Affiliate Code of Conduct as notified by the Board.	Yes / No
E	Is the entity a body corporate registered under Companies Act, 1956 ?	Yes / No
F	Is the entity promoted by body	

	corporate(s) registered under Companies Act, 1956 ?	Yes / No
G	The entity undertakes to become a body corporate (in case it is not at the time of application) registered under Companies Act, 1956 on being selected for grant of authorization	Yes / No
5	Technical Details of natural gas pipeline project	
A	Name of the natural gas pipeline project	
B	Details of the pipeline (including spur lines, if any) route in respect of the natural gas pipeline project along with a sketch showing all inter-connected facilities (including compressors).	
C	Technical specifications of the project (Attach copy of feasibility report)	Full details of pipeline design, pressure, length of pipeline (including all spur pipelines), pipeline/ spur pipelines diameter, pipeline thickness, route details, corrosion protection arrangements, details of natural gas injection points & tap-off/ delivery point details, main block valves / isolation valves / emergency shut down valves, metering arrangements, Technical standards & specifications including safety standards, etc.)
D	Development Plan envisaged for the project - design & installed capacity of the natural gas pipeline along with details of phased-out plans indicating the year (s) when the same is envisaged.	Break-up of total capacity in natural gas pipeline to be provided as under i) Capacity requirements of the entity; ii) Firmed-up contracted volumes; and iii) At least 33% of sum of (a) & b). i)+ii)+iii) = Total Capacity
E	Quantity of gas proposed to be transported on an annual basis during the economic life of the natural gas pipeline. Also, give details of pipeline capacity &	

	gas supply tie-up (s), as the case may be with supplier/ consumer / shipper / other entities	
F	Demand assessment over the economic life of the project year-wise	
G	Time schedule for phase-wise completion of the project from the date of grant of authorization. (Complete details of all the activities associated with the completion of the project to be provided)	
H	Are all applicable technical standards and specifications including safety standards for setting up of a natural gas pipeline been considered and complied with? Provide details.	Yes / No
I	Is Disaster Management Plan attached?	Yes / No
J	Is the project entitled to any subsidy, tax waiver or exemption or deferment from the State / Central Government? If yes, give details.	Yes / No
K	Non-refundable Application Fee	Rs. <____>
	DD/ Cheque	
	DD/ Cheque No. & Date	
	Name of Issuing Bank	
Part-II : Financial bid (to be submitted in a separate earmarked sealed envelope) to be opened for those entities qualifying the minimum eligibility criteria		
A	Present Value (PV) of the Pipeline Tariff for laying, building, operating or expansion of natural gas pipeline over the economic life of the project (25 years from the date of commencement of operations of the project), year-wise pipeline tariff bid and the Project IRR considered in the calculation of year-wise pipeline tariff.	PV of the Pipeline Tariff bid each year of the economic life of the project – Rs.< > per SCM considered at the reasonable rate of return. Year-wise unit pipeline tariff bid Year 1: Rs.<__> per SCM Year 2: Rs.<__> per SCM : : Year 25: Rs.<__> per SCM Project IRR considered for

		arriving at the unit pipeline tariff bid
B	Present Value (PV) of the estimated pipeline throughput in the proposed natural gas pipeline over the economic life of the project (25 years from the date of commencement of operations of the project) and year-wise pipeline throughput bid	<p>PV of the estimated pipeline throughput in the proposed natural gas pipeline considering the reasonable rate of return.</p> <p>Year-wise throughput bid Year 1: <__> SCM Year 2: <__> SCM : : : Year 25: <__> SCM</p>
	Note: Detailed calculation sheets (including a soft copy of the same) in support of the weighted average unit network tariff bid, volume of natural gas throughput in natural gas pipeline to be submitted along with the application-cum-bid in the formats in Attachment-1 .	

DECLARATION

1. Certified that the above information is true to the best of my / our knowledge and belief and the information given in the annexure, attachments, enclosures and calculation sheets accompanying this application-cum-bid are correct, complete and truly stated, and if any statement made herein is found to be incorrect, the application-cum-bid shall be rejected, the application fee shall be forfeited and I / We shall be liable for action under the provisions of the Act.

2. I / We also undertake to pay any charges, security deposit, etc. which may be levied by the Board from time to time.

3. I / We certify that the above application-cum-bid is the only application-cum-bid submitted and no other application-cum-bid has been or is being separately

submitted for this pipeline route by me / us directly or through any affiliate entity.

Date :

Place :

Signature of Applicant

Instructions for filling the Application form:

1. All entries in the form and annexed documents should be legible with no cuttings.
2. Details requiring separate annexure / statement may be provided giving clear reference of the point against which the same is being attached.
3. All pages of the application form and all annexure, statements, etc need to be initialed by the person / official authorized by the applying entity through a notarized Power of Attorney.
4. Any information / data filled in the application form needs to be substantiated by attaching relevant proof of the same.
5. The applicant is required to submit 5 (Five) copies of the application with all the enclosures in addition to the original.
6. Incomplete application-cum-bid is liable to be summarily rejected.

Annexure - C

Grant of authorization for development of natural gas pipeline (As per Clause 4.4.1 and clause 5.3.4 of the Regulations Authorizing Entities for the Development of Natural Gas Pipelines)

To,

Sub : Grant of Authorization for < Name of natural gas pipeline>

Sir / Madam,

With reference to your application for grant of authorization for laying, building, operating or expansion of natural gas pipeline along <name of originating point> to <name of the last off-take/ delivery point>, it has been decided to grant authorization for the same to you / your company. This grant of authorization is, subject to the provisions under clauses 1 to 9 of the **Regulations Authorizing Development of Natural Gas Pipelines** and the following terms and conditions:

1. The activities of laying/ building/ operating/ expanding of natural gas pipeline to commence within a period of _____ days from the date of this authorization unless specific extension is approved.

2. The activities permitted above, shall have to be completed as per the approved schedule enclosed. Any failure on the part of the entity in complying with the milestones prescribed in the time schedule may lead to default and termination of authorization under clause 4.10 of these Regulations.

3. The capacity in the natural gas pipeline shall be equal to < > MSCM per annum as per the provisions under clause 4.2.1.6.8.1 of these Regulations.
4. The extra capacity in the natural gas pipeline as per the provisions of clause 4.2.1.6.8.2 of these Regulations shall be available for use on common carrier basis by any third party on open access and non-discriminatory basis.
5. The authorized entity shall be required to take prior approval from the Board for creation of any lien / charge / hypothecation on the assets of the natural gas pipeline to secure finances for the project and furnish details of utilization of funds. However, in case of raising funds from any financial institution/ scheduled bank, the entity will be required to only inform the Board of the sanction of the funds, within a period of 7 days.
6. The entity shall publish the approved tariffs for use of natural gas pipeline.
7. The entity is obligated to submit a detailed and clear financial closure report to the Board within a period of 90 days from the date of authorization issued by the Board as per the provisions of clause 4.5.2 of these Regulations.
8. The furnishing of Performance bond of Rs._____ crore is a guarantee for timely commissioning of the project as per the prescribed milestones submitted in the bid and for meeting the performance undertakings during operating phase of the project.
9. The entity shall abide by the service obligations specified by the Board as per **Annexure-H**.
10. In case the entity fails to comply with the service obligations or any term and condition specified herein, in full or in part, the Board may proceed for

action as per the provisions in clause 4.10 of these Regulations, including cancellation of this authorization while assigning the rights & obligations to any agency/ another entity, on such terms and conditions, as it may deem fit. In the event of termination of authorization, the entity may be required, as per the directions of the Board, to continue the operations of the natural gas pipeline at the same level till another agency/ entity appointed by the Board takes over the full control of the natural gas pipeline.

11. The entity is obligated to comply with the provisions of any other Regulations and the provisions of the Act.
12. Any other term or condition, which may be notified by the Board in public interest, from time to time.

You are requested to confirm your acceptance in the space provided below and return the same in original.

Yours Faithfully,
Sd/-

**Name & Designation
of Licensing Authority**

I / We hereby agree to all the terms and conditions subject to which I / We have been granted authorization for setting-up / operating / expanding natural gas pipeline system along the pipeline route from _____ to _____.

Date:

Place:

**Signature of Applicant
Name and Official Seal**

Annexure-D

Quarterly submission of data by authorized entity (as per clause 4.8.1 of the Regulations Authorizing Entities for the Development of Natural Gas Pipelines)

A	Name of Authorized Entity	
B	Project Name	
C	Date of grant of authorization	
D	Date of commencement of operations	
E	Details of composition of the ownership of the entity (give details of variations, if any, since the date of authorization)	
F	Self certification by the Entity in terms of compliance with the requirements of the Affiliate Code of Conduct, to the extent applicable. <u>Note:</u> Board reserves the right to seek any information/ data from the entity, as it may deem to be fit, to satisfy itself to the compliance.	

	Information / data	For the Quarter	Cumulative for the year
G	Financial Details (in Rs. Lakh)		
1	Capital Investment		
	(a) <u>Fixed Assets</u>		
	Opening Balance		
	Direct Additions		
	Transfer from CWIP		
	Deletions, if any		
	Closing Balance		
	(b) <u>Capital Work-in-progress (CWIP)</u>		
	Opening Balance		
	Additions		
	Transfer to Fixed Assets		
	Deletions, if any		
	Closing Balance		

2	Operating Expenses		
	Consumables & Chemicals		
	Utilities- (Power, Fuel)		
	Salaries		
	Repair & Maintenance		
	Gen Administrative Expenses		
	Insurance		
	Any other Expenses (to be detailed)		
3	Financial Expenses		
	Interest on Working Capital Borrowings (WCB)		
	Interest on Term Loans		
4	Depreciation		
5	Revenue Earned		
	Gas Transportation		
	Marketing of Gas		
	Other Income - Interest, etc		
6	Loans Status		
	(a) <u>Term Loans</u>		
	Opening		
	Added		
	Repaid		
	Closing		
	(Provide details of each loan - interest rate, moratorium period, term, terms and conditions, etc.)		
7	Information to be submitted	For the Quarter	Cumulative for the year
	(b) <u>Working Capital Loans</u>		
	Opening		
	Added		
	Repaid		
	Closing		

	(Provide details of each loan - interest rate, moratorium period, term, terms and conditions, etc.)		
8	Pipeline Tariff Charged - Rs./MSCM & Rs. in Lakh		
H	Physical Details		
1	Quantity of gas transported in the natural gas pipeline & delivered at each of the delivery/ off-take points (in MSCM)		
2	Average Calorific Value of natural gas in natural gas pipeline (in Kcal/ SCM)		
3	Pipeline Length		
	Till last quarter		
	Laid & Built in the current quarter		
	Length as at the end of the quarter		
	(Provide separately for all class of pipelines, diameter, pressure rating, etc.)		
4	Number of Compressors, Intermediate terminals & Delivery Terminals		
	Till last quarter		
	Added now		
	Total as on date		
	(To be Indicated against each type of CNG stations - mother, online & daughter stations)		
6	Project Completion Status (in % terms)		
	(as per approved schedule)		
	Provide details for each activities as per approved time schedule to the Grant of Authorization and reasons for deviation from the same, if any		
7	Any other information / data as may be prescribed by the Board or may be considered relevant by the entity.		

Note :

The Information / data in the above format should be certified by a firm of Chartered Accountants.

Annexure - E

Information to be provided for natural gas pipelines authorized by Central Government before the appointed day (as per Clause 5.2.1 of the Regulations Authorizing Entities for the Development of Natural Gas Pipelines)

To,
Chairperson,
Petroleum & Natural Gas Regulatory Board,
1st Floor, World Trade Centre
Babar Lane, Connaught Place,
New Delhi – 110 001.

Sub: Information in respect of Natural Gas Pipeline < Name> from <originating point> to <last tap-off/ delivery point>

(Attach separate sheets for providing information wherever necessary)

Part-I - General details of the Entity and Technical details of the Project		
1	Details of the Entity	
A	Name of the Entity	
B	Type of firm – Public Limited Company / Private Limited Company / Partnership firm / Proprietorship firm / Others (please specify) (Attach copy of Articles of Association / Partnership Deed, etc.)	
B	Date of incorporation & date of commencement of business	
C	Address of Registered office	
D	Name, addresses, telephone numbers, E-mail ID of all Directors / Partners / Proprietor (please provide full details with STD Code and Pin Code)	
E	Full particulars of the authorization granted by the Central Government for laying, building, operating or expanding the natural gas pipeline before the appointed day. Details of NOCs', clearances, etc. considered relevant by the entity to be provided. (Copies of the authorization and other documents to	

	be enclosed).	
2	Financial Details	
A	Share Capital / Proprietor's own Funds	
B	Loans – amount, tenure, moratorium period, rate of interest, taken from and asset mortgaged / hypothecated for securing the same (if any)	
C	Reserves (if any)	
D	Fixed Assets	
E	Current Assets	
F	Current Liabilities	
G	Sales Turnover	
H	Profit After Tax	
	(Attach copies of audited Profit & Loss Account & Balance Sheet for the last 3 financial years) - In case the entity is a subsidiary company, copies of the audited Profit & Loss Account & Balance Sheet for the last 3 financial years of the Parent Company to be attached.	
3	Business Activities of the Entity	
A	Original cost & WDV of assets along with year of commissioning, detailed break-up of the operating costs, pipeline tariff, during the last three years, etc.	
B	Details of technical or operational tie-up or collaboration with any other entity for laying, building, operating or expanding the natural gas pipeline	
C	Details of other business, if any, being carried out by the promoters for the last 3 years	
4	Ownership & Affiliate Details	
A	Details of promoters	
B	Details of affiliate(s) of the entity mentioning the business relationship ("Affiliate" means as defined in the Regulations for Affiliate Code of Conduct)	

C	The entity undertakes to produce all relevant records / documents of itself and its related entities on demand by the Board.	Yes / No
D	The entity undertakes to abide by the Regulations for Affiliate Code of Conduct.	Yes / No
E	Is the entity a body corporate registered under Companies Act, 1956?	Yes / No
F	Is the entity promoted by body corporate(s) registered under Companies Act, 1956?	Yes / No
G	The entity undertakes to becomes a body corporate (in case it is not a body corporate at the time of providing the information herein) registered under Companies Act, 1956 on the grant of authorization.	Yes / No
5 Technical details of the natural gas pipeline		
A	Name of the natural gas pipeline	
B	Physical map indicating the route of the natural gas pipeline, including spur-pipelines and details of existing and proposed inter-connected equipments and facilities.	
C	Technical specifications of the existing infrastructure in the natural gas pipeline, comparison with projections in the DFR and reasons for variation. (Attach copy of the feasibility report)	Full details regarding the natural gas pipeline design pressure, diameter, thickness, class, etc., route details, pipeline corrosion protection arrangements, main block valves / isolation valves / emergency shutdown valves, metering arrangements, compressors, intermediate/delivery stations, technical standards and specifications including safety standards being

		complied with, etc. to be submitted.
D	Development Plan envisaged for the project - design & installed capacity of the natural gas pipeline along with details of phased-out plans including year when the same are envisaged.	
E	Year-wise growth achieved in physical infrastructure along with value till the appointed day	
F	<ul style="list-style-type: none"> i) Volume of natural gas transported in the natural gas pipeline and sold (consumer-wise) during last three years till the appointed day ii) Reasons for variations in actual volumes transported and sold versus the projections in the DFR. iii) Volume of natural gas proposed to be transported and sold on an annual basis during the rest of the economic life of the project. 	
G	Details of source (s) of supply of natural gas and capacity tie-ups, as the case maybe (including existing/proposed inter-connectivity) to be provided phase-wise. (Enclose copies of agreements, MOU/ HOA reached.)	
H	Demand assessment over the economic life of project – estimated yearly demand.	
I	Time schedule for phase wise completion of the project from the date of commencement of operations. (Complete details of all the activities associated with the completion of the project may be provided separately)	
J	Are all applicable technical standards, specifications including safety standards, as notified by the Board been considered and complied with while designing, laying, building, expanding or operating the CGD network? Provide details.	
K	Attach copy of the Disaster	

	Management Plan in place.	
L	Is the project entitled to any subsidy or entitled for any exemption or deferment or waiver of any statutory levy from the State / Central Government? If yes, give complete details indicating the year-wise utilization plan of the entity.	Yes / No
M	Details of future approved capex plans? What is the percentage of year-wise actual capex during the last three years to the projected capex in the DFR and reasons for variation? (The data is required to be provided for last three financial years and for the period till the appointed day)	
Part-II: Any other submission considered as relevant by the entity		

DECLARATION

1. Certified that the above information is true to the best of my / our knowledge and belief and the information and data given in the Annexure and statements are correct, complete and truly stated, and if any statement made herein is found to be incorrect, I / We shall be liable for proceeding and punishment under the provisions of the Act.
2. I/ we also undertake to provide any further information or data as may be required by the Board within the stipulated time.

Date:

Place:

Name & Signature of Authorized Signatory

Official Seal

Instructions for providing information:

1. All entries in the form and annexed documents should be legible with no cuttings.

2. Details requiring separate annexure / statement may be provided giving clear reference of the point against which the same is being attached.
3. All pages of the information format and all annexure, statements, etc need to be serially numbered and initialed by the person / official authorized by the applying entity through a notarized Power of Attorney.
4. Any information / data filled in the information format needs to be substantiated by attaching relevant proof of the same.
5. The information format is required to be submitted in 5 (Five) copies with all the enclosures in addition to the original.
6. Incomplete information format is liable to be summarily rejected.

Annexure - F

Application for grant of authorization for Natural Gas Pipeline (as per Clause 5.3.1 of the Regulations Authorizing Entities for the Development of Natural Gas Pipelines)

To,
Chairman,
Petroleum & Natural Gas Regulatory Board,
1st Floor, World Trade Centre
Babar Lane, Connaught Place,
New Delhi – 110 001.

Sub: Application for Grant of Authorization for Natural Gas Pipeline <Name> from < originating point> to <last off-take/ delivery point>

(Attach separate sheets for providing information wherever necessary)

General details of the Applicant and Technical details of the Project		
1	Details of the Applicant	
A	Name of the Applicant	
B	Type of firm – Public Limited Company / Private Limited Company / Partnership firm / Proprietorship firm / Others (please specify) (Attach copy of Articles of Association / Partnership Deed, etc.)	
B	Date of incorporation & date of commencement of business	
C	Address of Registered office	
D	Name, addresses, telephone numbers, E-mail ID of all Directors / Partners / Proprietor (please provide full details with STD Code and Pin Code)	
2		
Financial Details		
A	Share Capital / Proprietor's own Funds	
B	Loans – amount, tenure, moratorium period, rate of interest, taken from and asset mortgaged / hypothecated for securing the same (if any)	
C	Reserves (if any)	
D	Fixed Assets	
E	Current Assets	
F	Current Liabilities	

G	Sales Turnover	
H	Profit After Tax	
	(Attach copies of audited Profit & Loss Account & Balance Sheet for last 3 financial years) - In case applicant is a subsidiary company, copies of audited Profit & Loss Account & Balance Sheet for last 3 financial years of the Parent Company to be attached.	
3 Business Activities of the Applicant		
A	Original cost & WDV of assets along with year of commissioning, detailed break-up of the operating costs, unit network tariff consumer category wise, compression cost, during the last three years, etc.	
B	Details of technical or operational tie-up or collaboration with any other entity (enclose copies of such agreements, MOUs/ HOA)	
C	Details of other business, if any, being carried out by the promoters for the last 3 years	
4 Ownership & Affiliate Details		
A	Details of promoters	
B	Details of all affiliates of the applicant mentioning the business relationship between the applicant and the affiliates ("Affiliate" means as defined in the Regulations for Affiliate Code of Conduct)	
C	The applicant undertakes to produce all relevant records / documents of itself and its related entities on demand by the Board.	Yes / No
D	The applicant undertakes to abide by the Regulations for Affiliate Code of Conduct.	Yes / No
E	Is the entity a body corporate registered under Companies Act, 1956?	Yes / No
F	Is the entity promoted by body corporate(s) registered under	Yes / No

	Companies Act, 1956?	
G	The entity undertakes to become a body corporate (in case it is not at the time of application) registered under Companies Act, 1956 on being selected for grant of authorization	Yes / No
5 Technical details of natural gas pipeline		
A	Name of the pipeline	
B	Physical map depicting pipeline and all the existing and proposed facilities & equipments.	
C	Technical specifications of the existing infrastructure and a comparison with that projected in the DFR and reasons for variation. (Attach copy of the feasibility report)	Full details regarding the pipeline (including spur pipelines) design pressure, diameter, thickness, class, etc., route details, pipeline corrosion protection arrangements, city gate station(s), main block valves / isolation valves / emergency shutdown valves, metering arrangements, intermediate/ delivery stations, technical standards and specifications and safety standards being envisaged/ complied with, etc. to be submitted.
D	Development Plan envisaged for the project - design & installed capacity of the natural gas pipeline along with details of phased-out plans including year when the same is envisaged.	
E	Year-wise growth achieved in physical infrastructure along with value.	Gross and Net block Value to be indicated over each asset-head.
F	i) Volume of natural gas transported in the natural gas pipeline and sold (consumer-wise) during last year-	

	<p>years till the appointed day</p> <p>ii) Reasons for variations in actual volumes transported and sold versus the projections in the DFR.</p> <p>iii) Volume of natural gas proposed to be transported and sold on an annual basis during the rest of the economic life of the project for each category of consumer.</p> <p>Also, give details of tie-ups with consumer (s) or any entity, if any.</p>	
G	<p>Details of source (s) of supply of natural gas and capacity tie-ups (including existing/ proposed pipeline inter-connectivity). Details of the natural gas source tie-up (s) to be provided phase-wise. (Enclose copies of agreements, MOU/ HOA reached.)</p>	
H	<p>Demand assessment over the economic life of the project – year-wise</p>	
I	<p>Time schedule for phase wise completion of the project from the date of commencement of operations. (Complete details of all the activities associated with the completion of the project may be provided separately)</p>	
J	<p>Whether applicable technical standards, specifications including safety standards, as notified by the Board been considered and complied with while designing, laying, building, operating or expanding the natural gas pipeline? Provide details.</p>	
K	<p>Copy of Disaster Management Plan to be attached</p>	
L	<p>Is the project entitled to any subsidy, tax waiver or exemption or deferment from the State / Central Government? If yes, give details.</p>	Yes / No
M	<p>Details of of future approved capex plans? What is the percentage of year-wise actual capex to the projected capex in the DFR in the last three years and reasons for variation?</p>	
N	<p>Non-refundable Application Fee</p>	Rs. <_____>

	DD / Cheque	
	DD / Cheque No. & Date	
	Name of Issuing Bank	
Part-II:	Any other submission considered as relevant by the entity with regards to the application for grant of authorization for natural gas pipeline by the Board	

DECLARATION

1. Certified that the above information is true to the best of my / our knowledge and belief and the information given as Annexure and statements accompanying this application are correct, complete and truly stated, and if any statement made herein is found to be incorrect, the application shall be rejected, the application fee shall be forfeited and I / We shall be liable for proceeding and punishment under the provisions of the Act.
2. I / We also undertake to furnish a Performance Bond, which may be prescribed by the Board.
3. I / We certify that this is the only application submitted and no other application has been or is being separately submitted for this city / geographic area by me / us directly or through any affiliate.

Date :

Place :

Name & Signature of Applicant/ Authorized Signatory

Official Seal

Instructions for filling the Application form:

1. All entries in the form and annexed documents should be legible with no cuttings.
2. Details requiring separate annexure / statement may be provided giving clear reference of the point against which the same is being attached.

3. All pages of the application form and all annexure, statements, etc need to be initialed by the person / official authorized by the applying entity through a notarized Power of Attorney.
4. Any information / data filled in the application form needs to be substantiated by attaching relevant proof of the same.
5. The applicant is required to submit 5 (Five) copies of the application with all the enclosures in addition to the original.
6. Incomplete application is liable to be summarily rejected.

Annexure – G

Procedure for implementation the termination of Grant of authorization of natural gas pipeline (As per Clause 4.10.1.7 of the Regulations Authorizing Entities for the Development of Natural Gas Pipelines)

The procedure for implementing the termination of the authorization of the entity to lay, build, operate or expand a natural gas pipeline following default by the entity as per the provisions of clause 4.10 of these Regulations, is as under:

1. On approval of termination of the authorization by the Board, the entity shall be required to submit a detailed statement of the ongoing activities for the said natural gas pipeline, investments, liabilities and such other information as may be directed by the Board within a period of 30 days from the date of receipt of notice of termination by the entity.
2. The authorized entity shall be required to continue the operations of the natural gas pipeline at the same level till such time another agency/ entity, as per the decision of the Board, takes over the full control of the natural gas pipeline. The Board reserves the right to appoint any other entity/ agency to manage & operate the natural gas pipeline till such period of time and on such terms & conditions, as it may deem fit.
3. The Board may, in any manner as it deems fit (including through an issue of an advertisement), invite expression of interest or bids from entities interested in taking over the management and operation of the natural gas pipeline.
4. On receipt of expression of interest or bids, as the case may be, the Board may take an appropriate view on the procedure for evaluation and subsequent grant of authorization and an entity shall be selected to take over the operations of the natural gas pipeline from the defaulting entity.

5. The defaulting entity shall assign/ transfer its rights and ownership vested over all the assets created or acquired by it in the natural gas pipeline in favour of the entity selected by the Board.
6. The selected entity shall be required to make the full payment, to the defaulting entity for the assets taken over, within a period of 180 days from the date of assignment/ transfer of the assets. The quantum of payment shall be arrived at as follows:

Net Book Value of Assets (-) any loan outstanding (-) any other liability (-) penalty as may be imposed by the Board as per the provisions of section 28 of the Act and/ or Chapter IX of the Act.
7. The defaulting entity shall have to provide an undertaking to indemnify the newly authorized entity for any liability, which may arise later as a result of its past actions.
8. The selected entity shall deposit with the Board, the amount of penalty earlier deducted from the payment made to the defaulting entity, within a period of 15 days from the date of its final payment to the defaulting entity.

Service Obligations of entity (As per Clause 8 of the Grant of Authorization under Annexure-C)

1. General:

- (a) The entity shall obtain all statutory permits, clearances and approvals from the concerned approving authorities and shall at all times ensure the validity of said permits, clearances and approvals.
- (b) During the continuance of the authorization, the entity shall transport natural gas along the pipeline route from _____ to _____ in accordance with the terms of this authorization, charge the approved tariff and abide by the extant rules and regulations, including such revisions as the case may be.
- (c) The entity shall be obliged to undertake any change in the natural gas natural gas pipeline development plan approved earlier by the Board at any time during the continuance of the authorization, provided the Board is satisfied that the proposed change is technically & financially feasible, is in the overall public interest and does not adversely affect the interests of the existing users of the natural gas pipeline.
- (d) The capacity of natural gas pipeline shall be an aggregate of the following:
 - i) Capacity requirements of the entity;
 - ii) Firmed-up contracted volumes; and
 - iii) At least 33%⁸ of sum of (a) & b).

⁸ The extra capacity of 33% should be achievable at maximum pressure as prescribed in the Regulations for Technical Standards and Specifications including Safety Standards.

The capacity mentioned at clause 4.3.1 c) above shall be available for use as common carrier or contract carrier basis by any third party on open access and non-discriminatory basis.

- (e) The entity shall enter into contract for transportation or supply of natural gas for such quantity and period of time, as shall be necessary for ensuring and maintain uninterrupted supply in the natural gas pipeline system.
- (f) The entity shall put in place an appropriate systems & procedures for :
 - i. protection of its property,
 - ii. prevention of loss and waste in the operation of the network,
 - iii. safe operation of network following the technical standards and specifications including safety standards as prescribed by the Board,
 - iv. undertaking periodic safety awareness campaigns,
 - v. transmission and distribution of natural gas,
 - vi. redressal of consumer grievances,
 - vii. specifying obligations of consumers & shippers including obligations in respect of quality, volume, pressure and temperature of gas delivered, shippers' nomination and allocation of gas etc
 - viii. extension of the natural gas pipeline system.

A documented copy of the said systems & procedures shall be provided by the authorized entity to the Board and shall widely publish the same in the interest of general public. Modifications, if any, suggested by the Board shall be carried out by the entity.

- (g) The entity when marketing to a consumer, shall:
 - i. state the approved pipeline tariff to be paid under the contract (s) for the transportation of gas, expressed per cubic metre of gas, and other relevant terms proposed in the contract;

- ii. not exert undue pressure on a consumer;
 - iii. not make any offer or provide any promotional material to a consumer that is inconsistent with the contract being offered to or entered into with the consumer;
 - iv. not make any representation or statement or give any answer or take any measure that is false or is likely to mislead a consumer;
and
 - v. shall adhere to the provisions of the Affiliate Code of Conduct.
- (h) The entity shall enter into contract with its proposed consumers & shippers with appropriate clauses to ensure compliance to the obligations specified in clause 1(e) above as well as with respect to the following:
- i. the time period for the validity of the contract;
 - ii. frequency of billing
- (i) The entity shall be under an obligation to connect the consumer to the network on receipt of a specific request, subject to availability of capacity in the network, the consumer undertaking to fulfill its obligations specified under clause 1(e) above and the technical & economic viability of the proposed connection. In case of a dispute, the decision of the Board shall be final and binding on both parties, subject to the appellate provisions of the Act.
- (j) The entity reserves the right to discontinue transportation of natural gas and / or dismantle the infrastructure created in case of a failure on the part of the consumer / shipper in fulfilling its obligations specified in 1(e) above.

- (k) The entity shall insure all the assets used in the business of transmission of natural gas and the insurance policy, in this regard, shall also cover third party liabilities.

2. Construction, Operation & Maintenance:

- (a) The entity shall not undertake any excavation or related work, which shall disturb or interfere with the surface of the traveled portion of any road / highway, water body, canal, river, railway crossing, forest, etc. unless a permit for the same has been first obtained from the appropriate authorities / Government and all works subsequently undertaken by the entity shall be carried out in line with the terms of approval and to the satisfaction of the approving authority / Government.
- (b) The entity shall not deviate from the permission granted in clause 2 (a) above without the prior approval of the approving authority / Government.
- (c) The entity shall in the construction, maintenance and operation of the natural gas pipeline system, use all reasonable precaution to avoid damage or injury to any person or property. The entity shall further be liable for any loss, injury or damage attributed to the negligence of the entity or its agents and shall indemnify the affected parties.
- (d) The entity shall establish a centralized control room for monitoring & control of the natural gas pipeline system, including the disaster management system.
- (e) The entity shall furnish on regular basis to the Board, the map including detailed “as built” drawings, accurately depicting the size, depth &

location of pipelines, related equipment, location of marker posts indicating the route, pipeline gradient, etc. of the natural gas pipeline and regularly update the same for any change, addition or deletion.

- (f) The entity shall ensure compliance of all necessary quality checks and inspection certification before providing connectivity to any gas delivery system.
- (g) The entity shall properly purge, isolate, blind or dismantle any gas pipeline segment, equipment etc, which is not in use for long time or has been abandoned, to ensure complete safety and necessary modifications shall be carried out in the maps & drawings.
- (h) The entity shall have proper systems & procedures including designated facilities for undertaking inspection, testing, calibration & repair of meters & equipments, safety equipments, etc.
- (k) Any other service obligation, which the Board may specify from time to time.

3. Services and information to be maintained by the entity:

- (a) The entity shall have a current mailing address and telephone number of all locations where the natural gas pipeline is being set-up / operated.
- (b) The entity shall maintain a database and provide to the Board on request:
 - i. details of the consumers and / or shippers;
 - ii. the contract with the consumer, shippers, etc.;
 - iii. details of contract renewal or extension.

4. **Confidentiality of Consumer Information:**

- (a) The entity shall not disclose consumer information to any person other than the Board, without the consent of the consumer in writing, except when the information has been sufficiently aggregated such that an individual consumer's information cannot be separately identified, or where the consumer information is required to be disclosed:
 - i. for billing or market operation purposes;
 - ii. for law enforcement purposes;
 - iii. when past due accounts of the consumer have been passed to a debt collection agency.
- (b) The entity shall inform consumers regarding the conditions described in paragraph 4 (a) under which consumer information may be released to a third party without the consumer's consent.
- (c) The entity shall not use consumer information obtained for a purpose other than for which it was obtained.

5. **Complaints:**

- (a) The entity shall provide the address and telephone number of its consumer service centre for lodgment of any complaint and widely advertise the same from time to time.
- (b) The entity shall make all reasonable efforts in resolving the complaints received in a time bound manner.
- (c) The entity shall maintain and periodically provide to the Board, the details of:

- i. complaint received by the entity or referred to by the Board;
- ii. method and time of disposal of complaint;
- iii. complaint pending for redressal; and
- iv. comment on the quality of service provided by the entity and suggestions, if any.