

PNGRB/CGD/BID/9/2018/GA/66/Tamil Nadu –Bid Evaluation

पेट्रोलियम एवं प्राकृतिक गैस विनियामक बोर्ड

Petroleum and Natural Gas Regulatory Board

प्रथम-तल, वर्ल्ड ट्रेड सेंटर, बाबर रोड, नयी दिल्ली - 110001

1st Floor, World Trade Centre, Babar Road, New Delhi – 110001

To

12th September, 2018

Indian Oil Corporation Limited
7th Floor, Core-2, Scope Complex,
7 Institutional Area, Lodhi Road,
New Delhi- 110003

Subject: Grant of Authorization to Indian Oil Corporation Limited for development of City Gas Distribution Network in the Geographical Area of Salem District.

Sir,

With reference to submission of Performance Bank Guarantee for Rs. 33 crores vide your letter dated 17.08.2018, as per the requirement under Regulation 10(1) of the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Regulations, 2008, please find enclosed authorization in Schedule D for the GA of Salem District in duplicate.

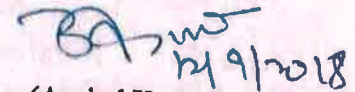
2. The tariff applicability is as per the Judgment of Hon'ble Supreme Court of India in the SLP No. 22273 of 2012.
3. You are requested to put your stamp & signature on each page of the document and return one copy, within 7 days of receipt of this communication, to the PNGRB for records.
4. The enclosed authorization issues with the approval of the Board.

Encl: As above



एस. के. शर्मा / S. K. SHARMA
कार्यकारी निदेशक (गैस) / Executive Director (Gas)
व्यापार विकास / Business Development
इंडियन ऑयल कॉर्पोरेशन लिमिटेड
INDIAN OIL CORPORATION LIMITED
(कॉर्पोरेट कार्यालय) / (Corporate office)
स्कोप कॉम्प्लेक्स, कोर-2, 7, इस्टिडवुडनल एरिया
Scope Complex, Core-2, 7, Institutional Area
लोधी रोड, नयी दिल्ली / Lodhi Road, New Delhi-110003

Yours faithfully,



(Arvind Kumar)
Additional Advisor

अरविन्द कुमार
ARVIND KUMAR
अपर सलाहकार
Additional Advisor
पेट्रोलियम और प्राकृतिक गैस विनियामक बोर्ड
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Schedule D

[see regulations 10 (1) and 18 (7)]

Grant of authorization for laying, building, operating or expanding CGD network

To
Indian Oil Corporation Limited
7th Floor, Core-2, Scope Complex,
7 Institutional Area, Lodhi Road,
New Delhi- 110003

Subject: Grant of Authorization to Indian Oil Corporation Limited for development of City Gas Distribution Network in the Geographical Area of Salem District.

Sir,

With reference to your application-cum-bid for grant of authorization for laying, building, operating or expanding the CGD network in Salem District in the state of Tamil Nadu, it has been decided to grant you the authorization subject to the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Regulations, 2008 and the following terms and conditions:

1. The Authorised Area for laying, building, operating or expanding the proposed CGD Network shall cover an area of <5237.00> square kilometre and as depicted in the enclosed drawing or map,
2. The activities of laying, building, operating or expansion of the CGD Network shall commence immediately after the issuance of this authorisation.
3. The activities permitted above shall have to be completed as per the work programme mentioned below, namely: -

Serial Number	Description of Work	Numbers
1	Number of CNG Stations (Online and Daughter Booster stations) to be installed within 8 contract years from the date of authorisation	158
2	Number of domestic Piped Natural Gas connections to be achieved within 8 contract years from the date of authorisation	337062

Sharma
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3	Inch-km of steel pipeline to be laid within 8 contract years from the date of authorisation	1368
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The entity shall be required to achieve the year-wise work programme within 8 contract years as per details given below:

PNG Connections (cumulative)		CNG Stations (cumulative)		Inch-km of steel pipeline (cumulative)	
By the end of contract year	% of work program	By the end of contract year	% of work program	By the end of contract year	% of work program
1 st	Nil	1 st	Nil	1 st	5
2 nd	10	2 nd	15	2 nd	20
3 rd	20	3 rd	30	3 rd	40
4 th	30	4 th	45	4 th	60
5 th	40	5 th	60	5 th	70
6 th	60	6 th	75	6 th	80
7 th	80	7 th	90	7 th	90
8 th	100	8 th	100	8 th	100

Note - In case derived numbers are in fraction, the same shall be rounded off to the nearest whole number and 0.5 shall be rounded off to next higher whole number.

4. Any failure on the part of the entity in complying with the milestones prescribed in the work programme shall lead to consequences as specified under regulation 16.
5. The entity shall design and install an optimal size of the infrastructure in terms of pipelines of various types including steel belting of the authorised area, online compressors of adequate capacity for compressing of natural gas into CNG, allied equipment and facilities in the CGD network depending upon the potential demand for natural gas. The infrastructure in the CGD network should be adequate to maintain uninterrupted flow of natural gas in the pipelines and be also able to maintain supplies at adequate pressure to online CNG stations.
6. The entity shall maintain an uninterrupted supply of natural gas to all categories of customers in the CGD network. In the event of any disruption in the supply of natural gas in the CGD Network, first priority shall be accorded to restoration of supplies to domestic PNG customers. In case of disruption of supply to domestic PNG customers for more than twelve hours, the entity shall compensate the domestic customer on the following manner, namely: -

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- (a) the normative volume of natural gas consumption for the first domestic PNG connection for cooking requirements based on last three months weighted average consumption per day to be applied for each day's disruption and multiplied by ten;
- (b) normative value of natural gas consumption shall be based on last three months' weighted average billing price of natural gas for supplies to the first domestic PNG connection for cooking requirements; and
- (c) the value of compensation shall be equal to normative volume of natural gas consumption as per clause (a) above multiplied by normative value as per clause (b) and shall be adjusted by allowing a credit to the domestic PNG Customer in the next billing cycle or in the next pre-paid smart card in case of smart card metering.

In case the disruption of supplies is attributed to any fault of the domestic PNG customer, no compensation shall be payable by the entity.

7. The entity is allowed an exclusivity period under the Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Networks) Regulations, 2008, in respect of the following, namely: -

- (a) 300 months from the date of issue of this communication for laying, building and expansion of the CGD network; and
- (b) 96 months from the date of issue of this communication in terms of an exemption from the purview of common carrier or contract carrier for the CGD network:

Provided that the entity meets the obligations in line with the Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Networks) Regulations, 2008:

Provided further that the period of exclusivity allowed under sub-clause (a) or sub-clause (b) may be terminated before the expiry of the period mentioned above in line with the provisions under Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Networks) Regulations, 2008.

8. The authorised entity shall be required to take prior approval from the Board for creation of any lien, charge or hypothecation of the CGD network to secure finances for the project and furnish details of utilisation of funds. And, in case of raising funds from any financial institution or bank, the entity will be required to only inform the Board of the sanction of the funds within a period of seven days.

S.K. Sharma
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 Scope Complex, Core-2, 7, Indian Oil Corporation Limited
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9. The entity shall submit a detailed and clear financial closure report to the Board within a period of two hundred and seventy days from the date of authorisation issued by the Board under regulation 10.
10. The entity shall publish on its website the transportation rate for CGD and transportation rate for CNG in the authorised area as per the following table namely: -

Serial Number	Description	Rate
1	Transportation rate for CGD - in rupees per million British Thermal Unit (Rs./MMBTU) for the first contract year	30
2	Transportation rate for CNG - in rupees per kilogram (Rs. /kg) for the first contract year	2

Note - Annual escalation shall be considered from the second contract year and onwards based on the "Wholesale Price Index (WPI) Data (2011-12 = 100)" for "All Group / Commodity", as normally available on the website of the Office of the Economic Adviser, Government of India, Ministry of Commerce and Industry, Department of Industrial Policy and Promotion (DIPP) on the link "<http://eaindustry.nic.in/home.asp>."

11. The entity shall publish the applicable retail selling price of PNG for all categories of customers and also for the purpose of invoicing in Rs. / MMBTU.
12. The entity shall publish and display the retail selling price of natural gas for the purpose of invoicing to CNG customers in Rs. / Kg at all natural gas dispensing stations.
13. The furnishing of performance bond of Rs. 330 Million is a guarantee for timely commissioning of the project as per the prescribed work programme in the bid and for meeting the service obligations during the operating phase of the project.
14. The entity shall comply with the applicable provisions under the Petroleum and Natural Gas Regulatory Board (Authorising Entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Regulations, 2008, the Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Networks) Regulations, 2008, relevant regulations for technical standards and specifications, including safety standards, any other regulations as may be applicable and the provisions of the Act.
15. In case the authorisation of the entity is terminated, the Board may assign the rights and obligations of the entity to any agency or another entity on such terms and conditions, as it may deem fit. Further, the entity may be required, as per the directions of the Board, to continue the operations of the CGD network at the

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same level till another agency or entity appointed by the Board takes over the full control of the CGD network.

16. The entity shall comply with 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 by filling-in the acceptance of the grant of authorisation provided below and return the same in original.

Dated:

अरविन्द कुमार Yours faithfully,
ARVIND KUMAR
अपर सलाहकार
Additional Adviser
पेट्रोलियम और प्राकृतिक गैस विनियामक
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Babar Road, New Delhi-110001
13/09/2018

Name and Designation of Officer
On behalf of the PNGRB

Official Seal

Acceptance of the Grant of Authorisation

X/ We hereby accept the grant of authorisation issued by the PNGRB vide letter ref. PNGRB/CGD/BID/1/2018/GA/161/TAMIL NADU - BID EVALUATION <A> dated <13/09/2018> and agree to comply with all the terms and conditions subject to which X/ We have been granted the authorisation for laying, building, operating or expanding city or local natural gas distribution network in the authorised area of SANJIV DISTRICT in the State or the Union Territory of Tamil Nadu

Date: 13/09/2018

Place: NEW DELHI

Signature of the Entity or Authorised Signatory
Name and Official Seal

एस. के. शर्मा/S. K. SHARMA
कार्यकारी निदेशक (गैस)/Executive Director (Gas)
व्यापार विकास/Business Development
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**GEOGRAPHICAL AREA
SALEM DISTRICT**

KEY MAP



Total Geographical Area (Sq Km)		6,327
Total Population		5,42,000
Total Households		9,15,000
No. of Charge Areas		11

CHARGE AREA ID	NAME
CA-01	Perur
CA-02	Elengudi
CA-03	Chengam
CA-04	Shankar
CA-05	Onthirai
CA-06	Saravali
CA-07	Salim South
CA-08	Salim West
CA-09	Seethan
CA-10	Uthandi
CA-11	Thiruvadi

LEGEND

VECTOR

- District Headquarter
- Town
- Village with population
- National Highway
- State Highway
- Railway
- CA Boundary
- District Boundary
- Sub-district Boundary
- Power
- Water Body

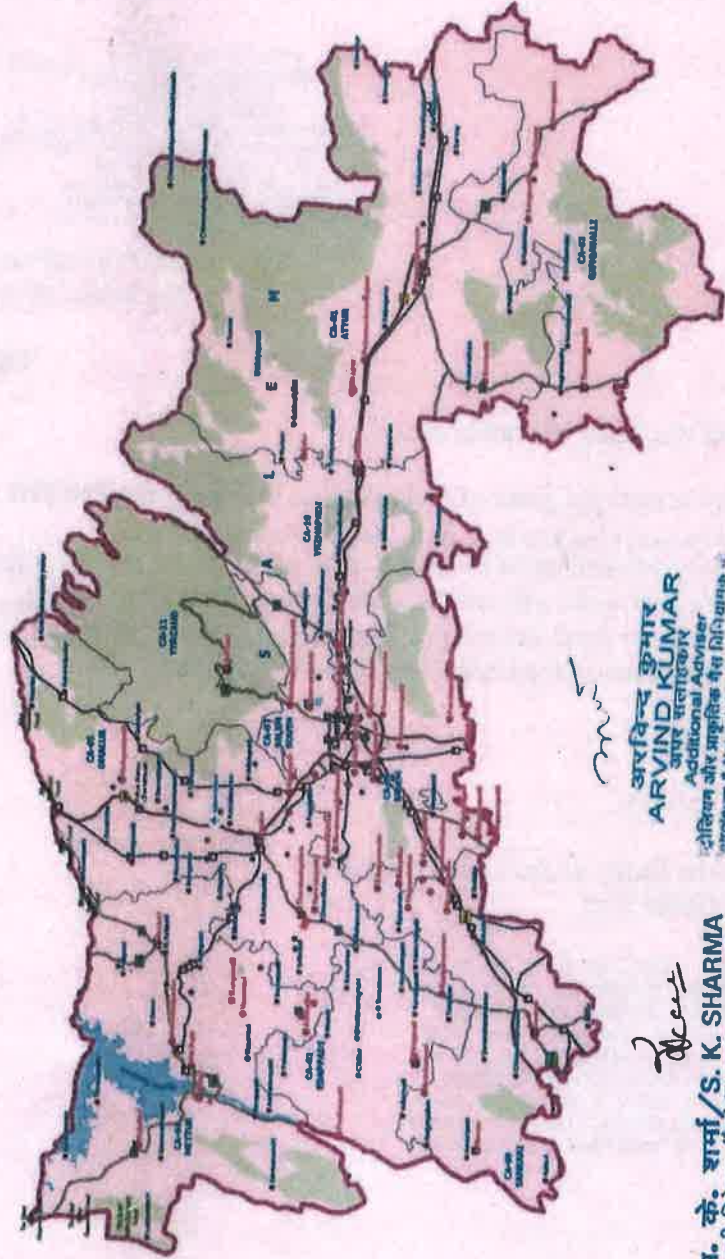
LANDMARK

- Airport
- Hospital
- Police Station
- Railway Station

MAP SCALE

PETROLEUM AND NATURAL GAS REGULATION BOARD
At First Floor, 1st Floor, Babar Road, New Delhi-110001

Map No. 2022/20
Date: 18/08/18
Map Title: Geographical Area Salem District



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