

Received by hand on 25/02/2015  
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Schedule D

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

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

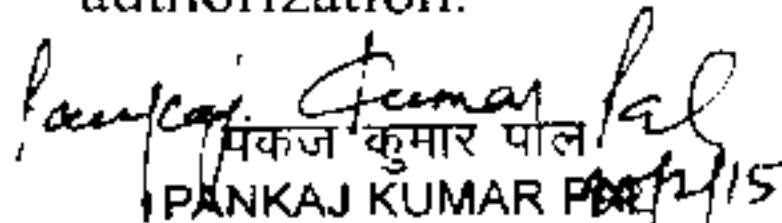
To,  
M/s GAIL Gas Limited,  
(Attn: Shri Pankaj Kumar Pal, Chief Executive Officer),  
GAIL Jubilee Tower,  
13<sup>th</sup> and 14<sup>th</sup> Floor,  
B-35 & B-36, Sector-1,  
Noida- 201301, Gautam Budh Nagar (U.P)

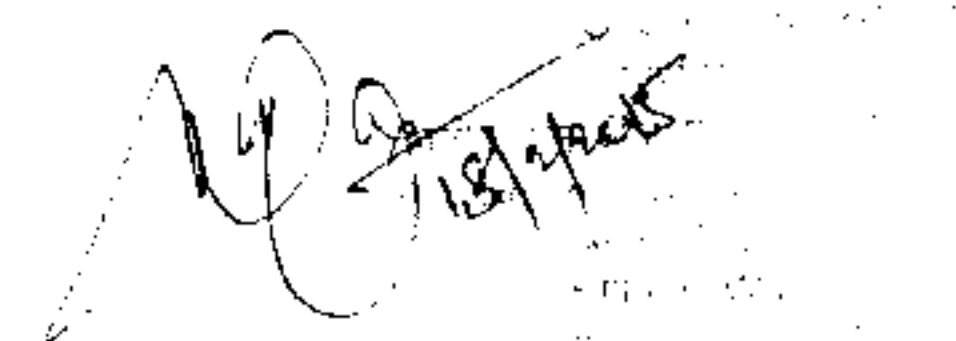
**Subject:** Grant of authorization for laying, building, operating or expanding CGD network in the authorized area of **Bengaluru Rural and Urban Districts (Karnataka)** under the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Regulations, 2008

Sir,


With reference to your application-cum-bid for grant of authorization for laying, building, operating or expanding the CGD network in **Bengaluru Rural and Urban Districts (Karnataka)**, 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:

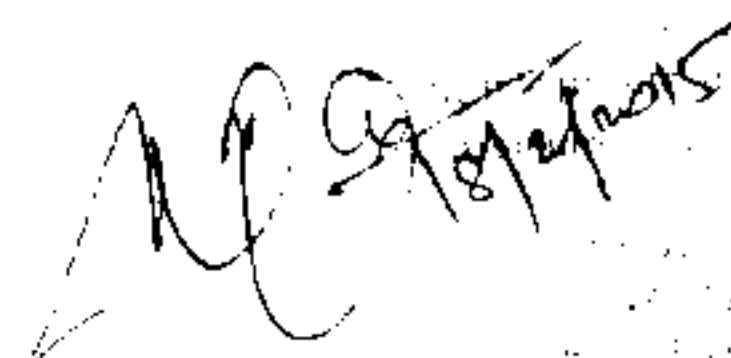
1. The Authorized Area for laying, building, operating or expanding the proposed CGD Network shall cover an area of **4395** square kilometers and as depicted in the enclosed drawing.
2. The activities of laying, building, operating or expansion of the CGD Network to commence within a period of **270** days from the date of this authorization.

  
पंकज कुमार पाल  
PANKAJ KUMAR PAL  
मुख्य कार्यकारी अधिकारी  
Chief Executive Officer  
गैल गैस लिमिटेड / GAIL Gas Limited  
पंकज ताल, जुबिली टॉवर बी-35-36, सेक्टर-1, नोएडा (उ.प.)  
\*4<sup>th</sup> Floor, Jubilee Tower B-35-36, Sec-1 Noida (U.P.)

  
N. R. S. S. S.  
18/2/2015

3. The activities permitted above shall have to be completed as per the approved time schedule enclosed at **Bengaluru Rural and Urban Districts (Karnataka)** Annexure 1. Any failure on the part of the entity in complying with the **milestones prescribed** in the time schedule shall lead to consequences as specified under regulation 16 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.
4. The entity shall design and install an optimal size of the infrastructure in terms of pipelines of various types including steel belting of the authorized area, online compressors of adequate capacity for compressing of natural gas into CNG, allied equipments and facilities in the CGD network as identified in its DFR 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.
5. 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 to the domestic customer on the following basis:-
  - (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;

  
PANKAJ KUMAR  
मुख्य कार्यकारी अधिकारी  
Chief Executive Officer  
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14<sup>th</sup> Floor, Jubilee Tower B-35-36, Sec -1, Noida (U.P.)

  
15/08/2015

- (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) 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.

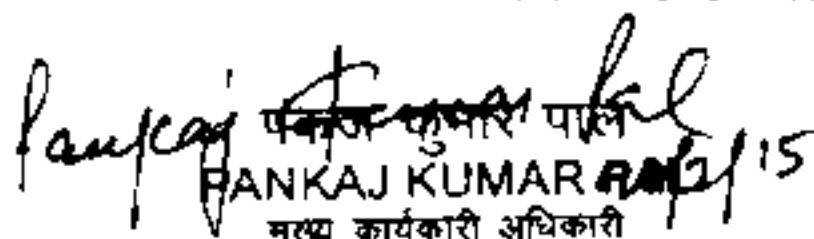
In case the disruption of supplies is attributed to any fault of the domestic PNG customer, no compensation shall be payable by the entity.

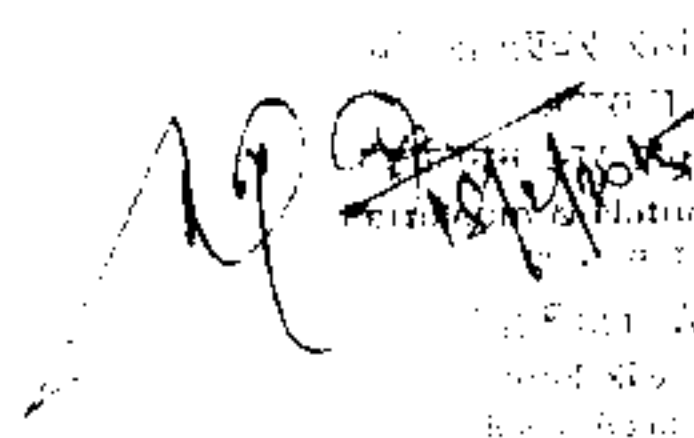
6. The entity is allowed an exclusivity period under the Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Networks) Regulations, 2008, in respect of the following:

- (a) **300** months from the date of issue of this communication for laying, building and expansion of the CGD network; and
- (b) **60** 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:

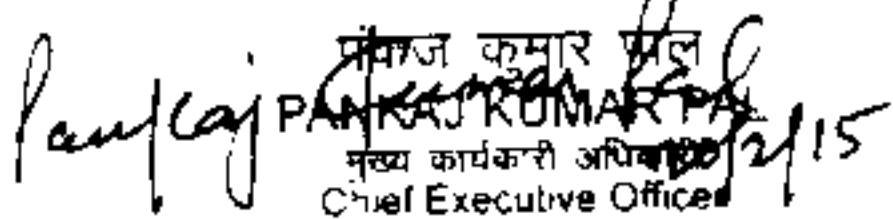
Provided further that the period of exclusivity allowed under sub-clause (a) or sub-clause (b) may be terminated before the expiry of the period mentioned above in line with the provisions under Petroleum and Natural

  
पंकज कुमार पांडे  
PANKAJ KUMAR  
मुख्य कार्यकारी अधिकारी  
Chief Executive Officer  
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14वां फ्लोर, जुबिली टॉवर बी-35-36, सेक्टर-1, नोएडा (उ.प्र.)  
14<sup>th</sup> Floor, Jubilee Tower B-35-36, Sec-1, Noida (U.P.)

  
अनिल के. राजेश्वरी  
अध्यक्ष, नैतिकता और  
व्यवहार विभाग  
Petroleum and Natural Gas Regulatory Board  
14<sup>th</sup> Floor, Jubilee Tower B  
Sector-1, Noida-201301  
U.P.

Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Networks) Regulations, 2008.

7. The authorized 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 utilization of funds. However, 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.
8. The entity shall submit a detailed and clear financial closure report to the Board within a period of one hundred and eighty days from the date of authorization issued by the Board under regulation 10 of Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Regulations, 2008.
9. The entity shall publish the approved network tariff for transportation of natural gas as well as the compression charge for CNG in the CGD network in the authorized area which is also annexed to this schedule.
10. 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.
11. The entity shall publish and display the retail selling price of CNG for the purpose of invoicing to CNG customers in Rs./ Kg at all CNG dispensing stations.
12. The furnishing of performance bond of Rs 5199.992 Crores (Rupees Five Thousand One Hundred Ninety Nine Crores Ninety Nine Lacs and Twenty Thousand Only) is a guarantee for timely commissioning of the project as

  
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PANKAJ KUMAR  
मुख्य कार्यकारी अधिकारी  
Chief Executive Officer  
गैस गैस लिमिटेड / GAIL Gas Limited  
14<sup>th</sup> फ्लोर जुबिली टावर B-35-36 सेक्टर-1 नोएडा (उ.प्र.)  
14<sup>th</sup> Floor Jubilee Tower B 35-36, Sec-1 Noida (U.P.)



1. नाम: गैस गैस लिमिटेड  
2. पता: गैस गैस लिमिटेड  
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10. पता: गैस गैस लिमिटेड

per the prescribed targets in the bid and for meeting the service obligations during the operating phase of the project.

13. The entity shall abide by-

- (a) the service obligations as specified under regulation 14 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;
- (b) the service obligations specified under the Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Networks) Regulations, 2008;
- (c) the service obligations specified in Schedule-J 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;
- (d) the quality of service standards as specified under regulation 15 of Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Regulations, 2008.

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

15. The entity shall comply with the applicable provisions under the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Regulations, 2008, Petroleum and Natural Gas Regulatory Board (Determination of Network Tariff for City or Local Natural Gas Distribution Networks and Compression Charge for CNG) Regulations,

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PANKAJ KUMAR PAL  
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Chief Executive  
गैस गैस लिमिटेड / GAIL Gas Limited  
14वां तल्ल जुबिली टॉवर बी-35-36, सेक्टर-1, नोएडा (उ.प्र.)  
14<sup>th</sup> Floor, Jubilee Tower B-35-36, Sec.-1, Noida (U.P.)

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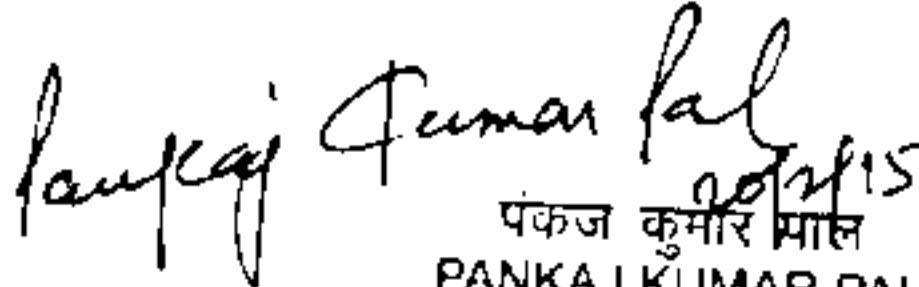
2008, Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Networks) Regulations, 2008, relevant regulations for technical standards and specifications, including safety standards, any other regulations as may be applicable and the provisions of the Act.


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 authorization provided below and return the same in original. (Please note that all pages along with the Annexure are to be initialed & stamped).

Yours faithfully,

Dated:

  
पंकज कुमार माल  
PANKAJ KUMAR PAL  
मुख्य कार्यकारी अधिकारी  
Chief Executive Officer  
गैस गैस लिमिटेड / GAIL Gas Limited  
पंकज कुमार माल बी-35-36, सेक्टर-1, नोएडा (उ.प्र.)  
14<sup>th</sup> Floor, Jubilee Tower B-35-36, Sec-1 Noida (U.P.)

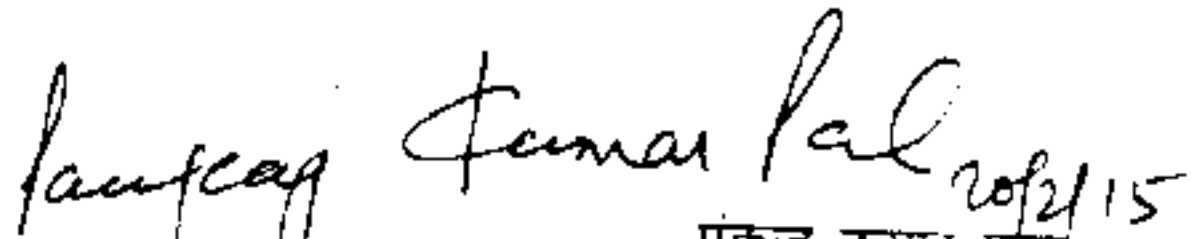
  
K. Rajeswara Rao  
मुख्य कार्यकारी अधिकारी  
OSD (R)  
गैस गैस लिमिटेड / GAIL Gas Limited  
पंकज कुमार माल बी-35-36, सेक्टर-1, नोएडा (उ.प्र.)  
14<sup>th</sup> Floor, Jubilee Tower B-35-36, Sec-1 Noida (U.P.)

Acceptance of the Grant of Authorization

We hereby accept the grant of authorization issued by the PNGRB vide Letter ref. PNGRB/CGD/BID/4/2013/5/GA-Bengaluru Rural and Urban Districts (Karnataka)-Bid Evaluation dated 18<sup>th</sup> February 2015 and agree to comply with all the terms and conditions subject to which we have been granted the authorization for laying, building, operation or expanding city or local natural gas distribution network in the authorized area of **Bengaluru Rural and Urban Districts in the State of Karnataka.**

Date:

Place:

  
Signature of the Entity or Authorized Signatory

पंकज कुमार पाल  
PANRAJ KUMAR PAL  
मुख्य कार्यकारी अधिकारी  
Chief Executive Officer  
गैल गैस लिमिटेड / GAIL Gas Limited  
14वां तल, जुबिली टॉवर बी-35-36 सेक्टर-1, नोएडा (उ.प्र.)  
14<sup>th</sup> Floor, Jubilee Tower B-35-36, Sec.-1, Noida (U.P.)

**ANNEX 1 - GA of Bengaluru Rural and Urban Districts (Karnataka)**

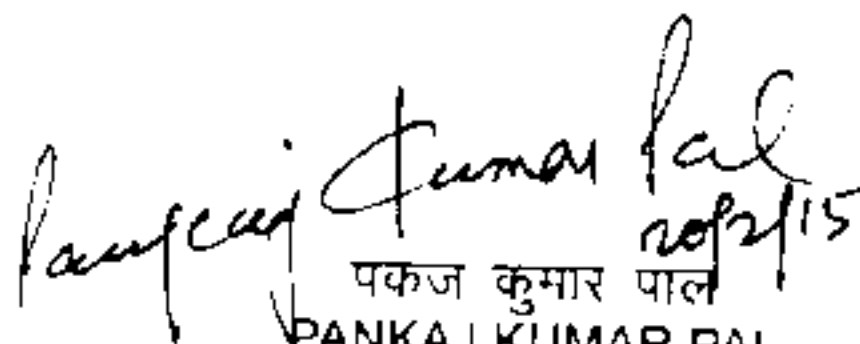
**Minimum Work Programme as per BID**

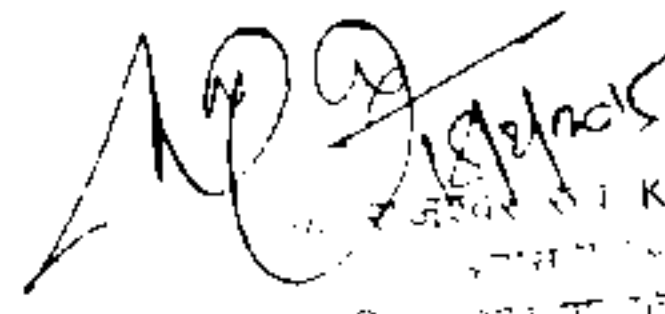
<b>Minimum Work Program as per Regulations (to be completed during first five years of exclusivity)</b>	
<b>Inch- Kms of Pipeline to be Laid.</b>	<b>No. of Domestic PNG Connections</b>
1582.20	131156

<b>Year wise Break Up of targets</b>					
<b>Total Inch- Kms of Pipeline to be Laid.</b>	<b>Year1 (20%)</b>	<b>Year 2 (50%)</b>	<b>Year 3 (80%)</b>	<b>Year 4 (90%)</b>	<b>Year 5 (100%)</b>
1582.2	316.44	791.1	1265.76	1423.98	1582.2

<b>Year wise Break Up of targets</b>					
<b>Total No of Domestic PNG Connections.</b>	<b>Year1</b>	<b>Year 2 (15%)</b>	<b>Year 3 (50%)</b>	<b>Year 4 (70%)</b>	<b>Year 5 (100%)</b>
131156	-	19673	65578	91809	131156

	<b>Rate</b>
<b>Network Tariff (from 1-25 Years) Rs. per MMBTU</b>	<b>0.01</b>
<b>Compression Charge (from 1-25 Years) Rs. per Kg.</b>	<b>0.01</b>

  
 पंकज कुमार पाल  
**PANKAJ KUMAR PAL**  
 मुख्य कार्यकारी अधिकारी  
 Chief Executive Officer  
 गैल गैस लिमिटेड / GAIL Gas Limited  
 14<sup>th</sup> Floor Jubilee Tower B-35-36, Sec -1, Noida (U.P.)

  
 K. Rajeswara Reddy  
 मुख्य कार्यकारी अधिकारी  
 गैल गैस लिमिटेड / GAIL Gas Limited  
 14<sup>th</sup> Floor Jubilee Tower B-35-36, Sec -1, Noida (U.P.)



CHIKKABA (APUR)A

TUMKUR

RAMANAGARA

KRISHNAGIRI

KOLAR



DEVELOPED RURAL AND URBAN DISTRICTS OF COMPOUND AREA  
1:50,000

*Handwritten:* PINKAL KUMAR...  
Chief Executive Officer  
14<sup>th</sup> Floor Jubilee Tower B-55-28, Sector 14, Connaught Place, New Delhi - 110028

**LEGEND**

**LANDMARKS**

- TALAUKA HEAD QUARTER
- TOWN TOWNS

**VECTORS**

- NATIONAL HIGHWAYS
- STATE HIGHWAYS
- RAILWAYS

- [ ] CARBONDIARY
- [ ] WATER RESERVOIR

**VILLAGE POPULATION**

- ▲ VILLAGE WITH POPULATION
- ▲ VILLAGE AND AMBURE

**REMARKS:**

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**MAP SCALE**



PETROLEUM AND NATURAL GAS REGULATORY BOARD  
17, 18<sup>th</sup> Floor, Connaught Place, New Delhi - 110028

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