



PETROLEUM AND NATURAL GAS REGULATORY BOARD

1st Floor, World Trade Centre, Barakhamba Road, Babar Lane, New Delhi
Tel No: 011- 23457700/23457744/23457751

No. Infra/PL/New/17/KKBMPL/GAIL/01/12

Dated: 31st May, 2012

To

Chairman & Managing Director,
M/s GAIL (India) Limited,
16, Bhikaji Gama Place,
R. K. Puram, New Delhi - 110066

Subject: Final Terms and Conditions for Acceptance of Central Government Authorization for laying, building, operating or expanding Kochi-Koottanad-Bangalore-Mangalore Natural Gas Pipeline Network of GAIL as common carrier pipeline network under regulation 17(1) of the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas pipelines) Regulations, 2008.

Reference:

- (i) Your application dated 13.08.09 seeking acceptance of Central Government authorization for Kochi-Bangalore-Mangalore pipeline system vide letter no. GAIL/ND/RC/PNGRB/73.
- (ii) Your letter no. GAIL/ND/RC./PNGRB/183 dated 03.09.2010 submitting Performance Bond.
- (iii) Communication vide email dated 23.11.2011 regarding project details.

Sir,

This is in response to your application dated 13.08.2009 referred to above for consideration of the Board for acceptance of Central Government Authorization for laying, building, operating or expanding Kochi-Bangalore-Mangalore natural gas pipeline network.

2. To substantiate your claim for authorization from the Central Government for the said pipeline project, you had furnished documents like MoP&NG's authorization letter (Ref. No. L-14014/42/'06-GP) dated 13.07.2007. Considering your submissions, the Petroleum and Natural Gas Regulatory Board finally accepts the information submitted by you under Regulation 17(1) of the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas pipelines) Regulations, 2008. Further on the basis of the submissions made, the following terms and conditions have been finalised by the Petroleum and Natural Gas Regulatory Board which shall be applicable during the construction as well as operative phase of the said pipeline systems:

3. **Natural Gas Pipeline System:**

Part-(A):

**Kochi-Koottanad-Bangalore-Mangalore Natural Gas Pipeline (KKB MPL)
(including spur lines):**

The system capacity of Kochi-Koottanad-Bangalore-Mangalore (including spur lines connected to KKB MPL) natural gas pipeline system, length approx. 1104 kms, diameter ranging from 4 inches to 30 inches (details enclosed as Annexure-A), is equal to 16 MMSCMD* (at a pressure of 92 kg/cm²) as indicated by GAIL. The Board has decided to declare the KKB MPL natural gas pipeline system as common carrier with common carrier capacity of 4.0 MMSCMD* .

Note: [*- This capacity is accepted as provisional and the final capacity shall be determined as per the Petroleum and Natural Gas Regulatory Board (Determining capacity of Petroleum, Petroleum products and Natural Gas Pipeline) Regulations, 2010].

Part-(B):

The route of Kochi--Koottanad-Bangalore-Mangalore Natural Gas Pipeline shall be through the districts of Ernakulam, Thrissur, Palakkad, Mallapuram, Kozhikode, Kannur & Kasargod (in the State of Kerala), Coimbatore, Erode, Salem & Dharmapuri (in the State of Tamilnadu), Dakshin Kannad, Chamrajnagar, Mandya & Bengaluru (in the State of Karnataka).

4. Your attention is also drawn to the provisions contained in the PNGRB (Guiding Principles for Declaring or Authorizing Natural Gas Pipeline as Common Carrier or Contract Carrier) Regulations, 2009 to create common carrier capacity as and when required.
5. The entity shall complete the activities of laying, building, or expansion activities of natural gas pipeline and commission the natural gas pipeline project by March 2013 as agreed by GAIL. Any failure on the part of entity to comply with the targets prescribed in the time schedule shall lead to consequence as per relevant provisions of the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations 2008.
6. The authorized entity shall be required to take prior approval from the Board for creation of any lien or charge or hypothecation on the assets of the pipeline to secure finances for the project and furnish details of utilization of funds.
7. The entity shall publish on its website the approved tariffs and other details as required under various regulations for the natural gas pipeline.
8. In case the authorization of the entity is terminated, the Board may assign the rights and obligations 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 natural gas pipeline at the same level till another agency or entity appointed by the Board takes over the full control of the natural gas pipeline.



