

PETROLEUM AND NATURAL GAS REGULATORY BOARD

NOTIFICATION

New Delhi, the _____

G.S.R.196 (E).-In exercise of the powers conferred by section 61 of the Petroleum and Natural Gas Regulatory Board Act, 2006 (19 of 2006), the Petroleum and Natural Gas Regulatory Board hereby makes the following regulations, namely:-

1. Short title and commencement

These regulations may be called the "Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Regulations," 2008.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. Definitions

(1) In these regulations, unless the context otherwise requires,-

(a) "Act" means the Petroleum and Natural Gas Regulatory Board Act, 2006;

(b) "appointed day" means the date of October 1, 2007 when the Central Government notified the establishment of the Petroleum and Natural Gas Regulatory Board;

(c) "authorized area" means the specified geographical area for a city or local natural gas distribution network (hereinafter referred to as CGD network) authorized under these regulations for laying, building, operating or expanding the CGD network which may comprise the following categories, either individually or in any combination thereof, depending upon the criteria as stated in Schedule A, namely:

(i) geographic area, in its entirety or in part thereof, within a municipal corporation or municipality, any other urban area notified by the Central or the State Government, village, block, tehsil, sub-division or district or any combination thereof; and

(ii) any other area contiguous to the geographical area mentioned in sub-clause (i);

(d) "Board" means the Petroleum and Natural Gas Regulatory Board established under sub-section (1) of section 3 of the Act;

(e) "City Gate Station" (hereinafter referred as CGS) means the point where custody transfer of natural gas from natural gas pipeline to the CGD network takes place;

(ea) Contract year means a period of 12 months starting from the date of authorisation and subsequent periods of 12 months each thereafter.

(f) "transportation Rate for CNG" means a charge (excluding statutory taxes and levies) in Rs. / Kg for online compression of natural gas into compressed natural gas (hereinafter also referred to as CNG) for subsequent dispensing to customers in a CNG station to be paid by an entity to the entity authorised to operate the CGD network;

(g) "development of a CGD network" means laying, building, operating or expanding a city or local natural gas distribution network;

(ga) Pre-determined Penalty" means levy of penalty at a pre determined rate for under achievement of work Program;

(gb) "Force Majeure" shall mean and be limited to the following: a) War / hostilities b) Major Riots or Civil Commotion c) Earthquake, flood, tempest, lightening or other natural physical disasters d) Restrictions imposed by Central Government or State Governments, that have arisen after signing of the present contract, which prevents or delays the execution of obligations under the Regulations

(h) "transportation rate for CGD" means the weighted average unit rate of tariff (excluding statutory taxes and levies) in rupees per Million British Thermal Units (Rs./ MMBTU) for all the categories of customers of natural gas in a CGD network to be paid by an entity to the entity authorised to operate the CGD network;

(i) "piped natural gas" (hereinafter also referred as PNG) means natural gas transported through pipelines/ cascades/ any other permitted mode in a CGD network for consumption by any customer in domestic, commercial or industrial segments and includes natural gas supplied to an online CNG station before its compression.

(j) "successful entity" means the entity which submits bid and is granted the authorization and the remaining entities submitting the bid for that particular Geographical Area (GA) are referred to as "unsuccessful entities".

(k) "work program" means number of domestic PNG connections, number of CNG stations and Inch-km of pipeline network as quoted by the entity in the bid and post authorization, as mentioned in the authorization letter (Schedule-D).

(2) Words and expressions used and not defined in these regulations, but defined in the Act or in the rules or regulations made thereunder, shall have the meanings respectively assigned to them in the Act.

3. Application

(1) These regulations shall apply to an entity which is laying, building, operating or expanding, or which proposes to lay, build, operate or expand a CGD network.

(2) A CGD network shall be designed to operate at a pressure as specified in the relevant regulations for technical standards and specifications, including safety standards for maintaining the volumes of supply of natural gas on a sustained basis to meet the following requirements, namely:-

(a) customers having requirement of natural gas up to 50,000 Standard Cubic Meter Per Day (SCMD) shall be supplied through the CGD network;

(b) customers having requirement of natural gas more than 50,000 SCMD and upto 100,000 SCMD shall be supplied-

(i) through the CGD network; or

(ii) through a pipeline not forming part of the CGD network;

(c) customers having requirement of natural gas more than 100,000 SCMD shall be supplied through a pipeline not forming part of the CGD network.

4. Initiation of proposal through expression of interest route or *suo-motu* by Board

(1) An entity desirous of laying, building, operating or expanding a CGD network shall submit an expression of interest (EOI) to the Board in the form of an application at Schedule B along with an application fee as specified under the Petroleum and Natural Gas Regulatory Board (Levy of Fee and Other Charges) Regulations, 2007.

(2) The Board may *suo-motu* invite bids from entities interested in laying, building, operating or expanding a CGD network for any specified geographical area.

5. Criteria for selection of entity for expression of interest route

(1) The Board may carry out a preliminary assessment of the expression of interest with respect to the following, namely:-

(a) natural gas availability position;

(b) possible connectivity with an existing or proposed natural gas pipeline for supply of natural gas to the city gate of the proposed CGD network, including LNG supplies by tank trucks or tank wagons and CNG by cascades; and

(c) any other relevant issue as the Board may consider necessary.

(2) The Board may, within fifteen days of the receipt of expression of interest and based on its preliminary assessment, either issue an open advertisement in at least one national and one vernacular daily newspaper (including webhosting) publishing receipt of an expression of interest and commencement of public consultation process period of thirty days or reject the expression of interest:

Provided that in case the Board rejects the expression of interest, it shall inform the entity of the decision along with the reasons for rejecting the expression of interest.

(3) During the period of public consultation process, any person or entity may submit in writing to the Board its views, if any, on the expression of interest.

(4) The Board may, based on the views received and taking into consideration the criteria specified in Schedule A, decide or fix the authorized area for the proposed CGD network, including the decision whether it should be different from that indicated in the expression of interest.

(5) The Board may, within a period of fifteen days after the end of the public consultation process period, publish through an open advertisement in at least one national and one vernacular daily newspaper (including webhosting), the proposal for the development of CGD network and invite bids for the same.

(6) 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, namely:-

(a) entity has paid the application fee along with the application-cum-bid as specified under the Petroleum and Natural Gas Regulatory Board (Levy of Fee and Other Charges) Regulations, 2007:

Provided that the entity submitting the bid, which has already paid the application fee at the time of submission of the expression of interest shall not pay the application fee at this stage unless there is a requirement to pay additional application fee on account of change in the authorized area;

(b) entity is technically capable of laying and building CGD network as per the following qualifying criteria, namely:-

(i) entity has on its own in the past laid and built either a hydrocarbon steel pipeline of a length not less than three hundred kilometers on a cumulative basis or a CGD network; or

(ii) entity has a joint venture with another entity (with at least eleven percent equity holding by that entity) which in the past has laid and built either a hydrocarbon steel pipeline of a length not less than three hundred kilometers on a cumulative basis or a CGD network; or

(iii) entity intends to lay and build proposed city or local gas distribution network on lump sum turnkey or project management

consultancy basis through one or more technically competent firms which in the past have laid and built either a hydrocarbon steel pipeline of a length not less than three hundred kilometers on a cumulative basis or a CGD network and the entity shall also enclose a list of such firms along with aforesaid proof of their technical competence:

Provided that the entity shall have the freedom to choose from amongst such firms at the time of execution of the project and the Board reserves the right to cross verify the credential of the firms included in the list and seek any clarifications; or

(iv) entity has an adequate number of technically qualified personnel with experience in construction, pre-commissioning and commissioning of hydrocarbon steel pipeline, oil and gas business and also has a credible plan to independently undertake and execute the CGD project on a standalone basis.

Explanation.- The entity shall have at least three technically qualified personnel on its permanent rolls having experience of not less than three years in the following areas, namely:-

(i) *acquisition of right of use or right of way;*

(ii) *design and execution of a hydrocarbon steel pipeline project;*

(iii) *pre-commissioning including hydro-testing and restoration;*
and

(iv) *safety of hydrocarbon steel pipeline and installations;*

(c) entity is technically capable of operating and maintaining a CGD network as per the following qualifying criteria, namely:-

(i) entity on its own has an experience of at least one year in operations and maintenance of a CGD network; or

(ii) entity has a joint venture with another entity (with minimum eleven percent holding of that entity) which has an experience of at least one year in operations and maintenance of a CGD network; or

(iii) entity intends to operate and maintain the proposed CGD network through an appropriate 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 CGD network; or

(iv) entity has an adequate number of technically qualified personnel with experience in commissioning, and operation and

maintenance (O&M) of hydrocarbon steel pipeline and also has a credible plan to independently undertake the O&M activities for a CGD project on a standalone basis.

Explanation.-

1. In relation to sub-clause (iii), above -

a) the entity shall submit in its application-cum-bid an exhaustive list of proposed firms with whom it desires to have a technical assistance agreement along with the proof of relevant and credible experience of such firms and the entity may choose a firm or more from amongst the firms in this list for operation and maintenance of the proposed CGD network and the Board reserves the right to cross verify the credential of the firm or firms included in this list and seek any clarifications;

b) the entity shall also submit a credible plan along with the bid to develop an in-house O&M team for city or local gas distribution network.

2. In relation to sub-clause (iv) above, the entity shall have at least three technically qualified personnel on its permanent rolls having experience of not less than three years in the following areas, namely:-

a) commissioning of a hydrocarbon steel pipeline;

b) operation and maintenance of natural gas pipelines and natural gas installations including gas compressors;

c) commercial issues including oil or natural gas pricing, oil or natural gas measurement, accounting, billing and collection; and

d) safety of oil or natural gas infrastructure;

(d) the entity has agreed to abide by the relevant regulations for technical standards and specifications, including safety standards;

(e) the entity has adequate financial strength to execute the proposed project, operate and maintain the same in the authorized area and shall meet the following financial criterion to qualify for bidding namely:-

Tier	Population in the authorized area [as per latest census of India]	Minimum net worth of the entity
(1)	(2)	(3)
I	5 million or more	Rs.1,500 million for a population of 5 million plus additional Rupees 300 Million for each 1 Million Population or part thereof in excess of 5 Million
II	2 million or more but less than 5	Rs.1,000 million

	million	
III	1 million or more but less than 2 million	Rs. 750 million
IV	0.5 million or more but less than 1 million	Rs.500 million
V	0.25 million or more but less than 0.50 million	Rs.250 million
VI	0.1 million or more but less than 0.25 million	Rs.100 million
VII	Less than 0.1 million	Rs.50 million

Note: Computation of Net worth shall be carried out as per Schedule-K.

(f) the entity, on being declared as a successful bidder and not being a company registered under the Companies Act, 2013, or any previous law on incorporation of companies, shall get itself registered as a company under the Companies Act, 2013 within six months from the date of authorization.

(g) the entity should have a credible plan for sourcing natural gas for supply in the proposed CGD network;

(h) entity shall furnish a bid bond **in the prescribed form of Bank Guarantee or demand draft or pay order from any scheduled bank drawn in favour of the “Petroleum and Natural Gas Regulatory Board” payable at New Delhi** for an amount equal to-

i) Rupees fifty million for a population of five million plus Rupees ten million for each one million population or part thereof in excess of five million.

ii) Rupees fifty million for a population of two million and more but less than five million;

iii) Rupees thirty million for a population of one million and more but less than two million;

iv) Rupees twenty million for a population of half a million and more but less than one million;

v) Rupees fifteen million for a population of quarter of a million and more but less than half a million;

vi) Rupees ten million for a population of one-tenth of a million and more but less than quarter of a million;

vii) Rupees five million for a population less than one-tenth of a million;

(i) entity submitting the bid should not have been imposed any penalty under section 28 or punished under Chapter IX of the Act during the period of preceding one year from the last date for submission of the bid;

(j) in case the entity submitting the bid does not fulfill the requirements of any criteria under clauses (a) to (i), the bid submitted by it shall be summarily rejected and a communication in this regard shall be sent to it and the financial bid shall not be opened for that entity;

(k) the bid bond shall be -

i) encashed if an entity submitting the bid walks out;

ii) released in respect of the unsuccessful entity ;

iii) retained in respect of the successful entity till the prescribed performance bond is furnished at the time of authorization

(7) The application-cum-bid shall be submitted in two parts in the form as specified in Schedule C in separate, properly earmarked and sealed envelopes, namely:-

(a) Part I (Technical bid) covering general particulars of the entity and technical details of the project including minimum eligibility criteria under sub- regulation (6);

(b) Part II (Financial bid) covering the financial details under regulation 7.

(8) A time period of sixty days shall be allowed for submission of the application-cum-bid for grant of authorization for laying, building, operating and expanding the CGD network and any application-cum-bid received after the notified **date and time** shall not be considered. Provided that the Board may extend the date for submission of bid for a period not exceeding 30 days for the reasons to be recorded in writing and the decision in this regard shall be webhosted.

6. Invitation by Board for laying, building, operating or expanding of CGD network

The Board may *suo-motu* form a view regarding the development of a CGD network in a geographical area, and in such a case, the procedure as specified in regulation 5 shall apply *mutatis mutandis*.

7. Bidding criteria.

(1) The Board, while considering the proposal for authorization, shall tabulate and compare all financial bids meeting the minimum eligibility criteria, as per the bidding criteria given below, namely: -

Sl. No.	Bidding Criteria	Weightage (%)	Explanation
1	Lowness of Transportation rate for CGD (in Rs. / MMBTU)	10	Bidder is required to quote transportation rate for CGD only for the first contract year which shall not be less than Rs. 25.00 /MMBTU. Rate for the

			subsequent contract years shall be derived considering the quoted rate and WPI*
2	Lowness of Transportation rate for CNG (in Rs. / kg)	5	Bidder is required to quote transportation rate for CNG only for the first contract year which shall not be less than Rs. 1.5 /kg. Rate for the subsequent contract years shall be derived considering the quoted rate and WPI*
3	Highness of Number of CNG Stations to be installed within 8 contract years from the date of authorization	15	-
4	Highness of Number of domestic PNG connections to be achieved within 8 contract years from the date of authorization	50	-
5	Highness of inch-km of pipeline to be laid within 8 contract years from the date of authorization	20	-

*Escalation: 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 available on the Office of the Economic Adviser, Government of India, Ministry of Commerce & Industry, Department of Industrial Policy and Promotion (DIPP) on the link <http://eaindustry.nic.in/home.asp>

Successful bidder shall be required to achieve the year wise work program within 8 contract years as per details given below:

PNG Connections cumulative		CNG Stations cumulative		Inch-km of pipeline cumulative	
By the end of Year	% of work program	By the end of Year	% of work program	By the end of Year	% of work program
1 st				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 will be rounded off to the nearest whole number and 0.5 will be rounded off to next higher number.

(2) Entity with the highest composite score considering the criteria under sub-regulation (1) and as illustrated in Schedule C (1) shall be declared as successful in the bid.

Note: In case of tie in the evaluated score L1 bidder shall be decided based on the highness of numbers of PNG connections. If still score is tie, highness of inch-km shall be considered. If still there is tie, numbers of CNG connections shall be considered.

8. Fixation and recovery of Transportation rate for CGD and CNG

(1) The Transportation rate for transportation of natural gas in the CGD networks, shall be fixed as per the Transportation rate for CGD bid under sub-regulation (1) of regulation 7 for first year and shall be recovered from an entity by the entity authorised to operate the CGD network for using the network as common carrier or contract carrier. The Transportation rate for CGD from Second year onwards shall be determined by linking the quoted rate for first year with WPI as defined above.

(2) The Transportation rate for CNG in the CGD networks, shall be fixed as per the Transportation rate for CNG bid under sub-regulation (1) of regulation 7 for first year and shall be recovered from an entity by the entity authorised to operate the CGD network for using the compression facility of the authorised entity. The Transportation rate for CNG from Second year onwards shall be determined by linking the quoted rate for first year with WPI as defined above.

(3) The authorised entity shall recover the Transportation charges for CGD and CNG separately from an entity accessing the CGD network through an invoice without any premium or discount on a non-discriminatory basis.

(4) Any cost subsequent to the online compression of natural gas into CNG, such as, towards storage and transportation of CNG in a cascade mounted system to a CNG station is an activity associated with the dispensation of CNG and is not covered under these regulations.

9. Performance bond.

(1) Grant of authorization shall be issued to the successful entity after it furnishes the performance bond in the form of demand draft or pay order or bank guarantee from any scheduled bank for the amount as per details given below:

Sl. No.	Population in the authorized area [as per latest census of India]	Amount of Performance Bond in Rupees
1	5 million or more	500 Million
2	2 million or more but less than 5 million	330 Million
3	1 million or more but less than 2 million	250 Million
4	0.5 million or more but less than 1 million	150 million
5	0.25 million or more but less than 0.50 million	80 Million
6	0.1 million or more but less than 0.25 million	30 Million
7	Less than 0.1 million	15 Million

The performance bond guarantee (PBG) shall be valid initially for a period of three years and thereafter to be renewed, three months before expiry of the same, for next three years and so on till the period of authorization by the Board. It is the responsibility of the entity to renew PBG and in case the PBG is not extended two months before expiry of PBG by authorized entity, the PBG shall be encashed and the authorization may be terminated. PBG amount shall be reduced to the value of 40% of the initial PBG furnished by the successful bidder after 100% achievement of the work program as per the authorisation letter or on expiry of exclusivity period whichever is later. In case of under achievement of work program as given in the table of Regulation 7 (1), the pre-determined penalty amount shall be deducted by PNGRB by invoking PBG and entity shall replenish the invoked amount of the PBG within 15 days from the date of encashment, failing which the entity will be liable to pay a penalty of Rs 50,000/ day, which can also be recovered by encashment of PBG.

(2) The performance bond has been prescribed for guaranteeing the timely completion of work program and commissioning of the proposed CGD network as per the prescribed targets and also for meeting the service obligations by the selected entity during the authorisation period of the CGD network.

10. Grant of authorization

(1) The selected entity shall be issued a letter of intent (LOI) to grant authorization upon finalization of the bid. The entity shall be required to furnish Performance Bond within 15 days of issue of LOI and complete such other formalities as may be required by the Board. Upon furnishing the Performance Bond and completion of other formalities, the authorization shall be granted to the selected entity in the format given in Schedule D.

Provided that the Board may extend the date for submission of Performance Bond for a period not exceeding 21 days failing which LOI shall be deemed to have been withdrawn or cancelled:

Provided further that in case of non submission of Performance Bond within the stipulated time, the bid bond shall be forfeited or encashed and such entity shall be considered at default and shall be barred for a minimum period of three years from bidding. Further, the process of issuance of LOI and grant of authorization to the next qualified entity at the stage of price bid shall be carried out in the same manner as prescribed in sub-regulation (2) of regulation 7:

(2) The grant of authorization is subject to the entity achieving financial closure and firm natural gas tie-up as per regulation 11.

(3) The grant of authorization to the entity shall not be renounced by way of sale, assignment, transfer or surrender to any person or entity during the period of eight years from the date of its issue or till the achievement of Work Programme as per the authorisation letter, whichever is earlier.

Provided that the entity may induct eligible new partner(s) as long as it remains a lead partner without impacting the eligibility criteria as provided in the regulations:

Provided further that, for the purpose of determining whether it remains to be a lead partner, the entity shall have equity of not less than fifty per cent or the original percentage of less than fifty percent after inducting the new partner.

Provided further that the authorisation may be transferred to a wholly owned subsidiary company supported by parent company corporate guarantee acceptable to the Board undertaking achievement of quoted work program.

(4) The entity intending to renunciate the authorization in favour of another entity after the end of the eight years or achievement of quoted Work Programme, whichever is earlier shall submit a proposal to the Board at least thirty days in advance and shall provide all information as may be called for by the Board.

(5) The Board after satisfying itself that the proposal will not adversely affect the existing or proposed activities of laying, building, operating or expansion of the CGD network shall either accept the proposal in full or with such modifications as it may deem fit and in a case where the entity is permitted by the Board to take over the activities of laying, building, operating or expanding the CGD network such entity shall abide by the existing or modified terms and conditions of the authorization including compliance with the service obligations and adherence to the quality of service standards:

Provided that the Board reserves the right to reject the proposal in public interest and in such a case the Board shall provide in writing the reasons for such rejection.

11. Natural gas tie-up and financial closure

(1) The entity authorized under regulation 10 shall enter into a firm natural gas supply agreement **or Heads of Gas supply Agreement (HOA or Memorandum of Understanding (MOU) for gas supply with natural gas producer or marketer** for the proposed CGD network project in a transparent manner on the principle of "at an arm's length" for a period equal to or more than the marketing exclusivity period for

exemption from the purview of common carrier or contract carrier allowed under the Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Networks) Regulations, 2008 within [**two hundred and seventy days**] of the date of issue of the authorization.

The volume of natural gas supply under the agreement referred to in sub-regulation (1) shall be equal to at least fifty per cent of the volumes computed on the basis of the consumption of the “numbers of the PNG connections” and computed off take from the “numbers of the CNG stations” quoted in the bid, considering the following assumption:

- i. Consumption of a PNG connection = 0.3 SCMD
- ii. Off-take from a CNG station = 5000 SCMD

This volume shall be considered for each year of the exclusivity period allowed for exemption from the purview of common carrier or contract carrier under the Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Networks) Regulations, 2008

(2) The authorized entity shall obtain the financial closure of the project from a bank or financial institution or from internal accruals duly approved by its Board of Directors in case of a company and management in case of entities other than a company; based on a detailed feasibility report (DFR) along with firm natural gas supply agreement within a period of two hundred and seventy days from the date of grant of authorization.

(3) In case of an internally financed project, the entity shall submit the approval of its Board of Directors'/Management for the project along with its credible financial plan within two hundred and seventy days of the authorization:
Provided that the Board may ask the entity to submit any further details or clarifications on the financial closure.

Provided further that financial closure shall mean a binding commitment of equity holders and debt financiers to provide or mobilize funding for the first phase of the CGD project which should not be less than ninety percent of the project cost to be incurred on quoted work program for the first eight years of the CGD network.

(4) In case the entity fails to meet the requirements at sub-regulations (1) to (3), the authorization of the entity for laying, building, operating or expanding CGD network and performance bond shall be dealt as under: -

(a) the Board shall issue a notice to the defaulting entity allowing it a reasonable time to fulfill its obligations under the sub-regulations (1) to (3);

(b) no further action shall be taken in case remedial action is taken by the entity within the specified period in the notice, to the satisfaction of the Board;

(c) In case of failure to take remedial action, Authorization shall be cancelled and the performance bond shall be encashed and the Board reserves the right to re-award the cancelled authorization in a transparent manner and the entity shall have no right whatsoever against the Board for seeking any compensation or remedy on this account.

(5) The pipeline entity shall provide connectivity/access of the pipeline to CGD authorized entity within 180 days of request for the same at reasonable cost, as provided in the Natural Gas Pipeline Authorization Regulations.

12. Exclusivity period

The period of exclusivity to lay, build, operate or expand a city or local natural gas distribution shall be as per the provisions in the Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Networks) Regulations, 2008. It will be 8 years for marketing exclusivity and if an entity achieves the quoted work program in all the contract years, will get a further extension of 2 years for marketing exclusivity. If the entity achieves the target in totality but not for each year, will get an extension of exclusivity for a period of 1 year. The infrastructure exclusivity, in all cases, will remain 25 years from the date of authorization.

Further, after completion of marketing exclusivity period as mentioned above, the CGD network shall be deemed to be authorized as “common carrier or contract carrier” for the remaining period of the grant of authorization.

Post marketing exclusivity period, the authorized CGD entity shall provide access of the pipeline and other infrastructure to another desirous entity within 90 days of submission of request for the same.

Provided that in case flow of natural gas in the designated transmission pipeline is delayed for a period beyond three months from the scheduled date as indicated and is also later than the date CGD network is ready to take gas for reasons not attributable to the authorized CGD entity, the Board may extend the marketing exclusivity period for exemption from the purview of common carrier or contract carrier by a period corresponding to the difference in the actual and scheduled natural gas flow in the transmission pipeline serving the authorized geographical area or the date when CGD network is ready to take gas, whichever is less, after assessing the reasons for such a delay. In such a case, the year-wise targets of work program as well as schedule of levying transportation rates for CGD and CNG shall also be shifted accordingly by the Board. Further, the exclusivity period for laying, building or expanding the CGD network as stipulated shall also be extended by the same period.

13. Post-authorization monitoring of activities (pre-commissioning)

(1) The authorized entity shall provide, on a quarterly basis, a progress report detailing the clearances obtained, targets achieved, expenditure incurred, works-in-progress and other relevant information in the forms at Schedule E as per formats E-1A- CGD, E-1B-CGD as amended from time to time including the periodicity of

submission. However, PNGRB may seek progress report for any other period as it may require.

(2) The Board shall seek compliance by the entity to the relevant regulations for 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 CGD network.

(3) The Board shall monitor the progress of the entity in achieving work program targets with respect to the CGD network project, and in case of any deviations or shortfall, advise remedial action to the entity in addition to applicable pre-determined penalties.

(4) An authorized entity shall designate an official of the entity for submitting data / information to the Board and intimate the same to the Board. Any change in the designated official shall be communicated to the Board by the authorized entity within 7 days.

14. Service obligations of authorized entity (post commissioning)

(1) The entity may take an interest-free refundable security deposit from domestic PNG Customer towards security of the following equipments and facilities including the labour cost of installation towards last mile connectivity, that is, between the riser isolation valve before the metering unit and the suraksha hose pipe connecting the burner in the customer's premises for an amount not exceeding rupees five thousand for a single connection, namely:-

(a) riser isolation valve before the metering unit;

(b) ten meters of pipe up to the metering unit;

(c) metering unit;

(d) five meters of pipe or tube from the metering unit up to the excess flow check valve-cum-isolation valve;

(e) excess flow check valve-cum-isolation valve; and

(f) suraksha hose pipe of standard size connecting the domestic PNG burner:

Provided that the transportation rate for CGD bid by the entity shall include the charges towards the last mile connectivity.

Explanation.-

1. The domestic PNG customer shall bear the actual cost of the material and labour charges for pipe and the tubing in excess of the length specified above.

2. The domestic PNG customer shall pay the actual cost of installation including labour charges from the common metering unit onwards for connecting another domestic PNG burner or any other gas-based appliance in the same premises.

(2) The entity may take an interest-free refundable security deposit from non-domestic PNG customers for an amount not exceeding the actual cost of the metering unit and other related equipment and labour charges towards installation:

Provided that these are installed by the entity in the customer's premises.

(3) The entity shall not exert any undue influence on any domestic PNG customer to purchase natural gas burner stove or avail of any other service not connected with the supply of natural gas.

(4) The entity shall convert the existing LPG burner stove of a prospective domestic PNG customer into natural gas burner stove free of charge.

(5) 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-

(a) purchase of natural gas including its odourization;

(b) transportation of natural gas in the CGD network;

(c) online compression of natural gas into CNG;

(d) transportation of CNG in a cascade mounted system, if any;

(e) marketing or distribution including commission allowed to any agency for marketing or distribution of natural gas and CNG in the CGD network; and

(f) dispensing of CNG including booster compression, if any.

(6) The costs and revenues associated with activities other than those stated in clauses (a) to (f) of sub-regulation (5) should be reflected separately in the books of accounts of the entity.

(7) The authorized entity shall ensure that -

(a) the confidentiality of customer information collected in the course of providing regulated service is maintained; and

(b) there is no preferential access allowed to itself or to any other entity for the activity of transportation of natural gas in the CGD network.

(8) The authorized entity shall be responsible for getting the technical and safety audits carried out by independent technical experts or accredited agencies out of the

panel approved at regular intervals during the commissioning phase as well as on an on-going basis thereafter to ensure compliance with the relevant regulations for technical standards and specifications, including safety standards and the audit report along with the findings shall be submitted to the Board and the Board may review the same and advise remedial action, if any, to the entity.

(9) The entity will have to meet the service obligations as stated under the Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Networks) Regulations, 2008.

(10) An authorized entity shall continue to submit post commissioning information in the forms at Schedule E as per formats E-1A-CGD, E-1B-CGD for quarterly reports and E-2-CGD, E-3-CGD and E-4-CGD for other reports as amended from time to time including the periodicity of submission.

15. Quality of service standards

(1) The entity laying, building, operating or expanding a CGD network must comply with the quality of service standards as specified in Schedule F.

(2) The performance of the entity in complying with the quality of service standards shall be periodically assessed by the Board and compared against the minimum prescribed benchmarks and a performance consistently below the minimum prescribed benchmark may lead to the consequences specified under regulation 16.

16. Consequences of default and termination of authorization procedure

(1) An authorized entity shall abide by all the terms and conditions specified in these regulations and any failure in doing so, except for (2) & (3) below, shall be dealt with as per the following procedure, namely: -

(a) the Board shall issue a notice to the defaulting entity allowing it a reasonable time to fulfill its obligations other than work program under the regulations;

(b) no further action shall be taken in case remedial action is taken by the entity within the specified period in the notice, to the satisfaction of the Board;

(c). In case of failure to abide by other terms and conditions specified in these regulations, performance bond shall be encashed as under:

(i) up to 25% of the amount of the performance bond for the first default ; and

(ii) up to 50% of the amount of the performance bond for the second default:

Provided that the entity shall make good the encashed performance bond in each of the above cases within 15 days of

encashment; failing which the remaining amount of the performance bond shall also be encashed and authorization of the entity terminated.

(iii) 100% of the amount of performance bond for the third default and simultaneous termination of authorization of the entity.

(d) the procedure for implementing the termination of an authorization shall be as provided in Schedule G;

2) In case of force-majeure, a time extension for a period for which the force- majeure exists, may be given by the Board.

(3) In case of shortfall in achieving work program targets, pre-determined penalty amount shall be levied within 3 months from the end of each contract year without any notice. Pre-determined penalties shall be as under:

Entity shall be liable to pay Rs. 500 (Rupees five hundred) per shortfall in achieving annual targets of PNG connections, Rs 50,000 (Rupees fifty thousand) per inch-km shortfall in pipeline laying and Rs 20,00,000 (Rupees twenty lakh) per shortfall in CNG stations.

Provided that the entity shall make good the encashed performance bond in each of the above cases within 15 days of encashment; failing which the remaining amount of the performance bond shall also be encashed and authorization of the entity terminated.

(4) *Without prejudice to as* provided in clause 1 and 3 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.

17. Entity authorized by the Central Government for laying, building, operating or expanding CGD network before the appointed day

(1) The entity shall submit relevant information along with supporting documents in the form as in Schedule H within a period of one hundred and eighty days from the appointed day.

(2) The entity shall abide by the terms and conditions of the authorization by the Central Government including obligations, if any, imposed by the Central Government.

(3) The entity shall abide by the relevant regulations for technical standards and specifications, including safety standards and the quality of service standards as specified under regulation 15.

(4) The Board may consider grant of exclusivity on such terms and conditions as per the provisions in the Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Networks) Regulations, 2008.

(5) The transportation tariff shall be as determined by the Board as per regulation under section 22 of the Petroleum and Natural Gas Regulatory Board Act, 2006.

(6) The activities of the entity may be subject to such other regulations as may be applicable as per the provisions of the Act.

18. Entity not authorized by the Central Government for laying, building, operating or expanding CGD network before the appointed day

(1) An entity laying, building, operating or expanding a CGD network 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 form as at Schedule I.

(2) The Board may take into consideration the following criteria while considering the application for grant of authorization, namely: -

(a) the entity meets the minimum eligibility criteria as ¹ specified in clauses (a) to (e) and (i) of sub-regulation (6) of regulation 5 before the appointed date and is possessing all necessary statutory clearances, permissions, no objection certificates from the Central and State Governments and other statutory authorities;

(b) an entity which is not registered under the Companies Act, 1956 or Companies Act, 2013 at the time of submitting the application for grant of authorization shall undertake to become a company registered under the Companies Act, 1956 or Companies Act, 2013:

Provided that the Board may exempt an entity to register under the Companies Act, 1956 or Companies Act, 2013 on such conditions as it may deem appropriate;

(c) a satisfactory assessment of the actual physical progress made and the financial commitment thereof till immediately before the appointed day in comparison with the entity's DFR appraised by the financial institution funding the project. In case the project has not been funded by any financial institution, the Board may appraise the DFR. The DFR of the entity should clearly indicate the specified geographical area of the project and also specify the coverage proposed for CNG and PNG. In case upon scrutiny of the DFR by the Board by taking into account the geographical area, customer segments, infrastructure requirements, etc. proposed by the entity, the DFR is found to be sub-optimal and unacceptable, the Board may not consider the case of the entity for issuing the authorization;

(d) in respect of the actual physical progress made and the financial commitment thereof referred to in clause (c), a physical progress of at least twenty five percent and a financial commitment of at least twenty five percent of the capital expenditure identified for the CGD project as per the DFR immediately before the appointed day may be considered as adequate;

(e) the entity should have arranged, by way of acquisition or lease, land for CGS and procured the necessary equipment for erecting the CGS before the appointed day;

(f) the Board reserves the right to get the actual physical progress and the financial commitment certified and depending upon the progress achieved, the Board may consider authorizing the entity for the authorized area-

i) as per the geographical area in its DFR;

ii) as per the geographical area actually covered under implementation till the appointed day; or

iii) the geographical area as specified by the Board;

(g) in relation to laying, building, operating or expanding the CGD network, it is for the entity to satisfy the Board on the adequacy of its ability to meet the applicable technical standards, specifications and safety standards as specified in the relevant regulations for technical standards and specifications, including safety standards and the quality of service standards as specified in regulation 15;

(h) assessment of the financial position of the entity in timely and adequately meeting the financial commitments in developing the CGD network project as appraised by a financial institution and an examination of the audited books of accounts of the entity;

(i) firm arrangement for supply of natural gas to meet the demand in the authorized area to be covered by the CGD network;

(j) any other criteria considered as relevant by the Board based on the examination of the application.

(3) The evaluation of the application in terms of the clauses (a) to (j) shall be done in totality considering the composite nature and the inter-linkages of the criteria.

(4) The Board, after examining the application in terms of the criteria under sub-regulation (2) 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.

(5) 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 thirty days from any person on the proposal.

(6) The Board, after examining the comments and objections, if any under sub-regulation (5), may either consider or reject the case for grant of authorization for the CGD network.

(7) In case it is decided to grant authorization, the same shall be in the form at Schedule D;

(8) 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 regulation 6.

(9) In case the entity is selected for grant of authorization for CGD network,-

(a) The transportation tariff shall be as determined by the Board as per regulation under section 22 of the Petroleum and Natural Gas Regulatory Board Act, 2006.”;

(b) the Board may consider grant of exclusivity on such terms and conditions as specified in the Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Networks) Regulations, 2008;

(c) the entity shall abide by the technical standards, specifications including safety standards as specified under relevant regulations for technical standards and specifications, including safety standards;

(d) the provisions under regulations 9, 13, 14, 15 and 16 shall apply to the entity.

19. Power to remove difficulties

If any difficulty arises in giving effect to any of the provisions of these regulations, the Board may, by general or special order, do anything, not being inconsistent with the provisions of the Act, which appears to it to be necessary or expedient for the purpose or removing the difficulty(ies).

20. Miscellaneous

(1) These amended regulations shall be applicable only for the bidding rounds after the date of notification of the amended regulations and shall not be applicable for the earlier bidding rounds prior to notification of these amended regulations.

(2) If any question arises as to the interpretation of these regulations, the same shall be decided by the Board.

Schedule A

[see regulations 2 (1) (c) and 5 (4)]

Basis for defining authorized area for laying, building, operating or expanding CGD network

The specified geographical area in respect of an authorized area for a CGD network as per regulation 2 (1) (c) 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 may be determined considering the following criteria of economic viability and geographical contiguity, namely:-

1. Natural Gas Availability & Pipeline Connectivity.

The authorized area should have natural gas availability within the GA and pipeline connectivity within or in the vicinity of the GA.

2. Geographical contiguity.

For the purpose of any area to be considered as contiguous to the geographical area as per regulation 2 (1) (c) 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, such an area shall not have an economic viability to have an independent CGD network on its own.

Note: The Board reserves the right to intervene during the expression of interest stage itself, if in its opinion the specified geographical area is too large to sustain customer service; or allow safe and convenient operations; or has a potential to restrict competition. In the alternative, the Board may also intervene in case the geographical area considered is too small; or covers only a certain class of customers; or tantamount to cherry-picking. In all such cases, the Board may prescribe a geographical area of a size different than that indicated in the expression of interest.

Schedule B
[see regulations 4 (1) and 5 (6)]

Application form for submitting expression of interest by an entity desirous of laying, building, operating or expanding a CGD network

A. Only an entity which complies with the minimum eligibility criteria as per regulation 5 (6) 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 is eligible to submit its application for submission of expression of interest to the Board.

B. Entities must enclose documentary proof in support of its meeting the minimum eligibility criteria.

C. The entity submitting the expression of interest must submit the following information:

1 General Details

A Name of the Entity

B Type of firm - Public Limited Company / Private Limited Company / Partnership firm / Proprietorship firm / Others (please specify)

C Date of incorporation and date of commencement of business

D Address of Registered office

2 Basic Data

A 1) Population and number of households under the proposed CGD network.

2) Geographical area in square kilometers and segregated in different categories in terms of the provisions under regulation 2 (c) 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. The area should also be depicted in a physical map.

3) Economic activity in the proposed geographical area in terms of industrial and commercial activity (number of units and fuel mix).

4) Vehicular population profile.

B Preliminary Assessment of the potential demand for natural gas in the proposed CGD network amongst various customer segments.

C Likely source of supply of natural gas and plans for access to the natural gas pipeline.

D Whether the States or the Union Territories, in whose jurisdiction the proposed CGD network is located, has enacted any legislation or taken any administrative action to promote the use of natural gas in the said city? If the reply to the question is yes, then, provide copy of the said enactment or administrative order.

3 Application fee of Rs. _____ paid vide demand draft/ pay order

number <___> and dated <___> drawn on <name of bank and branch>.

Date:

Place:

Name and signature of entity or authorized signatory

Official Seal

Schedule C

[see regulation 5 (7)]

Application-cum-bid for grant of authorization for CGD network

To,
The Secretary,
Petroleum and Natural Gas Regulatory Board,
1st Floor, World Trade Centre, Babar Lane,
Connaught Place, New Delhi - 110 001.

Sub: Application-cum-bid for grant of authorization for laying, building, operating or expanding city or local natural gas distribution network in the proposed geographical area of _____ in the State or Union Territory _____ of 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

(Attach separate sheets for providing information wherever necessary)

Part-I –General details of the entity and technical details of the project (to be submitted in a properly earmarked, sealed and separate envelope)		
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 and attach copy of Articles of Association or Partnership deed, etc., as applicable).	
C	Date of incorporation and date of commencement of business.	
D	Address of registered office.	
E	Name, addresses, telephone numbers, e-mails ID of all directors / partners / proprietor (please provide full details with STD Code and Pin	
2	Business activities of the entity	
A	Give names of all existing city gas distribution network of the entity, if any, and its installed capacity, capital cost incurred till date, status of start of operations, yearwise gas volumes transported in the network in the past 3 years alongwith details of customers enrolled, distribution network map showing details of existing facilities and future plan and natural gas connectivity details.	
B	Details of tie-up or collaboration with any entity for natural gas supply and marketing.	

C	Details of other business, if any, being carried out by the promoters for the last five years.	
3	Ownership and affiliate details	
A	Details of promoters	
B	Details of all affiliates of the entity mentioning the business relationship between the entity and the affiliates ("affiliate" means as defined in the relevant regulations for affiliate code of conduct).	
C	The entity undertakes to produce all relevant records or documents of itself and its related entities on demand by the Board.	Yes / No
² D	Is the entity a company registered under the Companies Act, 1956 or Companies Act, 2013?	Yes / No
³ E	Is the entity promoted by a company registered under the Companies Act, 1956 or Companies Act, 2013?	Yes / No
⁴ F	The entity undertakes to become a company, in case it is not a company at the time of submission of this application-cum-bid, under the Companies Act, 2013 on being selected for grant of authorization.	Yes / No
⁵ G	Promoters undertaking in the form of letter of comfort stating that promoter's contribution in the project shall be infused in a phased manner as per the project financing schedule as per the format given in the application cum bid document.	Yes / No
4	Technical details of the proposed CGD network project	
A	Name of the proposed CGD network project.	
B	Indicate in the maps the charge areas and the extent of the geographical area along with sketch of facilities proposed.	
C	Sources of supply of natural gas and capacity tie-up with the natural gas pipeline including connectivity and the details of tie-up phase wise, if any.	
D	Confirm that all applicable technical standards, specifications including safety standards, as specified under the relevant regulations for technical standards and specifications, including safety standards have been considered and complied with	Yes / No

	in designing the CGD network?	
E	Non-refundable Application fee under the regulation 5 (6).	Rs. < >
	Demand draft or pay order	
	Demand draft or pay order number and date	
	Name of issuing bank and branch	
F	Bid bond	Rs. < >
	Demand draft/ Pay order/ Bank Guarantee	
	Demand draft/ Pay order/ Bank Guarantee Number and date	
	Name of issuing bank and branch	
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	³² Value of the Transportation rate for CGD Bid for laying, building, operating or expanding the CGD network for first year only. Note: The value of the bid should not be less than Rs 25/MMBTU.	Rs.< _____ > per MMBTU
B	Value of transportation rate for CNG for first year only). Note: The value of the bid should not be less than Rs 3/kg	Rs.< _____ > per Kg
C	No. of CNG Stations to be installed in CGD network within first 8 years	No. of CNG Stations=
D	No. of PNG domestic Connections to be achieved within first 8 years	No. of PNG Domestic Connections=
E	Inch-km of pipeline to be laid within first 8 years	Inch- Km=

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, 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 and the Bid Bond shall be forfeited and I / We shall be liable to be proceeded against and for punishment under the provisions of the Act.

2. 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 submitted separately for this city or local area by me / us.

73. We also declare to submit after grant of authorization, all details of the CGD project like DFR (based on which financial approvals are taken), all technical specifications of the project covering full details of pipeline design, pressure, length of network, pipeline diameter, pipeline thickness, route, corrosion protection arrangements, city gate station, natural gas source, tap-off points, main block valves, isolation valves, emergency shutdown valves, odourization facilities, metering arrangements, CNG stations, HSE measures etc.

Date:

Place:

Name and Signature of Entity/ Authorized Signatory

Official Seal

Instructions for filling the Application-cum-bid:

- 1. All entries in the form and annexed documents should be legible with no cuttings.**
- 2. Details requiring separate statement may be enclosed giving clear reference of the point against which the same is being attached.**
- 3. All pages of the application-cum-bid and the attachments and statements need to be serially numbered and initialed by the person or official authorized by the entity through a notarized power of attorney.**
- 4. Any information filled in the application-cum-bid needs to be substantiated by attaching relevant proof of the same.**
- 5. The entity is required to submit the application cum bid with all enclosures in the manner as specified in the bidding document.**
- 6. Incomplete application-cum-bid is liable to be rejected.**
- 7. All quoted figures shall be positive numbers.**
- 8. The Application cum Bids submitted in response to sub-regulation 5 (5), must be accompanied with all enclosures in the manner as specified in the Application cum Bid document, which shall specify in detail the terms and conditions of such bidding.**

Schedule C (1)

[see regulation 7 (3)]

Illustration showing the basis of determining the highest composite score for ascertaining the successful bid for grant of authorization for CGD network

Let there be three entities whose bids need to be compared for determining the successful bid over the bidding criteria described below-

(A) Transportation rate for CGD bid in CGD network.

Let,

N1 = value of the transportation rate for CGD bid for first year by the 1st entity.
N2 = value of the transportation rate for CGD bid for first year by the 2nd entity. N3 = value of the transportation rate for CGD bid for first year of the 3rd entity. Assume that N1 is lower than N2 and N2 is lower than N3. The least value of the transportation rate bid (LN1) shall be given a score of 100% and the value of the other transportation rate for CGD bids shall be given a score in relation to LN1 on a pro-rata basis as under-

$$\begin{aligned} \text{LN1} &= 100 \% \text{ for N1} \\ \text{LN2} &= 100 \% \times (\text{N1} \div \text{N2}) \\ \text{LN3} &= 100 \% \times (\text{N1} \div \text{N3}) \end{aligned}$$

(B) Transportation rate for CNG bid in CGD network.

Let,

C1 = value of the **Transportation rate** for CNG bid for first years by the 1st entity.

C2 = value of the **Transportation rate** for CNG bid for first years by the 2nd entity.

C3 = value of the **Transportation rate** for CNG bid for first years by the 3rd entity.

Assume that C1 is more than C2 and C2 is more than C3.

The least value of the **Transportation rate** for CNG bid (C3) shall be given a score of 100% and the value of the other network compression charge for CNG bids shall be given a score in relation to LC3 on a pro-rata basis as under-

$$\begin{aligned} \text{LC1} &= 100 \% \times (\text{C3} \div \text{C1}) \\ \text{LC2} &= 100 \% \times (\text{C3} \div \text{C2}) \\ \text{LC3} &= 100 \% \end{aligned}$$

(C) Number of CNG Stations to be installed in CGD Networks:

Let,

$IG1 =$ value of the CNG station bid by the 1st entity over the period of exclusivity in terms of the exemption from the purview of the contract carrier or common carrier.

$IG2 =$ value of the CNG station bid bid by the 2nd entity over the period of exclusivity in terms of the exemption from the purview of the contract carrier or common carrier.

$IG3 =$ value of the CNG station bid by the 3rd entity over the period of exclusivity in terms of the exemption from the purview of the contract carrier or common carrier.

Assume that $IG1$ is lower than $IG2$ and $IG2$ is lower than $IG3$.

The highest present value of the inch-kilometer bid ($HIK3$) shall be given a score of 100% and the present value of the other inch-kilometer bids shall be given a score in relation to $HIK3$ on a pro-rata basis as under-

$$HIG1 = 100 \% \times (IG1 \div IG3)$$

$$HIG2 = 100 \% \times (IG2 \div IG3)$$

$$HIG3 = 100 \%$$

(D)Inch-Kilometer of steel pipelines bid in CGD network.

Let,

$IK1 =$ Present value of the inch-kilometer of steel pipelines bid by the 1st entity over the period of exclusivity in terms of the exemption from the purview of the contract carrier or common carrier.

$IK2 =$ Present value of the inch-kilometer of steel pipelines bid by the 2nd entity over the period of exclusivity in terms of the exemption from the purview of the contract carrier or common carrier.

$IK3 =$ Present value of the inch-kilometer of steel pipelines bid by the 3rd entity over the period of exclusivity in terms of the exemption from the purview of the contract carrier or common carrier.

Assume that $IK1$ is lower than $IK2$ and $IK2$ is lower than $IK3$.

The highest present value of the inch-kilometer bid ($HIK3$) shall be given a score of 100% and the present value of the other inch-kilometer bids shall be given a score in relation to $HIK3$ on a pro-rata basis as under-

$$HIK1 = 100 \% \times (IK1 \div IK3)$$

$$HIK2 = 100 \% \times (IK2 \div IK3)$$

$$HIK3 = 100 \%$$

(E)Number of PNG domestic customers bid in CGD network.

Let,

$P1 =$ Present value of the PNG domestic customers by the 1st entity over the period of exclusivity in terms of the exemption from the purview of the contract carrier or common carrier.

$P2 =$ Present value of the PNG domestic customers of the 2nd entity over the period of

exclusivity in terms of the exemption from the purview of the contract carrier or common carrier.

P3 = Present value of the PNG domestic customers of the 3rd entity over the period of exclusivity in terms of the exemption from the purview of the contract carrier or common carrier.

Assume P1 is higher than P2 and P2 is higher than P3.

The highest present value of the PNG domestic customers bid (HP1) shall be given a score of 100% and the present value of the other PNG domestic customers bids shall be given a score in relation to HP1 on a pro-rata basis as under-

<i>HP1</i>	<i>=</i>	<i>100 %</i>
<i>HP2</i>	<i>=</i>	<i>100 % x (P2 ÷ P1)</i>
<i>HP3</i>	<i>=</i>	<i>100 % x (P3 ÷ P1)</i>

Now, the composite score of three entities shall be computed by assigning the respective weights assigned to each of the bidding criterion as indicated below-

Entity 1 = 0.10 x LN1 + 0.05 x LC1 + 0.15 x HIG1 + 0.50 x HP1 + 0.20 x HIK1

Entity 2 = 0.10 x LN2 + 0.05 x LC2 + 0.15 x HIG2 + 0.50 x HP2 + 0.20 x HIK2

Entity 3 = 0.10 x LN3 + 0.05 x LC3 + 0.15 x HIG3 + 0.50 x HP3 + 0.20 x HIK3

The entity with the highest composite score shall be declared as successful in the bid

Schedule D

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

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

To,

<Name of the Successful Bidding Entity>

<Address>

Subject: Grant of authorization for laying, building, operating or expanding CGD network in the authorized area of <_____> in the State or the Union Territory of <_____> 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 / Madam,

With reference to your application-cum-bid for grant of authorization for laying, building, operating or expanding the CGD network in <name of the authorized area> in the State or the Union Territory of <name>, 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 <__> 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 _____days from the date of this authorization.
3. The activities permitted above shall have to be completed as per the approved time schedule enclosed. 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;

(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) Twenty five years from the date of issue of this communication for Infrastructure Exclusivity i.e. laying, building and expansion of the CGD network; and

(b) Eight Years from the date of issue of this communication for marketing exclusivity i.e. 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.

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 ⁸ **two hundred and seventy 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.

⁹9. The entity shall publish on its website the 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.____Million is a guarantee for timely completion of quoted work program, commissioning of the project as per the prescribed targets in the bid and for meeting the service obligations during the operating phase of the project.

¹⁰13. 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, 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.

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 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.

Yours faithfully,

Dated:

Sd/-

Name and Designation of Officer On behalf of the PNGRB Official Seal

Acceptance of the Grant of Authorization

I / We hereby accept the grant of authorization issued by the PNGRB vide letter ref. <____> dated <____> and agree to comply with all the terms and conditions subject to which I/ We have been granted the authorization for laying, building, operating or expanding city or local natural gas distribution ¹¹**network** in the authorized area of _____ in the State or the Union Territory of _____.

Date: Place:

Signature of the Authorized Signatory
Name and Official Seal

Schedule E

[see regulation 13 (1) and regulation 14 (10)]

A: Quarterly submission of data by authorized entity in the following formats appended here below:-

- (i) Format E-1A-CGD for Quarterly progress Report on CGD: Physical Parameters
- (ii) Format E-1B-CGD for Quarterly progress Report on CGD: Financial Parameters

B: Monthly submission of data by authorized entity in the following formats appended here below:-

- (i) Format E-2-CGD for Monthly Report on PNG Customers
- (ii) Format E-3-CGD for Monthly Report on Progress of CNG
- (iii) Format E-4-CGD for Monthly Report on Sale of Natural Gas

C: The data and information required to be submitted by the entity in the above formats shall be analyzed by the Board by comparing the –

- (i) actual progress made by the entity versus the physical and financial targets, identified in its DFR;
- (ii) actual number of domestic customers connected by PNG versus the numbers committed in the bid or as fixed by the Board for the entities authorized by the Central Government before the appointed day or for the entities laying, building, operating or expanding the CGD network before the appointed day and authorized by the Board in case such entities have sought exclusivity; and
- (iii) inch-kilometre of steel pipeline actually laid versus that committed in the bid or as fixed by the Board for the entities authorized by the Central Government before the appointed day or for the entities laying, building, operating or expanding the CGD network before the appointed day and authorized by the Board in case such entities have sought exclusivity.

D: Monitoring of the progress shall be taken up by the Board on a quarterly basis and the notice of deviations and shortfalls, if any, shall be sent to the entity on an annual basis for a prompt resolution. In case of any delay in meeting the yearly commitments within the notice period or in case of repeated violations, the entity may face the consequences 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 or under regulation 10 of the Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Network) Regulations, 2008, or both.

E: A Self certification shall be submitted by the entity in terms of its compliance with the requirements of regulation 14 (7) 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.

Note: The Board reserves the right to seek any information or data from the entity, as it

may deem to be fit, to satisfy itself to the compliance by the entity.

Appended Fomats:

Schedule-E / Format: E-1A-CGD		Quarterly Progress Report on CGD: Physical Parameters			
1. Report for the Quarter ending		2. Year			
3. Name of Entity					
4. Name of Geographical Area		5. State			
		6. For the Quarter		7. Cumulative (since inception)	
		Target*	Actual	Target	Actual
8. . Status of PNG Customers connected					
9. Inch-Kilometer of Pipeline		Target*	Actual	Target	Actual
(a) Steel					
(b) MDPE					
10. Pipeline Length in Kilometers		Target*	Actual	Target	Actual
(a) Steel					
(b) MDPE					
11. Compression Capacity (in Kgs.) & No. of Compressors		Target*	Actual	Target	Actual
(a) Online / Mother	Compression Capacity (24 hrs. operation)				
	Number of Compressors				
(b) Others (Booster etc.)	Compression Capacity (24 hrs. operation)				
	Number of Compressors				
12. Any other information (Please write in the box)					
* Target figures may be given wherever applicable. Quarterly target may be taken as 1/4th of annual target.					
13. Important guidelines for submitting the report:					
1) In case data is nil for any of the columns; please enter zero '0' (2) Report must be submitted within 30 days from the close of Quarter. (3) A scanned copy of the report stamped & signed by a person of General Manager or above rank, duly authorized by Director of the company, should be uploaded within 10 days from date of submitting the report online as per instructions given for uploading the report.					
14. Note: Please note that due to technical reasons, the information sought in columns / rows may have to be rearranged as required while implementing the online reporting system.					

Schedule-E / Format: E-1B-CGD		Quarterly Progress Report on CGD: Financial Parameters	
1. Report for the Quarter ending		2. Year	
3. Name of Entity			
4. Name of Geographical Area		5. State	
6. Ownership Details	Name		Share (%)
	Name		Share (%)
	Name		Share (%)
	Name		Share (%)
All figures to be in Lacs Rupees unless specified otherwise			
Capital Investments			
7. Fixed Assets		13. Revenue Earned	
Opening balance		Revenue from operations	
Direct additions		Other income - Interest etc.	
Transfer from Capital Work-in-Progress		Total Revenue	
Deletions		14. Profit/Loss	
Closing balance		Profit / Loss before tax	
8. Capital Work-in-Progress (CWIP)		Tax	
Opening balance		Profit after tax	
Additions		15. Loans Status	
Transfer to fixed assets		(a) Term Loans	
Deletions / Transfers		Opening balance	
Closing balance		Added	
9. Operating Expenses		Repaid	
Cost of goods sold		Closing balance	
Utilities - Power and Fuel		Average Interest Rate (%)	
Salaries		(b) Working Capital Loans	
Repair and maintenance		Opening balance	
Gen. administrative expenses		Repaid during quarter	
Insurance		Nett Change	
Others		Average Interest Rate (%)	
10. Financial Expenses		16. Any other information (Please write in the box)	
Interest on Working capital			
Interest on term loans			
11. Depreciation			
12. Total Expenses			
17. Important guidelines for submitting the report:			
1) In case data is nil for any of the columns; please enter zero '0' (2) Report must be submitted within 60 days from the close of Quarter. (3) A scanned copy of the report stamped & signed by a person of General Manager or above rank, duly authorized by Director of the company, should be uploaded within 10 days from date of submitting the report online as per instructions given for uploading the report. (4) Annual report for the year-end (4th Quarter) should be submitted duly certified by a Chartered Accountant (CA) (5) Please ensure that sum total of figures submitted for four quarters of the year is equal to the company's audited annual data.			
18. Note: Please note that due to technical reasons, the information sought in columns / rows may have to be rearranged as required while implementing the online reporting system.			

Schedule-E / Format: E-2-CGD	Monthly Report on PNG Customers				
1. Name of the Entity					
2. Name of Geographical Area				3. State	
4. Report for the month of				5. Year	
Figures in Numbers					
6. Months	7. PNG Customers Connected			8. Total PNG Customers	9. Pending Activation for > 90 days (Domestic Customers)
10. No. B/F from Previous Year	DOMESTIC	COMMERCIAL	INDUSTRIAL		
April					
May					
June					
July					
August					
September					
October					
November					
December					
January					
February					
March					
11. Cumulative Total					
12. Any other information (Please write in the box)					
13. Important guidelines for submitting the report:					
1) In case data is nil for any of the columns for the month, please enter zero '0' (2) Report must be submitted by 20th of the following month (3) A scanned copy of the signed & stamped report must be uploaded within 7 days from the date of submitting report online as per instructions given for uploading the report.					
14. Note: Please note that due to technical reasons, the information sought in columns / rows may have to be rearranged as required while implementing the online reporting system.					

Schedule-E / Format: E-3-CGD		Monthly Report on Progress of CNG							
1. Name of Entity								3. State	
2. Name of Geographical Area								5. Year	
4. Report for the month of		6. Infrastructure Progress Data				7. Vehicle Conversion Data			
		9. Number of CNG Stations Added				10. Vehicles Converted to CNG			
8. Month	MOTHER CUM	ONLINE TOTAL	DAUGHTER BOOSTER	DAUGHTER	TOTAL CNG	CARS / TAXIES	AUTOS	BUSES	OTHERS
11. No. B/F from Previous Year									
April									
May									
June									
July									
August									
September									
October									
November									
January									
February									
March									
12. Cumula									
13. CNG Selling Price at beginning of the month (Rs./Kg)									
14. Any other information (Please write in the box)									
15. Important guidelines for submitting the report:									
1) In case data is nil for any of the columns for the month, please enter zero '0' (2) Report must be submitted online by 20th of the following month (3) A scanned copy of the signed & stamped report must be uploaded within 7 days from the date of submitting the report online as per instructions given for uploading the report.									
16. Note: Please note that due to technical reasons, the information sought in columns / rows may have to be rearranged as required while implementing the online reporting system.									

Schedule-E / Format: E-4-CGD	Monthly Report on Sale of Natural Gas				
1. Name of the Entity					
2. Name of Geographical Area				3. State	
4. Report for the month of				5. Year	
Figures to be given in selling unit up to three decimals					
6. Months	7. CNG Sales (KG.)	8. PNG Sales (SCM)			9. Total Natural Gas Sales (CNG + PNG)
		DOMESTIC	COMMERCIAL	INDUSTRIAL	
April					
May					
June					
July					
August					
September					
October					
November					
December					
January					
February					
March					
10. Cumulative Total					
11. Selling price of Domestic PNG at beginning of the month in Rs./SCM >>>					
12. Any other information (Please write in the box)					
13. Important guidelines for submitting the report:					
1) In case data is nil for any of the columns for the month, please enter zero '0' (2) Report must be submitted by 20th of the following month (3) A scanned copy of the signed & stamped report must be uploaded with in 7 days from the date of submitting the report online as per instructions given for uploading the report.					
14. Note: Please note that due to technical reasons, the information sought in columns / rows may have to be rearranged as required while implementing the online reporting system.					

Schedule-F
[see regulation 15 (I)]

Quality of Service Standards General.

The purpose of specifying the quality of service standards is to specify the minimum level of performance expected of the entity in laying, building, operating or expanding the CGD network in terms of service to be provided to the customers and other entities. In order to enable the entity to satisfactorily comply with the quality of service standards, other stakeholders, like, customers and other entities are also expected to diligently fulfill certain minimum responsibilities. While the authorized entity shall have to mandatorily comply with the quality of service standards, it may widely advertise the minimum responsibilities expected of the customers and other entities and also incorporate the same suitably in the contracts. The quality of service standards are indicated below:-

1. System upkeep and customer classification.

(1) Entity's responsibility:

- a) to ensure upkeep of the system as per the technical standards, specifications including safety standards specified under the relevant regulations for technical standards and specifications, including safety standards at all points of time;
- b) to ensure that the type of customers are classified in terms of prioritization for use of line pack volumes and the order of restoration of supplies in case of disruption or interruption in the CGD network as per the following order of priority:
 - i) domestic PNG customers,
 - ii) essential services (hospitals, clinics, milk supplies, etc.,
 - iii) CNG customers, and
 - iv) Others

The contracts with the customers should accordingly contain a specific clause on dealing with interruption in natural gas supplies;

- c) to maintain the quality of natural gas in the CGD network as per the technical standards, specifications and safety standards in the relevant regulations for technical standards and specifications, including safety standards.

(2) Customer's responsibility:

- a) to ensure safety of equipment and facilities provided by the entity within the premises;
- b) to clearly state the purpose of gas usage and ensure use against the same connection.

2. Request for connection.

(1) Entity's responsibility:

- a) to publish in newspaper and its official website, the roll-out plan for laying, building, operating or expanding the CGD network within the authorized area after authorization for the information of the general public;
- b) to provide connectivity promptly provided the premises of the customer including the route have the necessary safety and statutory clearances;
- c) to explain the terms and conditions of the standard contract to the all categories of customers;
- d) to select safe and best possible route to provide connection;
- e) to ensure every consumption point is installed with a meter;
- f) in case of own reticulated system (in terms of pipelines and metering unit) for all the buildings within the colony or an area, to ensure that the internal pipeline network and equipments comply with the technical standards, specifications and safety standards as specified in the relevant regulations for technical standards and specifications, including safety standards before supplying PNG. In such a case, the entity shall not take any interest-free security deposit from the customers or charge any network tariff for Last Mile Connectivity.

(2) Customer's responsibility:

- a) to inform the entity of any change in residential status or the ownership status;
- b) to take prior permission of the entity, if any changes are required to be made in the area in the premises having the installation;
- c) to make necessary payment of deposit and sign the contract;
- d) to be responsible for any civil work required for the safety of the pipelines, piping or other facilities and equipments installed by the entity within customer's premises and not tamper with the same.

3. Metering and billing.

(1) Entity's responsibility:

- a) responsible for installation of the metering equipment at a location which is easily accessible, and the operation, maintenance,

inspection, calibration, checking and replacement or removal of the metering equipment;

b) to publish specifications of the metering equipment for public knowledge;

c) to raise bill for supply of natural gas as per the terms and conditions of the contract, indicating the network tariff for common infrastructure and for the last mile connectivity, if applicable. The bill should also contain customer name and address, serial number, volume (in MMBTU), price (in Rs./ MMBTU), taxes/ levies, amount, due date, etc;

d) to raise bill for supply of CNG on the entity for dispensing by the latter by separately indicating the network tariff and compression charge for CNG. The bill should also contain customer name and address, serial number, volume (in Kilogram), price, taxes or levies, amount, due date, etc. The dispensing equipment should be capable of converting heat value in to Kg.;

e) to publicize any price changes or change in metering related activities;

f) to ensure correct billing;

g) to ensure authorized representatives with proper identification visit the customer's unit or premises for meter reading on pre-specified days.

(2) Customer's responsibility:

a) to report about any burnt or damaged meter, piping, equipment or facility or non-reading of meter to the entity immediately;

b) to allow access to the metering unit on meter reading days or during the installation or maintenance or repairs to the equipment and facilities provided by the entity;

c) to ensure payment of dues within specified time.

4. Disconnection of supply.

(1) Entity's responsibility:

a) give proper notice explaining in detail the reason before disconnection;

b) ensure immediate disconnection, if proving hazardous to public safety;

5. Network interruptions.

(1) Entity's responsibility:

- a) give due notice to customers for planned maintenance;
- b) ensure the earliest possible network resumption after interruption; and c) ensure prompt recovery from unplanned network interruptions;

(2) Customer's responsibility:

- a) inform the entity at the earliest regarding any leakages, broken pipes, etc.;

6. Emergency response handling.

(1) Entity's responsibility:

- a) to ensure in-position of the emergency response plan to -
 - i) handle emergencies in co-ordination with the police, fire department, local administration and hospitals;
 - ii) ensure 24 X 7 manning of emergency cell for handling emergencies;
 - iii) put-in place a clear responsibility chart depicting roles for individuals in the times of emergency.
- b) ensure availability of disaster management plan, a copy of which should be made available to the Board as well as the local administration.

(2) Customer's responsibility:

- a) inform the entity of any potentially hazardous situation at the earliest;
- b) help the entity's personnel to contain the emergency situation, if required.

7. Information disclosure and customer awareness.

(1) Entity's responsibility:

- a) to provide on request information about the route of pipeline, pipeline capacities and specifications, like, pressure, calorific value of natural gas, etc.;
- b) to educate the customers through customer awareness campaigns on-

- i) appropriateness of burner configuration of the appliance in getting best results from usage of natural gas;
- ii) approved make of CNG kit and storage cylinder, list of authorized agencies for installing CNG kit and storage cylinder, safety procedures, proper upkeep and maintenance, regular hydro-testing of cylinders as per Petroleum Explosive Safety Organization (PESO) norms, etc.

8. Customer handling.

(1) Entity's responsibility:

- a) to advertise toll-free emergency contact numbers and customer care numbers with facility to automatically upgrade the unsettled Customer grievances or complaints to the appropriate supervisory level;
- b) establish a comprehensive customer care system and software to help provide better service to customers. The software should be equipped to handle-
 - i) Customer complaints;
 - ii) Customer requests;
 - iii) Docket number to customers;
 - iv) Tracking the progress of request or complaint.
- c) to set-up bill acceptance centers.

9. Maintain database.

Entity's responsibility:

to maintain a credible database management system to handle the data requirements of the Board and also the record of customer complaints received and action taken on the same.

10. Other.

The entity shall continuously endeavour to facilitate increased availability of CNG kits by coordinating with reputed original equipment manufacturers besides also to

liaise with the Government or other development agencies to facilitate setting-up of approved workshops for fitting of CNG kits and periodical testing and certification of the CNG storage cylinders in the authorized area so as to facilitate-

- a) reduction in cost of CNG Kit and the installation cost of the kit and the storage cylinders;
- b) customer satisfaction;
- c) serviceability of the CNG kit and storage cylinder.

Schedule G
[see regulation 16 (1) (d)]

Procedure for the termination of grant of authorization of CGD network

The procedure for implementing the termination of the authorization of the entity to lay, build, operate or expand a CGD network following default by the entity as per the provisions of 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, 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 in the CGD network, investments, liabilities and such other information as may be directed by the Board within a period of thirty 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 CGD network at the same level till such time another agency or entity, as per the decision of the Board, takes over the full control of the CGD network. The Board reserves the right to appoint any other entity or agency to manage and operate the CGD network till such period of time and on such terms and 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 CGD network;
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 CGD network from the defaulting entity;
5. 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;

Schedule H

[see regulation 17 (I)]

Information to be provided for CGD network authorized by Central Government before the appointed day

To,

The Secretary,
Petroleum and Natural Gas Regulatory Board, Ist Floor, World Trade Centre
Babar Lane, Connaught Place, New Delhi - 110 001.

Sub: Information in respect of CGD network in the city or area of_in the State or the Union Territory of

(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 attaching the copy of the articles of association, partnership deed, etc. as the case maybe.
 - B Date of incorporation and 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 CGD network 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 or 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 and Loss Account and Balance Sheet for the last three financial years) - In case the entity is a subsidiary company, copies of the audited Profit and Loss Account and Balance Sheet for the last three financial years of the parent company to be attached
- 3 Business activities of the entity
- A Original cost and WDV of assets along with year of commissioning, detailed break-up of the operating costs, unit network tariff customer- category wise, average unit compression charge for CNG, average unit transportation cost of cascade mounted CNG systems and retail selling price charged from each category of customers 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 of CGD network
- C Details of other business, if any, being carried out by the promoters for the last three years
- 4 Ownership and affiliate details
- A Details of promoters
- B Details of affiliates of the entity mentioning the business relationship ("Affiliate" means as defined in the relevant regulations for affiliate code of conduct).
- C The entity undertakes to produce all relevant records and documents of itself and its related entities on demand by the Board.
- D Is the entity a company registered under Companies Act, 1956 or Companies Act, 2013? Yes / No
- E Is the entity promoted by company registered under Companies Act, 1956 or Companies Act, 2013? Yes / No
- F The entity undertakes to become a company, in case it is not a company at the time of providing the information herein, under the Companies Act, 1956 or Companies Act, 2013 on grant of exclusivity under the Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Networks) Regulations, 2008. Yes / No

- 5 Technical details of the CGD network
- A Name of the CGD network
- B Wards in the municipalities and charge area identified by the entity for the CGD network along with a physical map indicating all the existing and proposed facilities
- C Technical specifications of the existing infrastructure in the CGD network, comparison with projections in the DFR and reasons for variation. (Attach copy of the feasibility report and provide full details regarding pipelines design pressure, diameter, thickness, class, etc., area of the CGD network, route, pipeline corrosion protection arrangements, city gate stations, main block valves, isolation valves, emergency shutdown valves, odourization facilities, metering arrangements, CNG infrastructure, HSE measures, etc.
- D Development plan envisaged for the project - design & installed capacity of the CGD network along with details of phased-out capital expenditure plans including the time- lines and the projected dates of commencement of operations phase- wise. Complete details of the activities and targets associated with the completion of the Project to be enclosed.
- E Year-wise growth achieved in physical infrastructure along with value till the appointed day. Details of number, length and type of pipelines laid and number and type of connections provided to customers and CNG infrastructure in terms of online compression capacity and number and dispensing facilities along with allied infrastructure in existence to be provided.
- F i) Volume of natural gas transported in the CGD network and sold (Customer category-wise including CNG) during the period 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 for each category of customer.
Also, give details of customer tie-up, if any.

Volumes to be indicated in SCM (or in Kg in case of CNG). The conversion factors for conversion of volume or weight of natural gas or CNG into

- MMBTU to be provided.
- G Number of customers connected by PNG category-wise and year-wise and reasons for variation with the projections in the DFR
- H Sources of supply of natural gas and capacity tie-up with the entity owning and operating natural gas pipeline including existing or any proposed connectivity. Details of the natural gas source tie-up to be provided phase-wise. Please enclose copies of the gas purchase-sale agreement or Memorandum of understanding or Heads of Agreement, as the case maybe.
- I Demand assessment over the economic life of project - estimated yearly demand for each category of customers.
- J 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 to be provided separately)
- K Whether the State, in whose jurisdiction the CGD network is located, has enacted any legislation or taken any administrative action to promote the use of natural gas in the said city or area? If the reply to the question is yes, then, provide copy of the said enactment or the administrative order. Yes / No
- L Are all applicable technical standards, specifications including safety standards under the relevant regulations for technical standards and specifications, including safety standards been considered and complied with while designing, laying, building, expanding or operating the CGD network? Provide details.
- M Attach copy of the Disaster Management Plan in place.
- N Is the project entitled to any subsidy or entitled for any exemption or deferment or waiver of any statutory levy from the Central or the State Governments? If yes, give complete details indicating the year-wise utilization plan of the entity. Yes / No
- O Has the entity availed any period of exclusivity for laying, building, operating or expanding the CGD network till the appointed day?
- P Details of approved capital expenditure plans? What is the percentage of year-wise actual capital expenditure during the last three years to the projected capital expenditure in the DFR and reasons for variation, if any?

(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

Part-III: Detailed justifications for seeking exclusivity for laying, building, operation or expansion of CGD network under the Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Networks) Regulations, 2008. (see note below)

A Justification for seeking exclusivity in laying, building or expansion of the CGD network. Please indicate the period of exclusivity sought. Data, analysis and documents in support of the argument may be provided as attachments.

B Justification for seeking exclusivity in terms of-do-seeking exemption from the purview of common carrier ⁵[or] contract carrier. Please indicate the period for which the exemption is sought.

Note:

1) In case the entity applies for exclusivity under the Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Networks) Regulations, 2008 and the Board grants the exclusivity, the targets to be achieved by the entity shall be as fixed by the Board in terms of the clause (b) of sub-regulation (1) of regulation 8 under the Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Networks) Regulations, 2008; and

2) The Board shall monitor the actual progress against the targets fixed for the entity, on a quarterly basis, and take further action in case of any deviation or shortfall determined on an annual basis in the manner as indicated in Schedule E.

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 for 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 and 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 statement shall 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 or official authorized by the applying entity through a notarized Power of Attorney.
4. Any information or 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 five copies with all the enclosures in addition to the original.
6. Incomplete information format is liable to be summarily rejected.

Schedule I
[see regulation 18 (1)]

Application for grant of authorization for CGD network to entities not authorized by Central Government

To,
The Secretary,
Petroleum and Natural Gas Regulatory Board, Ist Floor, World Trade Centre
Babar Lane, Connaught Place, New Delhi - 110 001.

Sub: Application for grant of authorization for City or Local Natural Gas Distribution project in the city of _____ in the State or the Union Territory of

(Attach separate sheets for providing information wherever necessary)

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 attaching the copy of articles of association, Partnership deed, etc. if any.
 - C Date of incorporation and date of commencement of business.
 - D Address of registered office.
 - E Names, addresses, telephone numbers, e-mail ID of all directors / partners / proprietor (please provide full details with STD Code and Pin Code).

- 2 Information/ data to be provided by the entity in support of the eligibility criteria as specified under sub-regulation (2) of regulation 18.
 - A Non-refundable application fee under regulation 5 (6)(a)
Demand draft or pay order
Demand draft or pay order no. & date
Name of issuing bank and branch
 - B Entity is technically capable of laying and building CGD Network
Documentary evidence in support of

Rs. <_>

the technical capability of the entity in terms of the qualifying criteria under regulation 5 (6) (b) (i) to (iv) to be attached.

C Entity is technically capable of operating and maintaining a CGD Network.

Documentary evidence in support of the technical capability of the entity in terms of the qualifying criteria under regulation 5 (6) (c) (i) to (iv) to be attached.

D Entity agrees to abide by the relevant regulations for technical standards and specifications, including safety standards.

Yes/ No

E Entity has adequate financial strength to execute the proposed CGD project, operate and maintain the same in the authorized area and meets the financial criterion in terms of having a minimum combined net worth as specified under regulation 5 (6) (e).

Note:

All documents in support of the calculations of the minimum combined net worth duly certified by a Chartered Accountant to be attached.

F Has any penalty been imposed on the entity under section 28 or punished under Chapter IX of the Act? In case the answer is yes, please submit full details.

Yes/ No

G Copies of all the necessary statutory clearances, permissions and no objection certificates obtained by the entity from the Central and State Governments and other statutory authorities as applicable for the proposed CGD project to be attached.

H In case entity is not registered as a company under the Companies Act, 1956 or Companies Act, 2013, the entity undertakes to become a company registered under the

Yes/ No

Companies Act, 1956 or Companies Act, 2013 on grant of authorization. Full details of the promoters of the entity to be provided.

Note:

In case the entity seeks an exemption from registering under the Companies Act, 1956 or Companies Act, 2013, detailed justifications shall be submitted to the Board.

I Details on Financial and Physical progress

i) Copy of the approved DFR of the project to be attached.

Note:

The entity shall also enclose the documentary proof of the formal approval of the DFR of the project by its management.

ii) Has the DFR of the proposed CGD project for which authorization is being sought been appraised by any financial institution?

Yes/ No

iii) Does the DFR of the proposed CGD project specify the geographical area proposed to be covered? In case the answer is yes, please specify the size of the geographic area proposed and also enclose the map depicting the same.

Yes/ No

iv) Details in the DFR in terms of year-wise coverage of PNG domestic connections and CNG compression facilities

v) Extent of physical progress in laying and building the proposed CGD network achieved by the entity till the day immediately before the appointed day as against the total physical activities proposed in the DFR.

<in percentage terms>

Note:

The onus of proving the physical progress actually made by the entity

lies with the entity and the entity shall submit all necessary documentary proofs in support.

vi) Extent of financial commitment actually made by the entity in the proposed CGD network till the day immediately before the appointed day as against the estimated capital expenditure identified in the DFR.

<in percentage terms>

Note:

The onus of proving the financial commitment actually made by the entity lies with the entity and the entity shall submit all necessary documentary proofs in support.

J Arrangements for erecting the CGS
i) Has the entity arranged the land by way of acquisition or lease for erecting the proposed CGS? If yes, please submit the documentary proof.

Yes/ No

ii) Whether the necessary equipment for erecting the CGS already procured? If yes, please submit documentary proofs.

Yes/ No

K Entity shall enclose the copies of the internal procedures and guidelines as approved by its management prescribing the basis of compliance by the entity to any technical standards, specifications, including safety standards and the quality of service to customers, if any.

L Entity shall enclose copies of the agreement in support of having made firm arrangements for supply of natural gas to meet the demand in the proposed CGD network.

M Any other information or data including any documentary proof considered relevant by the entity for consideration of the Board or as may be specified by the Board shall also be provided.

3 Financial details

A Share capital / Proprietor's own funds

B Loans-amount, tenure, moratorium

- period, rate of interest, taken from and asset mortgaged or 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 and Balance Sheet for last three financial years) - In case entity is a subsidiary company, copies of audited Profit and Loss Account and Balance Sheet for last three financial years of the parent company to be attached.
- 4 Business Activities of the entity
- A Original cost and WDV of assets along with year of commissioning, detailed break-up of the operating costs, unit network tariff customer category wise, average unit compression charge for CNG, average unit transportation cost of cascade mounted CNG systems and retail selling price charged from each category of customers during the last three years, etc.
 - B Details of other business, if any, being carried out by the promoters for the last three years.
- 5 Ownership and affiliate details
- A Details of promoters
 - B Details of all affiliates of the entity mentioning the business relationship between the entity and "Affiliate" means as defined in the relevant regulations for affiliate code of conduct.
 - C The entity undertakes to produce all relevant records and documents of itself and its related entities on demand by the Board.
 - D The entity undertakes to abide by the relevant regulations for affiliate code

Yes / No

of conduct.

Yes / No

6 Technical details of the CGD Network

A Name of the CGD network

B Wards in the municipalities and charge area identified by the entity for the CGD network alongwith a physical map indicating all the existing and proposed facilities.

C Technical specifications of the existing infrastructure and a comparison with that projected in the DFR and reasons for variation, if any.

Indicate full details regarding the pipelines design pressure, diameter, thickness, class, etc., area of the CGD network, route details, pipeline corrosion protection arrangements, city gate stations, main block valves, isolation valves, emergency shutdown valves, odourization facilities, metering arrangements, CNG stations, HSE measures, etc.

D Development Plan envisaged for the project - design and installed capacity of the CGD network along with details of phased-out capital expenditure plans including the time-lines and the projected dates of commencement of operations phase-wise. Complete details of the activities and targets associated with the completion of the project to be enclosed.

E Year-wise growth achieved in physical infrastructure along with value. Details of number, length and type of pipelines laid and number of connections customer over their types and CNG infrastructure in terms of online compression capacity and number of dispensing facilities along with allied infrastructure in existence to be provided. Gross and Net block value

- to be indicated over each asset-head.
- F i) Volume of natural gas transported in the CGD network and sold customer category-wise, including CNG during last year-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 for each category of customer. Also, give details of customer tie-up, if any.

Volumes to be indicated in MMBTU and also in SCM for PNG and in Kg for CNG. The conversion factors for conversion of volume or weight of natural gas or CNG into MMBTU to be provided.

- G Number of customers provided with PNG connection category-wise and year-wise and reasons for variation with the projections in the DFR, if any.
- H Capacity tie-up with the entity owning and operating natural gas pipeline including existing and proposed connectivity.
- I Demand assessment over the economic life of the project - estimated yearly demand for each category of customer.
- J Time schedule for phase wise completion of the project from the date of commencement of operations.

- K Complete details of all the activities associated with the completion of the project to be provided separately. Whether the State, in whose jurisdiction the CGD network is located, has enacted any legislation or taken any administrative action to

Yes / No

promote the use of natural gas in the said city? If the reply to the question is yes, then provide copy of the said enactment or the administrative order.

L Whether applicable technical standards, specifications including safety standards under the relevant regulations for technical standards and specifications, including safety standards been considered and complied with while designing, laying, building, operating and expanding the CGD network? Provide details.

M Copy of Disaster Management Plan to be attached.

N Is the project entitled to any subsidy, tax waiver or exemption or deferment from the Central or State Government?
If yes, give details.

Yes / No

O Has the entity availed any period of exclusivity for laying, build, operate or expand the existing CGD network?

P Details of approved capital expenditure plans? What is the percentage of year- wise actual capital expenditure to the projected capital expenditure in the DFR during the last three years and reasons for variation, if any?

Part-II: Any other submission considered as relevant by the entity with regards to the application for grant of authorization for CGD network by the Board

Part-III: Detailed justifications for seeking exclusivity for laying, building, operation or expansion of CGD network under the Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Networks) Regulations, 2008. (see note below)

A Justification for seeking exclusivity in laying, building or expansion of the CGD network. Please indicate the period of exclusivity sought.

Data, analysis and documents in support may be provided

B Justification for seeking exclusivity in terms of seeking exemption from the purview of common carrier ¹²**or** contract carrier. Please indicate the period for which the exemption is sought.

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Note:

1) In case the entity applies for exclusivity under the Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Networks) Regulations, 2008 and the Board grants the exclusivity, the targets to be achieved by the entity shall be as fixed by the Board in terms of the clause (b) of sub-regulation (1) of regulation 8 under the Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Natural Gas Distribution Networks) Regulations, 2008; and

2) The Board shall monitor the actual progress against the targets fixed for the entity, on a quarterly basis, and take further action in case of any deviation or shortfall determined on an annual basis in the manner as indicated in Schedule E.

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 for 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 or geographic area.

Date :

Place :

Name and Signature of entity or 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 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 or official authorized by the applying entity through a notarized Power of Attorney.
4. Any information and data filled in the application form needs to be substantiated by attaching relevant proof of the same.
5. The entity is required to submit five copies of the application with all the enclosures in addition to the original.
6. Incomplete application is liable to be summarily rejected.

Schedule J

[see clause 13 (c) of the form of grant of authorization in Schedule D]

Service Obligations of an Entity

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 supply natural gas to the city and its inhabitants in accordance with the terms of this authorization, charge the approved tariff, not change the domestic PNG price for the end customers by more than once in a quarter and abide by the extant rules and regulations, including such revisions as the case may be.
- c) The entity shall enter into a firm agreement for delivery of natural gas till the city gate station for such quantity and period of time, as shall be necessary for ensuring an uninterrupted supply in the CGD network.
- d) The entity shall put in place appropriate systems and 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 notified by the Board;
 - iv) addition of odorant to natural gas as a safety requirement;
 - v) undertaking periodic safety awareness campaigns;
 - vi) sale and distribution of natural gas;
 - vii) redressal of Customer grievances;
 - viii) specifying obligations of customers and distributors; and
 - ix) extension of the CGD network.

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.

- e) The entity selling natural gas to a customer shall:
- i) provide all relevant information with regards to the delivered price of natural gas including the tariff to be paid for using the CGD network and other relevant terms proposed in the contract;
 - ii) not exert any undue pressure on the customer for shifting to natural gas usage;
 - iii) not make any offer for supply of natural gas conditional on the Customer availing any non-regulated service; and
 - iv) not make any representation or statement or give any answer or take any measure that is false or is likely to mislead a customer.
- f) The entity shall enter into contract with its proposed customers with appropriate clauses to ensure compliance to the obligations specified in clause 1d) as well as with respect to the following:-
- i) the time period for the validity of the contract; and
 - ii) frequency of billing or smart-card based pre-paid gas supply system.
 - g) The entity shall insure all the assets used in the business of city gas distribution and the insurance policy, in this regard, shall also cover third party liabilities.

2. Construction, operation and 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 or highway unless a permit for the same has been first obtained from the approving agencies of the city or local administration and all works subsequently undertaken by the entity up to and including the restoration work shall be carried out to the satisfaction of the city or local administration.
- b) The entity shall not deviate from the permission granted in clause 2 a) without the prior approval of the approving agencies of the city or local administration.
- c) The entity shall, in the construction, maintenance and operation of the city or local natural gas distribution 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 also indemnifies the affected parties.
- d) The entity shall establish a centralized control room for monitoring and control of the CGD network and be responsible for operationalizing the disaster management system.

- e) The entity shall put in place a supply chain management system including natural gas accounting system.
- f) The entity shall furnish on regular basis to the city or local administration, the map including detailed "as built" drawings, accurately depicting the size, depth and location of pipelines, related equipment, location of marker posts indicating the route, pipeline gradient, etc. of the CGD network and regularly update the same for any change, addition or deletion.
- g) The entity shall ensure that main pipeline, service pipelines and all other associated equipment are installed in such a manner so as not to obstruct or interfere with the use of a public or private drain, sewer, water pipe, or other public utility already installed including street, alley, avenue, road and other public place in the city and take requisite permissions from the authorities concerned.
- h) In the event of the city proposing to construct, change or repair any water main, sewer, pipe, drain or other public improvement or change the status of any of its street, alley, road or public ground which is being used by the entity for its main pipeline or related equipment, then, the entity shall be under an obligation to raise, lower or relocate its facilities at its own expense.
- i) The entity shall ensure compliance of all necessary quality checks and inspection certification before providing connectivity to any gas delivery system.
- j) 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, so as to ensure complete safety and necessary modifications shall be carried out in the maps and drawings.
- k) The entity shall have proper systems and procedures including designated facilities for the purpose of undertaking inspection, testing, calibration and repair of meters and equipments etc.
- l) Any other service obligation, which the Board shall specify in consultation with city or local Administration.
- m) Put in position the disaster management plan including mutual aid system and offsite or onsite emergency plan.

3. Services and database to be maintained by the entity.

- a) The entity shall have a current mailing address and telephone numbers of its offices in the authorized area where the city gas distribution network is being set-up and operated.
- b) The entity shall maintain a database and provide to the Board on request details of:
 - i) the customers;

- ii) the contracts with the customers;
- iii) contract renewal or extension;
- iv) vehicles converted into CNG along with identification details of CNG kit and cylinder installed in the vehicle.

4. Confidentiality of customer Information.

a) The entity shall not disclose Customer information to any person other than the Board without the consent of the Customer in writing except when the information has been sufficiently aggregated such that an individual customer's information cannot be separately identified or where the customer information is required to be disclosed:

- i) for billing or market operation purposes;
- ii) for law enforcement purposes; and
- iii) when past due accounts of the customer have been transferred to a debt collection agency.

b) The entity shall inform customers regarding the conditions described in clause

4 a) under which customer information may be released to a third party without the customer's consent.

c) The entity shall not use customer information obtained for a purpose other than for which it was obtained.

5. Complaints.

a) The entity shall provide the addresses and telephone number of its customer service centre for lodging 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 an automated system of registering complaints received, details of the actions taken on the same and provide on a monthly basis, 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.

Schedule K

Methodology for Computation of Net worth

SN	Type of Entity	Net Worth Calculation
1	In case of a company or a Cooperative Society	As per method 1
2	In case of a Joint Venture Company	Consolidated Net Worth of promoter companies can be considered if supported by Corporate Guarantee by the Promoter companies. As per method 1
3.	In case of a subsidiary company	Consolidated Net Worth of holding company can be considered if supported by Corporate Guarantee by the Holding Company. As per method 1
4	Other entities	As per method 2
5	JV company formed subsequently in compliance to PNGRB Regulations	Should satisfy above Net Worth criteria, in addition to other requirements. As per method 1
6	Unincorporated Joint Venture of	
	a) companies	As per method 1
	b) others	As per method 2 for non-company consortium partner(s) and as per method 1 for company consortium partner(s)

Methodology for Net worth Computation under Method 1:

Net worth shall be computed as defined in Companies Act, 2013.

Methodology for Net worth Computation under Method 2:

By valuation of assets on the following basis:

A. Listed (Quoted) investments in the name of the applicant (at market value)

(Detailed list to be enclosed)

B. Margin of 30% on market value of listed (quoted) Investments

C. Net value of listed Investments (A) – (B)

D. Investments in unlisted (unquoted) companies (as per Note No. 2)

E. Margin of 50% on (D)

F. Net value of unlisted Investments (D) – (E)

G. Other Investments (at cost) like PPF, NSC at current value, Deposits with registered NBFCs, Bank FDs

H. Total Net Investments (C) + (F) + (G)

I. Market Value of Land & Building component of the Fixed Assets (Full details of such assets like survey number, Location, address, extent of land & building to be furnished)

J. Margin on I at 50%

K. Net value of such fixed assets (I – J).

L. Debtors not exceeding 3 months + Cash & Bank balance

M. Current Liabilities

N. Long term liabilities

O. Net worth (H + K + L) – (M + N)

Notes: -

1. Valuation of fixed assets for the consideration of net worth would have to be certified by government approved valuers which should not be more than 2 months old on the date of submission of the bid. Only those items of land & building that are in the name of the entity as well as in the possession of the entity shall be included under the head (I) - Land & Building component of the Fixed Assets. Those properties that are leased out by the entity or taken on lease shall not be included for computation of net worth. Fixed Assets other than Land & Building shall not be included for the purpose of computation of net worth.

2. Valuation of unlisted investments would be at “fair value” of the said investment, i.e. the average of the “break-up value” and the “earning value”. For this purpose: -

a) The “break-up value” means the equity capital and reserves as reduced by intangible assets and revaluation reserves, divided by the number of equity shares of the investee company.

b) The “earning value” means the value of an equity share computed by taking the average of profits after tax as reduced by the preference dividend and adjusted for extra-ordinary and non-recurring items, for the immediately preceding three years and further divided by the number of equity shares of the investee company and capitalised at the following rate: -

- **In case of predominantly manufacturing company, eight percent;**
- **In case of predominantly trading company, ten percent; and**
- **In case of any other company, including an NBFC, twelve percent;**
- **If, an investee company is a loss making company, the earning value will be taken at zero.**

(e.g. earning value for an NBFC with capitalisation rate of 12%, is earning per share multiplied by 100/12)

3. Details of items comprising investments, current assets, current liabilities and long term liabilities should be given separately.

4. Current assets should exclude loans to related entities, bad and doubtful debts and debts outstanding for more than 3 months, advance against capital assets, pledged securities / assets, prepaid expenses and also intangible assets.

Note: Valuation of properties will be net of encumbrances with details of loan/ encumbrances. In case there is no encumbrance, it should be supported with a certificate by the entity that these are free from all encumbrances.