



# पेट्रोलियम एवं प्राकृतिक गैस विनियामक बोर्ड

## Petroleum and Natural Gas Regulatory Board

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

1<sup>st</sup> Floor, World Trade Centre, Babar Road, New Delhi – 110001

फोन नं./Phone No.01123457700/फैक्स नं./Fax No.01123709151

### FORWARDING LETTER FOR INVITATION TO BID

To,

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**Sub : Regulatory framework to develop and operationalize Gas Trading Hub / Exchange in the country**

Madam / Sir,

The Petroleum and Natural Gas Regulatory Board hereby invites sealed tender in duplicate to advise PNGRB on “Regulatory framework to develop and operationalize Gas Trading Hub / Exchange in the country”.

The salient features of the tender are :

1	Tender No	PNGRB/M( C )/ GTH/ 2018/ 01
2	Type of Bid:	Two Bid System (Technical Bid & Financial Bid)
3	Pre-Bid Conference	09th April 2018 at 11:00 hrs at PNGRB office

4	Bid Closing date & Time	16th April 2018 at 11:00 hrs at PNGRB office
5	Place of Submission	Petroleum and Natural Gas Regulatory Board, 1st Floor, World Trade Centre, Babar Road, New Delhi - 110001
6	Technical Bid Opening date & time	16th April 2018 at 15:00 hrs at PNGRB office
7	Bid Validity	90 days from Bid Closing date
8	Amount of Bid Bond (original Bid Bond to be enclosed with the Technical Bid only)	Rs 4.0 Lakh
9	Amount of Performance Bank Guarantee to be submitted only by the Successful Bidder.	10 % of the contract value
10	Signing of Contract	Contract is to be signed within 15 days of date of issue of LOA
11	Time period for completion of work	18 weeks
12	Quantum of Liquidated damages for default in completion of the scope of work as per the contract	At the rate of ½ % of the contract value per week or part thereof subject to a maximum of 10% of the contract value

**Yours faithfully**

**SECRETARY  
For Petroleum and Natural Gas Regulatory Board**

Encl : Tender Document

# Tender Document

**Sub: Hiring of Consultant for developing “Regulatory framework to develop and operationalize Gas Trading Hub / Exchange (GTHE) in India”**

## **Background**

In terms of Petroleum and Natural Gas Regulatory Board (**PNGRB**) Act 2006, PNGRB is empowered to regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum, petroleum products and natural gas; excluding production of crude oil and natural gas so as to protect the interests of consumers and entities engaged in specified activities relating to petroleum, petroleum products and natural gas and to ensure uninterrupted and adequate supply of petroleum, petroleum products and natural gas in all parts of the country and to promote competitive markets and for matters connected therewith or incidental thereto.

2. The Government of India has envisaged ushering into a Gas Based economy by increasing the share of natural gas in primary energy mix of the country from current level of about 6 % to 15% by 2030. Accordingly, the Ministry of Petroleum & Natural Gas (MoP&NG) has put thrust in increasing the availability of natural gas by enhancing the domestic gas production, encouraging the import of Liquefied Natural Gas (LNG), completion of National Gas Grid (**NGG**) of natural gas pipelines and speedier roll out of City Gas Distribution network in the country. In order to further boost the consumption of natural gas in the country, Government is considering the establishment of a **Gas Trading Hub / Exchange ( GTHE )**, where natural gas can be traded, and supplied through a market based mechanism instead of multiple formula driven prices.

3. The Oil Industry Development Board (OIDB) had floated a tender in December 2017 for engaging consultant to study, advise action plan for establishment of GTHE in the country.

The details of scope of work OIDB tender comprises of :

- i. Assessing the current state of Indian Gas Sector
  - ii. Study of global experience for development of GTHE
  - iii. Identification of various trading hub concepts/models
  - iv. Consultations with relevant industry stakeholders
4. Simultaneously, MoP&NG advised PNGRB to take steps for framing of necessary regulatory framework (including necessary modifications/ amendments, if required, in the extant regulatory framework) to enable the establishment and operation of a Gas Trading Hub / Exchange in the country.

Accordingly, PNGRB proposes to hire a technical consultancy firm to provide assistance in carrying out a detailed study on various pre-requisites for creating gas trading hub/ exchange in India, reviewing existing regulations issued by PNGRB, undertake learning programme/study visit to 3 countries (to be short listed from USA, UK, Australia, Central Europe, Germany and Spain) where gas trading hub is successfully operating in similar environment and suggest the need for amendment(s) in existing regulations and requirement of fresh regulations and provide draft public consultation documents with draft of amendment to existing regulations and draft of new proposed regulations etc. Detailed scope of work, bidder's eligibility criteria, method of selection, and timelines for study, etc. are given below.

5. **Scope of Work:** The scope of the assignment will include but not limited to:

- A. To advise various pre-requisites for creating Gas Trading Hub / Exchange in India and review of various studies carried out by Government and Statutory bodies.
- B. Development of new and amendments to existing regulations required for Gas Trading Hub. The areas to be covered as part of regulatory changes may include:
- a) Capacity management and Imbalance Management Services including guidelines for an integrated system operator/ group
  - b) Integrity Management System for Natural gas pipelines
  - c) Framework for Uniform Network Access code for common carrier or contract carrier natural gas pipelines
  - d) Harmonized natural gas pipeline tariff for effective flow across multiple pipeline systems (covering existing and upcoming pipelines)
  - e) Standardization of GTA and prescribed format/ terms for usage
  - f) Capacity Data disclosure and transparency rules (covering all operating data information necessary for shippers)
  - g) Dispute settlement rules related to access to transmission, distribution grids and also complaints regarding breaches of contractual freedom
  - h) Regulations pertaining to market operations which shall include the following:
    - i. Process for grant of licenses for exchange(s), eligibility criteria
    - ii. Markets structure - Role of various players involved in exchange trade (transporter, seller, buyers, etc.)
    - iii. Standardized contract structures
    - iv. Price discovery and price indexation methodologies

- v. Marketing clearing mechanisms
- vi. Settlement mechanism (Financial and physical)
- vii. Trading rights (including possible restrictions)
- viii. Market rules

i) Any other regulation required for effective market operations.

C. Interaction with PNGRB, MoP&NG and other stakeholders to consider the views of all concerned, as deemed necessary.

D. International study program to study global gas markets and regulations:

a) To organize study visit to 3 countries (to be short listed from USA, UK, Australia, Central Europe, Germany and Spain) where gas trading hub is successfully operating in similar environment as in India, to understand the key aspects including the technology and process aspects of implementing and operating a gas trading hub and study the critical success factors of the same from regulatory perspective.

Analyse various regulatory dimensions of the gas trading hub to draw specific learnings for India. This would include following aspects –

- i. Broad regulatory framework including Industry structure
- ii. Pipeline Infrastructure – interconnectivity, third party access, model for grid operations (e.g. independent TSO), uniform network code, tariff model (e.g. zonal, entry-exit), separation of sales and transportation services
- iii. Contractual regime (Standardized and unbundled contracts across supply, transportation)

- iv. Market design and structure including the hub design (virtual or physical), products, market rules, settlement mechanism, role of market and system operators, etc.
- v. Identify various key enablers and successful models of trading hubs and draw specific learnings for India

E. Scope of work and other tender conditions have been drafted based on current understanding of the subject, which may undergo change after detailed discussions in pre-bid conference.

### **Required working experience as Bidders Eligibility Criteria (BEC)**

6. The prospective bidders i.e. consultant/consortium (having international repute in the area of establishment and operation of trading exchange) for this work should have average turnover of Rs. 100 crore with one contract of minimum value of Rs. 100 Lakh during the last 3 years and should also fulfill any of the eligibility criteria :

(i) The bidder should have prepared at least one consulting report for one or more multinational companies (MNCs - means a company having facilities and other assets in at least one country other than its home country and has one centralized office from where it coordinates Global Management) in oil and gas sector in the preceding three years prior to the due date of submission of bid.

Or

(ii) The Bidder should have prepared at least one consulting report for Government(s)/Regulator(s) of one or more countries in Oil and Gas sector in the preceding 03 (Three) years prior to the due date of submission of bid.

Or

(iii) The Bidder should have presence in at least 05 (Five) countries abroad having its own/hired offices in those countries and should have prepared at least one consulting report in oil and gas sector of those countries in the preceding 03 (Three) years prior to the due date of submission of bid.

7. In case, a bidder has part or no past experience in Oil and Gas sector, they can also participate in tender provided their Parent/Holding/Subsidiary/Affiliate Company(ies) (together defined as "Group Entity(ies)") independently or jointly meet the eligibility criteria as stated above. In such a situation, the bidder and their Parent/Holding/Affiliate Company(ies) (as the case may be), shall be jointly and severally liable for the performance of the contract and an Authenticated Declaration to this effect duly signed & stamped by the members shall be submitted along with the bid and the same shall be made a part of the Contract (in the event of award).

8. Documents to be submitted by the bidders: The Bidder/Group Entity(ies) shall furnish the following documentary evidences along with the bid to establish experience for meeting BEC:

(i) Copy of Completion Certificate or any other document, including email, showing reference of Work Order no. and date, evidencing completion of the assignment, issued by the Client. Upon completion, of the work, the bidder should not have been involved in any dispute/litigation with the client.

OR

(ii) Copy of registration having offices in at least 05(five) countries with copy of completion certificate issued by the clients in those countries stating the scope of work/services, date of completion etc.



9. Experience acquired by the Bidder/Group Entity(ies) as a sub-contractor can also be considered for qualifying the BEC provided the Bidder/Group Entity furnish the following documents in support of meeting the BEC:
- i. Copy of Assignment(s) issued by Main Consultant(s) to the Bidder/Group Entity(ies) showing the scope of work /services in the area of establishment and operation of trading hub/exchange
  - ii. Copy of Completion certificate(s) issued by the end User / Owner and also from the Main Consultant / Client in favour of Bidder/Group Entity(ies) in the area of establishment and operation of trading hub/exchange. The Completion Certificate(s) shall have details like work order no., date, brief scope of work / services, completion date, etc.
10. A job executed by a Bidder for its own project/study cannot be considered as experience for the purpose of meeting the requirement of BEC of the tender. However, jobs executed for any Group Entity (ies)/ Government(s)/ Regulator(s) will be considered as experience for the purpose of meeting BEC subject to submission of tax paid invoice(s) duly certified by statutory auditor of the Bidder / Group Entity towards payments of statutory taxes in support of the job executed for the Group Entity (ies)/ Government(s)/ Regulator(s). Such Bidder should submit these documents in addition to the documents specified in the bidding document to meet BEC.

**Method of Selection :**

11. Two Bid System (Technical Bid & Financial Bid) would be followed :
- a. Opening of Technical Bids by a Committee appointed by the competent Authority. The Technical Bids shall be opened in the presence of Bidder, or his authorized representative, who choose to attend.
  - b. The Financial Bids of those Bidders, whose Technical Bids are found to be

acceptable, will be opened on a fixed date, time & venue, which shall be communicated to the technically acceptable Bidders.

c.

## 12. **Pre Bid conference :**

A pre-bid conference shall be held on **09<sup>th</sup> April 2018** with all the bidders who have participated in the tender.

## **Timelines**

13. Time is the essence of this study, the consultant shall complete the job in all respect, within 18 weeks from the date of award of work order. Further, the deliverables as defined in clause 14 shall be strictly adhered. In case of delay beyond 10% of the stipulated timelines for any of the deliverables mentioned in Clause 14, PNGRB reserves the right to take appropriate actions and get the work done at the risk and cost of the Consultant.

## **Deliverables:**

14. The consultant will submit following-

- i. 1<sup>st</sup> interim report before the end of 06th week, covering 5 A., B. and C. above and presentation there on to PNGRB.
- ii. 2<sup>nd</sup> interim report before the end of 12th week after study tour of 3 countries (to be short listed from USA, UK, Australia, Central Europe, Germany and Spain).
- iii. Providing draft public consultation document including draft amendment to existing regulations and draft on new regulations before the end of 15th week.
- iv. Final report before the end of 18th week.

**Price discount for default in timely completion :**

15. Timely completion of this project is essential. In the event of the delay in completion of scope of work beyond stipulated period of 18 weeks, under the contract, the Contractor will be liable to pay price discount at the rate of 0.5 % of Contract value per week or part thereof, but not exceeding 10 % of the contract value. Part thereof means, that part of the week will be treated as full week, e.g. a delay of one week and one or two days and so on will be treated as delay of two weeks (not for one week and one or two days) and price discount will be levied accordingly.

**Earnest Money Deposit :**

16. Rs. 4,00,000/- may be taken as a deposit along with bid through NEFT/RTGS/Demand Draft drawn in favour of “Petroleum and Natural Gas Regulatory Board” payable at New Delhi by the bidders. The EMD shall not attract any interest.

**Payment Terms :**

17. The consultant will be paid in INR for its services as per following payment schedule-

- i. 20% on submission of 1st interim report,
- ii. 20% on submission of 2nd interim report,
- iii. 10% on submission of making presentation on final report,
- iv. 30% on submission of the final report including new and amended regulation, if any,
- v. 20% on acceptance of the report by the competent authority.

Payment shall be released within 15 days of submission of Tax Invoice(s) complete in all respects.

**18. Submission of Bids :**

**Technical Bid** : Technical Bid should be submitted in the prescribed format (Annexure I) in a sealed envelope superscribed "**Technical bid**".

**Financial Bid** : The Financial Bid should be submitted in the prescribed format (Annexure II), in sealed envelop superscribed "**Financial Bid**".

Technical Bid and Financial Bid should then be put together in another envelop superscribed as " Hiring of Consultant for developing Regulatory framework to develop and operationalize Gas Trading Hub / Exchange ( GTHE ) in India ”.

19. Bids should be addressed to Secretary, Petroleum and Natural Gas Regulatory Board, 1st Floor, World Trade Centre, Babar Road, New Delhi-110001. The bids are to be dropped in the Tender Box placed at PNGRB Office/ or reach this office on or before 9<sup>th</sup> April 2018 by 14:00. The technical Bids will be opened on the same day at 15:00 in the presence of the bidders or their authorized representative who wish to remain present.

**20. Amendment of Bid Document :**

At any time prior to the deadline for submission of bids, PNGRB may, at its own discretion and for any reason, what so ever whether at its own initiative or in response to a clarification requested by a bidder modify the Bid Documents by notifying any such amendment as may be drafted/incorporated to the original bid documents. The amendment will be communicated in writing by Email/ Fax and/or courier to all bidders who had originally received the said Bid Documents. In order to allow the bidders reasonable time to take the amendment into account in preparing their bids, the PNGRB may at its discretion, extend the deadline for the submission of Bids and any such extension will be conveyed to all the bidders.

21. **Bid Prices** : Prices quoted by the successful bidder shall be held firm during its performance of the contract and will not be subject to variation on any account. A bid submitted with an adjustable price quotation will be treated as non-responsive and will be liable to be rejected. Price quotations are to be strictly in accordance with price bid, conditional bid, if any, is liable to be rejected.

22. **Period of validity of bids** : Bids shall remain valid for 90 days after the bid closing date. A bid valid for a shorter period will be considered as non-responsive and be liable to be rejected by the PNGRB.

23. **Award of Work** : The bidders are required to quote lumpsum amount for the entire work as described under the Scope of Work. The L1 party shall be decided with respect to the total lumpsum quoted. In case of tie, PNGRB may ask all L1 bidders to submit revised reduced Financial Bid(s) to break the tie.

24. **PNGRB's right to accept or reject bid** : The PNGRB reserves the absolute right to accept to reject any or all Bids, at any time, prior to the award of Contract, without assigning any reason.

25. **Termination for Unsatisfactory Performance** : If PNGRB considers that the performance of the contractor is unsatisfactory, or not up to the expected standards, PNGRB shall notify the contract or in writing and specify in details the cause of the dissatisfaction. PNGRB shall have the option to terminate the contract by giving 15 days' notice in writing to the contract or if the contractor fails to comply with the requisitions contained in the said written notice issued by PNGRB.

## 26. **Security Deposit / Performance Bond**

26.1 The successful Bidder, within 10 days from the date of issue of Letter of Acceptance (LOA ) from the PNGRB, will be required to send Performance Security in the form of Bank Draft or in lieu thereof, Performance Bond for 10 %

of the contract value in the form of Bank Guarantee from a nationalised/scheduled Bank. Detailed Work Order shall be placed only after receipt of acceptable Security (i.e. Security Deposit/Performance Bond).

26.2 PNGRB shall not be liable to pay any bank charges, commissions or interest on the amount of Security Deposit / Performance Bond.

26.3 Security Deposit / Performance Bond shall be refunded/returned to the consultant after completion of work, after satisfactory execution of the order.

26.4 In the event of non performance of the contract, if the losses suffered by PNGRB are more than the value of the Security Deposit / Performance Bond, PNGRB in addition to forfeiting the Security Deposit / Performance Bond, reserves the right to claim the balance amount of damages/losses suffered by PNGRB.

26.5 The Security Deposit / Performance Bond shall remain at the entire disposal of PNGRB as a security for the satisfactory completion of the supply in accordance with the conditions of the contract.

27. **Signing of contract :** The successful bidder shall be required to sign the contract within 15 days after issuance of LOA.

28. **Dispute Resolution :** If there is any dispute or controversy between the parties arising out of or relating to this Agreement, the parties agree that such dispute or controversy will be arbitrated in accordance with proceedings under Arbitration and Conciliation Act of India. The decision and award determined by such arbitration will be final and binding upon both parties.

Courts at Delhi shall have the jurisdiction to entertain any proceedings related to agreement or arbitration arising therefrom.

**Annexure I**  
**Petroleum and Natural gas regulatory Board**  
**Technical Bid**

Sno.	Particulars[whether submitted/agreed]	
1.	Name of the Company	
2.	Address of the Company	
3.	Contact Person name and Address of Communication.	
4.	Date of inception of Firm/Company	
5.	Financial position of the firm as per tender conditions	Attach documents
6.	Experience required as per tender conditions	Attach work orders/completion
7.	Details of services provided by the Company	Attach supporting documents
8.	Whether the firm is blacklisted by any Govt. Department or any criminal case is registered	
9.	Attested copy of PAN and GST Registration	Attach documents.
10.	Number of persons who are proposed to be associated for executing the assignment with name including that of the Team Leader.	Attach CV duly certified by the Authorised person of the bidder.
11.	To accept all the T&C of the tender document.	

All above enclosures must be valid.

Date:

Signature & Seal

## Petroleum and Natural gas regulatory Board

### Financial Bid

The Secretary,  
Petroleum and Natural Gas Regulatory Board,  
1st Floor, World Trade Centre,  
Babar Road, New Delhi 110001

Madam / Sir,

With reference to PNGRB Tender Enquiry No..... dated ....., 2018 for Hiring of Consultant for developing “Regulatory framework to develop and operationalize Gas Trading Hub / Exchange in the country.

	Parameter	Amount in INR (in figures)	Amount in INR (in Words)
1.	Lumpsum Professional Fee for entire scope of work and deliverables as detailed in Scope of Work.		
2.	Taxes		
	Total		

1. Any variation in taxes, subsequent to submission of bid shall be reimbursed by PNGRB, on submission of documentary proof.
2. Payment shall be made after applicable Tax Deduction at Source (TDS).
3. In case of difference in amount quoted and in figures and words, the amount quoted in words shall be considered. Further, in case of error in totaling then amount arrived as per correct totaling shall be considered.
4. In case bidder quote in any currency other than INR, the RBI currency conversion rate applicable on the last day of submission bids, shall be taken into consideration for the purpose of deciding L1.

Date:

Signature & Seal