



2<sup>nd</sup> June, 2020

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Petroleum and Natural Gas Regulatory Board (PNGRB) is in receipt of request and communications from entities regarding establishment and operations of standalone Liquefied Natural Gas (LNG) Stations. It was a question before PNRB that “*Whether any entity can set up LNG stations and market LNG or only the entity authorised for developing a City or Local Gas Distribution Network is entitled to set up LNG stations and market LNG?*”

2. As per PNRB examination, following is the present legal frame work:
- i. Section 16(b) of the Petroleum and Natural Gas Regulatory Board Act (hereinafter “Act”) provides that no entity shall lay, build, operate or expand any City or Local Natural Gas Distribution, network without obtaining authorisation under the Act.
  - ii. Section 19 of the Act lays down the procedure pertaining to the granting authorisation to an entity desirous of establishing or operating a City Gas Distribution Network.
  - iii. Section 2(i) of the Act defines “**City or local natural gas distribution network**” *as an interconnected network of gas pipelines and the associated equipment used for transporting natural gas from a bulk supply high pressure transmission main to the medium pressure distribution grid and subsequently to the service pipes supplying natural gas to domestic, industrial or commercial premises and CNG stations situated in a specified geographical area.*
  - iv. Section 2(k) defines “**CNG station**” as filling station where one or more dispensing units are provided for sale of compressed natural gas;
  - v. Section 2(l) defines “**Compressed Natural Gas or CNG**” as natural gas used as fuel for vehicles, typically compressed to the pressure ranging from 200 to 250 bars in the gaseous state.
  - vi. Section 2(za) “**natural gas**” means gas obtained from bore-holes and consisting primarily of hydrocarbons and includes-

- (i) gas in liquid state, namely, liquefied natural gas and degasified liquefied natural gas,
- (ii) compressed natural gas,
- (iii) gas imported through transnational pipe lines, including CNG or liquefied natural gas,
- (iv) gas recovered from gas hydrates as natural gas,
- (v) methane obtained from coal seams, namely, coal bed methane, but does not include helium occurring in association with such hydrocarbons.

In view of the aforesaid provisions, it is concluded that the CGD networks leads to establishment of CNG Stations where natural gas is kept at a particular pressure and dispensed to vehicles(s) in a gaseous form. Whereas, in a Liquid Natural Gas (LNG) station, LNG is available only in liquid form & not required to be kept at any defined pressure. Normally, the pressure in case of LNG is below 10 bar. Further, LNG is dispensed to vehicle(s) only in liquid form.

3. The Act has extensively covered CNG Stations and even the mode of granting authorisation to an entity that is desirous of establishing or operating a City Gas Distribution Network which is essential for establishing or setting up a CNG station. The Act has therefore laid down a regulatory framework for the CNG stations. However, the same is not provided for LNG Stations. Furthermore, there is also no provision under the Act which states that the LNG Station can only be set up by an entity which has been authorized for developing a City or Local Natural Gas Distribution Network in accordance with the Act.

4. From the above referred provisions, it is concluded that any entity can set up an LNG Station in any Geographical Area (GA) or anywhere else, even if it is not the authorized entity for that GA. However, such entity shall comply with the Act and the extant Regulations of the Board, such as T4S Regulations.

**Secretary**