

## **Minutes of Meeting held on 25.9.2017 for alternate model of bidding criteria for CGD network**

The Committee constituted on 16.08.2016 for recommending alternate model of bidding criteria for CGD Network submitted its report on 9.01.2017. Subsequently, there were some suggestions arising out of meeting held in MoP&NG on 15.03.2017 and interactions with CGD entities on 28.4.2017. Accordingly, another meeting of the committee was convened and held at PNGRB office on 25.9.2017 to proceed further on the matter. Member (SPG) met committee members in the beginning and on conclusion of the meeting. List of other participants is given below:

<b>PNGRB</b>	<b>Entities</b>
	Sh. P K Pal, CEO, GAIL Gas Ltd
Secretary	Sh. Nitin Patil, CEO, Gujarat Gas Ltd.
AA (AK)	Sh. Manoranjan Singh, CGM, IOCL
DA (MTA)	Sh. Ajay Sinha, DGM, GAIL Gas Ltd.
DD (KM)	Sh. Najaf Raza, CM, IOCL
AA (RKS)	Sh. Maqsood Shaikh, Gujarat Gas Ltd.

2. Member (SPG), in his opening remarks explained that in view of the suggestions from the Ministry and CGD Entities, there is need to deliberate and review the committee recommendations. In addition to considering the suggestions of Ministry and CGD Entities, he advised committee to look into a note from a stakeholder. He further made following observations for deliberation in the committee meeting:

- i. Bidding parameters for CGD are qualifying (technical and financial) and evaluation parameters.
- ii. The main criticism in previous bidding rounds was arising out of bid evaluation parameters. Evaluation parameters should be linked to business model of CGD unlike the previous bidding round.
- iii. Bid evaluation parameters should be simple and ideally restricted to one or two parameters only.
- iv. Early completion of the project should be incentivized based on a sliding scale formula. i.e. say early completion by 1-6 months may be given extension in marketing exclusivity of 1 year and for early completion by 6-12 months, extension may be for 2 years.
- v. Penalty clauses may be linked to bidding parameters to ensure seriousness in bidding.

- vi. Capex (financial) criteria may lead to gold-plating. He suggested committee to examine Gas sales volume or No. of PNG connections (Entities are already incentivized to pursue industrial consumers and CNG). As CGD business is profitable, please examine whether signature bonus can be another bid evaluation criteria.
  - vii. He also asked the committee members to examine whether transportation tariff and compression charges should be based on bid or may be fixed by PNGRB based on pre-announced formula/norms, as these would be relevant only after exclusivity period.
3. The Committee deliberated on the Minutes of Meeting dated 15.3.2017, inputs received during interactions with CGD entities on 28.4.2017 and the above suggestions/inputs given by Member (SPG). It has been agreed by the committee that some of the above points may be considered, however as the report has already been submitted by the committee to MOP&NG, the committee may not be able to comment/amend the report at this stage. However, PNGRB may seek public comments from all stakeholders.

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