

PETROLEUM AND NATURAL GAS REGULATORY BOARD

NOTIFICATION

New Delhi, the 1st September, 2010

G.S.R. 722(E).-In exercise of the powers conferred by section 61 of the Petroleum and Natural Gas Regulatory Act, 2006 (19 of 2006), the Petroleum and Natural Gas Regulatory Board hereby makes the following regulations, namely:-

1. Short title and commencement.

(1) These regulations may be called the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010.

(2) These 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) “Board” means the Petroleum and Natural Gas Regulatory Board established under sub-section (1) of section 3 of the Act;

(d) “development of petroleum and petroleum products pipeline” means laying, building, operating or expanding a petroleum and petroleum products pipeline;

(e) “economic life” of petroleum, petroleum products pipeline shall be a period of twenty five years commencing from-

(i) the date of grant of authorization to the entity by the Board in case an entity proposes to lay, build or expand a petroleum and petroleum products pipeline on or after the appointed day;

(ii) the start-up date of the commencement of physical activities of laying, building or expanding the petroleum and petroleum products pipeline in case an entity started up laying, building or expanding a petroleum and petroleum products pipeline before the appointed day and the entity has either an authorization from the Central Government before the appointed day or an authorization from the Board under these regulations:

Provided that at the end of the aforesaid period of twenty five years, extension of the period of economic life may be considered by the Board for a block of ten years at a time depending on the satisfactory compliance of the service obligations under these regulations and on such terms and conditions, as it may deem fit at that point in time;

- (f) “extension of pipeline” means increase in length of pipeline in either direction for transportation of petroleum and petroleum products from an existing pipeline or branch line to another geographical location without increase in capacity of the pipeline as determined by the Board under relevant regulations;
- (g) “expansion of pipeline” means increase in the capacity of existing pipeline beyond its previously authorized capacity due to installation of additional facilities such as pumping capacity, addition of pumping stations or loop lines etc. Expansion of pipeline may also include extension of the existing pipeline in either direction as long as it increases the capacity of the pipeline and in that case it shall be treated as expansion of the pipeline and not extension;
- (h) “line balancing tanks” means such intermediate petroleum products tanks as are required to be provided at the pipelines converging or diverging at a common point of two or more pipelines of one or more entities to balance out the product batch size or flow rates, or both;
- (i) “petroleum and petroleum products pipeline” means any pipeline including a branch or spur lines for transport of petroleum and petroleum products and includes all connected infrastructure such as pumps, metering units, storage facilities at originating, delivery, tap off points or terminal stations and the like connected to the common carriers or contract carriers including line balancing tanks and tankage required for unabsorbed interface, essential for operating a pipeline system but excluding pipelines, which are dedicated for supply of petroleum products to a specific consumer which are not for resale:

Provided that the transporter may own, hire, outsource or use on hospitality basis such connected facilities on non discriminatory basis;

- (j) “petroleum and petroleum products pipeline tariff” means the unit rate of tariff for a petroleum and petroleum products pipeline (excluding statutory taxes and levies) in rupees per metric tonnes or in rupees per metric tonnes per kilo meter (Rs./MT/KM) for transport of petroleum and petroleum products and for the purpose of determination of tariff for petroleum and petroleum products pipeline, the Board shall be guided by the provisions of section 22 of the Act;
- (k) “originating pump station” means facilities installed at the start of the pipeline system for developing required fluid pressure so as to achieve desired flow rates in the pipeline system;

- (l) “intermediate pump station” means the installation located at any place between starting point and the terminal point having pumps to enhance the pressure of the fluid to achieve desired flow rate;
 - (m) “tap off point(TOP)” means a facility on the pipeline from where the petroleum products are diverted into a delivery terminal or into a spur line or another pipeline and this may also be called the intermediate delivery station;
 - (n) “terminal station” means a facility to receive products at the end of the pipeline and this may include the tankage for storage of petroleum and petroleum products;
 - (o) “unsuccessful entity” means an entity which participated in the bid but could not succeed in getting authorization;
 - (p) “shipper” means an entity and also includes a consumer who intends to utilize the capacity in the pipeline for transmission of petroleum and petroleum products;
- (2) Words and expressions used and not defined in these regulations, but defined in the Act or in the rules or regulations made there under, shall have the meanings respectively assigned to them in the Act or in the rules or regulations, as the case may be.

3. Applicability.

These regulations shall apply to an entity-

- (a) which is laying, building, operating or expanding or which proposes to lay, build, operate or expand a petroleum and petroleum products pipeline for transporting one or more petroleum products including LPG and LNG; or
- (b) which proposes or is directed by the Board to convert a dedicated or contract carrier pipeline for supply of petroleum products to a specific consumer into a common or contract carrier petroleum and petroleum products pipeline, as the case may be.

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 petroleum and petroleum products pipeline shall submit an expression of interest to the Board in the form of an application at Schedule A along with an application fee as specified under the Petroleum and Natural Gas Regulatory Board (Levy of Fee and Other Charges) Regulations, 2007 as amended from time to time by the Board.
- (2) The Board may *suo-motu* initiate a proposal inviting entities to participate in the process of selection of an entity for laying, building, operating or expanding petroleum and petroleum products pipeline along any route.

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

- (1) In case the expression of interest fulfills the minimum eligibility criteria and the requirements list out at sub-regulation 6, the Board shall 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 period of thirty days;
- (2) During the period of public consultation process, any person, authority or entity may submit in writing to the Board its views, if any, on the expression of interest;
- (3) The Board may web-host all comments received to facilitate possible contracts for capacity booking by different entities with the entities that may be interested in the development of petroleum and petroleum products pipeline so as to facilitate coming up of an optimum sized petroleum and petroleum products pipeline through the bidding process as stated in regulation 7;
- (4) The Board shall, based on the views received, within a period of thirty days after the last day of the public consultation period decide-
 - (a) not to allow the proposed petroleum and petroleum products pipeline if it is convinced that, instead of laying, building or expanding the proposed petroleum and petroleum products pipeline, the projected potential demand could be better met in cost-effective manner by expansion of an existing pipeline or any other ground; or
 - (b) to go ahead with the proposal with or without modification:

Provided that the Board in deciding so shall be guided by one or more of the following objectives, namely:-

- (i) promoting competition among entities;
 - (ii) avoiding infructuous investment;
 - (iii) maintaining or increasing supplies or for securing equitable distribution or ensuring adequate availability of petroleum products throughout the country;
 - (iv) protection of consumer interest;
 - (v) facilitating rapid development of petroleum and petroleum products pipeline infrastructure.
- (5) The Board may, within the period specified in sub-regulation (4), publish through an open advertisement in at least one national and one vernacular daily newspaper (including webhosting), the proposal for the development of petroleum and petroleum products pipeline 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 for trunk lines as specified under regulation 3 of the Petroleum and Natural Gas Regulatory Board (Levy of Fee and Other Charges) Regulations, 2007 as amended from time to time by the Board:

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

(i) entity has on its own, either departmentally or through contractors hired by it, in the past, laid and built either a hydrocarbon pipeline of a length not less than three hundred kilometers on a cumulative basis or a city or local natural gas distribution network;

(ii) entity has a joint venture with another entity (with at least eleven per cent. equity holding by that entity) which in the past has either laid and built a hydrocarbon pipeline of a length not less than three hundred kilometers on a cumulative basis or a city or local natural gas distribution network;

(iii) entity intends to lay and build proposed petroleum, petroleum products pipeline on lump sum turnkey or project management consultancy basis through one or more technically competent firms, which in the past have laid and built a hydrocarbon pipeline of a length not less than three hundred kilometers or a city or local natural gas distribution 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 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 clarifications; or

(iv) entity has an adequate number of technically qualified personnel with experience in construction and pre-commissioning of hydrocarbon pipelines to independently undertake and execute the petroleum and petroleum products pipeline 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 one year in the following areas, namely:-

(a) right of way acquisition or clearance securing;

(b) design and execution of a hydrocarbon pipeline project;

(c) pre-commissioning including hydro-testing and restoration; and

(d) safety of hydrocarbon pipeline and installations;

(c) entity is technically capable of operating and maintaining petroleum and petroleum products pipeline 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 petroleum and petroleum products pipeline of a length not less than three hundred kilometers on a cumulative basis;
- (ii) entity has a joint venture with another entity (with at least eleven per cent. holding of that entity) which has an experience of at least one year in operations and maintenance of a petroleum and petroleum products pipeline;
- (iii) entity intends to operate and maintain the proposed petroleum, petroleum products pipeline through an appropriate firms' 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 petroleum and petroleum products pipeline; or
- (iv) entity has an adequate number of technically qualified personnel with experience in commissioning and operation and maintenance (O&M) of petroleum, petroleum products pipeline and also has a plan to independently undertake the O&M activities of a petroleum, petroleum products pipeline on a standalone basis;

Explanation-

1. In relation to sub-clause (iii), –

(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 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 petroleum and petroleum products pipeline and the Board reserves the right to cross verify the credential of the firm or firms included in this list and seek any clarifications;

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

- (a) commissioning of a hydrocarbon pipeline;
- (b) operation and maintenance of petroleum and petroleum products pipelines and petroleum products installations;
- (c) commercial and transport management issues including pricing, measurement, accounting, billing and collection; and
- (d) safety of petroleum products infrastructure;

- (d) the entity has adequate financial strength to execute the proposed petroleum, petroleum products pipeline project and operate and maintain the same and shall meet the following financial criterion to qualify for bidding for a single petroleum, petroleum products pipeline, namely:-

Range of estimated pipeline length including branch lines (in kilometers) (#)	Minimum combined net worth (*) of the entity along with its promoters available for investments in a single petroleum and petroleum products pipeline duly supported by letter of comfort from promoters (in million of rupees per kilometer of estimated pipeline length)
1,001 and above	7.00
251-1000	6.00
Up to 250	5.00

- (*) combined net worth (equity share capital plus free reserves, but excluding revaluation reserves) to be adequately represented by cash funds, which shall be available as bridge finance and as promoters equity contribution in the project as certified by a Chartered Accountant based on the latest financial position of the entity and its promoters.
- (#) a fraction of the length in two decimals place less than 0.50 kilometer shall be ignored and equal to 0.50 kilometer or more shall be rounded off to next 1 kilometer;
- (e) the entity, on being declared as a successful bidder and not being a company registered under the Companies Act, 1956, shall convert itself into a company registered under the Companies Act, 1956;
- (f) the entity shall have a plan for utilization of the capacity in the proposed petroleum and petroleum products pipeline;
- (g) the entity shall furnish a bid bond in the form of Bank Guarantee along with the submission of the application-cum-bid under sub-regulation (7) of an amount determined as per the length of the proposed petroleum and petroleum products pipeline as per the applicable category indicated below:-

Pipeline Length including branch lines (in kilometers) (#)	Amount of bid bond (in million of rupees)
equal to 1,001 or more	150
between 251 and 1000	80
less than or equal to 250	20

- (#) a fraction of the length in two decimals place less than 0.50 kilometer shall be ignored and equal to 0.50 kilometer or more shall be rounded off to next 1 kilometer.
 - (h) entity submitting the bid should not have charges framed under Chapter IX of the Act or have been punished or imposed any penalty under section 28;
 - (i) the entity agrees to build extra capacity in the petroleum and petroleum products pipeline as per the following basis, namely:-
 - (i) the capacity of petroleum and petroleum products pipeline shall be an aggregate of the following, namely:-
 - (A) capacity requirements of the entity;
 - (B) firmed-up contracted capacity with other entities; and
 - (C) at least twenty five per cent. of the sum of (A) and (B) as an extra capacity.
- Explanation-*
The capacity shall be approved by the Board as per the basis specified in the relevant regulations for determining the capacity of petroleum and petroleum products pipeline.
- (ii) the capacity mentioned at item (C) of sub-clause (i) shall be available for use as common carrier by any third party on open access and non-discriminatory basis;
 - (j) in case the entity submitting the bid does not fulfill the requirements of any criteria under clauses (a) to (j), 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 submitting the bid;
 - (iii) retained till the specified performance bond is furnished at the time of authorization by the successful bidder.
 - (7) The application-cum-bid shall be submitted in two parts in the form as specified in Schedule B in separate properly earmarked and sealed envelopes, namely:-
 - (a) Part I (Technical bid) covering general particulars of the applicant and technical details of the project (including minimum eligibility criteria) under sub-regulation (6);
 - (b) Part II (Financial bid) covering the details under regulation 10.

- (8) A time period of one hundred and twenty days shall be allowed for submission of the application-cum-bid for grant of authorization for laying, building, operating or expanding the petroleum and petroleum products pipeline and any application-cum-bid received after the notified date and time shall not be considered. However, the Board may extend the date for submission of bid as deemed fit.
- (9) The Board may extend the date of submission of bids upto a period of one month through an advertisement in the same manner as specified under sub-regulation (5), in a situation where only a single application-cum-bid is received in response to the original advertisement.

6. Invitation by Board for laying, building, operating or expansion of petroleum and petroleum products pipeline.

The Board may *suo-moto* by inviting interested parties either through submission of expression of interest (EOI) or through participation in the process of selection, through an open advertisement, form a view regarding the development of a petroleum and petroleum products pipeline in a specific area, region or route, and in such a case, the procedure as specified in regulation 5 shall apply.

7. Bidding criteria.

- (1) The Board shall tabulate and compare all financial bids meeting the minimum eligibility criteria as per the bidding criteria given below, namely:-
 - (a) Lowness of the present value of the fixed unit petroleum and petroleum products pipeline tariff bid under this clause for the petroleum and petroleum products pipeline Petroleum and petroleum products pipeline tariff (Rs/MT) for the purpose of bidding shall be for a period of ten years from the date of start of the operation of the pipeline. The Board shall review the tariff after ten years and fix for a block of five years thereafter on prospective basis.

The tariff shall be bid for each of the ten years.

This shall have a weightage of fifty per cent.;

- (b) Lowness of the present value of the variable unit petroleum, petroleum products pipeline tariff bid under this clause for the petroleum, petroleum products pipeline Petroleum and petroleum products pipeline tariff (Rs/MT/KM) for the purpose of bidding shall be for a period of ten years from the date of the start of operation of the pipeline. The Board shall review the tariff after ten years and fix for a block of five years thereafter on prospective basis.

The tariff shall be bid for each of the ten years.

This shall have a weightage of twenty per cent.:

- (c) Highness of the present value of the petroleum and petroleum products pipeline capacity (MMTPA) proposed to be created for transportation of petroleum and petroleum products in the petroleum and petroleum products pipeline over the economic life of the project. Petroleum and petroleum products pipeline capacity bid for transporting petroleum and petroleum products in the pipeline shall be for a period of twenty five years. The present value shall be computed for such stage wise, year wise capacity build up.

This shall have a weightage of thirty per cent.

- (2) The present value in the criteria at clauses (a) to (c) of sub-regulation (1) shall be calculated by the entity using a discount rate equal to twelve per cent. To bring all accruals or tariff at the end of the first year, that is, the first year tariff or capacity shall not be discounted. In other words, the discount factor for the first year shall be taken as unity.
- (3) The bids for the petroleum and petroleum products pipeline tariff under clauses (a) to (b) of sub-regulation and the volume under clause (c) of sub-regulation (1) by the entity shall be consistent with the assumptions considered by the entity in its approved DFR of the project.
- (4) Entity with the highest composite score considering the criteria under clauses (a) to (c) of sub-regulation (1) and as illustrated in Schedule C shall be declared as successful in the bid.

8. Performance bond.

- (1) Acceptance to the Central Government authorization as referred to in proviso to sub-section (1) of section 17 and grant of authorization by the Board under section 19 of the Act shall be issued to the entity after it furnishes a performance bond of an amount equal to 1% of the estimated project cost for the projects under execution or 1% of the project capitalized cost for the completed projects rounded off to the nearest lakh rupees or rupees twenty crores, whichever is less, and it shall be applicable to all pipelines authorized under regulation 4, 17, 18 or 19:

Provided that in case the pipeline capacity is expanded for more than fifty per cent. of its authorized capacity, the performance bond shall be increased in proportion to the increase and shall be rounded off to the nearest lakh rupees subject to a total ceiling of rupees thirty crores.

Explanation.- The amount of the performance bond shall be revised by applying the above basis in case the estimated project cost undergoes a change on completion of the financial closure as per regulation 10 and subsequently based on the project capitalized cost. Whenever there is expansion or extension of the pipeline system the modified project capitalized cost shall be taken into account. The performance bond shall be initially valid for a period of three or five years and shall be renewed by the entity for

the next block of three or five years, at least one month before the due date, upto the end of the economic life of the project.

- (2) The performance bond has been prescribed for guaranteeing the timely commissioning of the proposed petroleum and petroleum products pipeline as per the targets laid down in sub-regulation (3) and also for meeting the service obligations by the entity during the operating phase of the project, as the case may be. The performance bond shall be en-cashed by the Board for all pipelines in the similar manner as prescribed under regulation 14(1) under the bidding process.
- (3) The entity shall be allowed a maximum period of thirty six months from the date of grant of authorization for commissioning of the petroleum and petroleum products pipeline project as the case may be. However, if the Board is of the opinion that the reasons for delay are beyond the control of the entity implementing the project, the Board may take an appropriate view after giving reasonable time to the entity of being heard, and may also allow certain extension period which it may deem fit for the commissioning of the project.

9. Grant of authorization.

- (1) The letter of intent (LOI) shall be issued to the selected entity within a period of thirty days from the last date of opening of financial bid.
- (2) The authorization shall be granted to the selected entity in the format at Schedule D within a period of thirty days of the last date of submitting the performance bond.
- (3) The entity shall achieve a firm petroleum products tie-up and a financial closure as per regulation 10.
- (4) 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 three years from the date of its issue. However, an entity may induct new partner as long as it remains a lead partner.
- (5) The entity intending to renunciate the authorization in favour of another entity after the end of the three years period 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.
- (6) 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 petroleum and petroleum products pipeline 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 petroleum and petroleum products pipeline, such entity shall abide by the existing or modified terms and conditions of the authorization including compliance with the service obligations:

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.

10. Capacity booking, petroleum products tie-up and financial closure.

(1)The authorized entity may achieve agreement for transport of petroleum products with any entity equal to at least fifty per cent. of the petroleum and petroleum products pipeline capacity considered in clause (c) to sub-regulation (1) of regulation 7 for each of the first five years following the commissioning of the petroleum and petroleum products pipeline other than common carrier capacity.

(2)The agreement specified under sub-regulation (1) shall be entered into a transparent manner and be based on the principle of at an arm's length:

Provided that up to ten per cent. of the throughput capacity in the petroleum and petroleum products pipeline specified under sub-regulation (1) may be booked on firm and mutually agreed terms without insisting on physical delivery of petroleum and petroleum products.

(3)The entity shall submit copy of the agreement [Heads of Agreement (HOA)/ Memorandum of Understanding (MOU)] specified under sub-regulation (1) to the Board within a period of one hundred and eighty days of the date of the issue of the authorization.

(4)The authorized entity shall obtain the financial closure of the project from a scheduled bank or financial institution within a period of one hundred and eighty days from the date of the authorization.

(5)In case of an internally financed project, the entity shall submit the approval of its Board of Directors' for the detailed feasibility report (hereinafter referred as DFR) of the project along with its financial plan within one hundred and twenty days of the authorization:

Provided that the Board may ask the entity to submit any further details or clarifications on the financial closure.

(6)In case the entity fails to meet the requirements at sub-regulations (1) to (5), the authorization of the entity for laying, building, operating or expanding petroleum, petroleum products pipeline shall be cancelled and the performance bond shall be encashed and the Board reserves the right to re-award the 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.

11. Fixation and recovery of petroleum and petroleum products pipeline tariff.

(1) The petroleum and petroleum products pipeline tariff shall be fixed on entry, exit point basis, as per the bid by the entity, namely, under criteria (a) to (b) of sub-regulation (1) of regulation 7.

(2) The petroleum and petroleum products pipeline tariff determined for different TOPs on the basis specified in sub-regulation (1) shall be accordingly recovered by the entity from the customers located in different tariff zones.

- (3) The applicable petroleum and petroleum products pipeline tariff shall be recovered through an invoice on a non-discriminatory basis, that is, without any premium. The tariff for the pipeline so bid shall be the ceiling tariff. The entity is free to charge less than the tariff bid on a non discriminatory basis.
- (4) The authorized entity is expected to maintain the operating pressure or flow in the petroleum and petroleum products pipeline at all times as per its detailed feasibility report (hereinafter referred as DFR) without impairing the deliverable pressure requirements as specified in the contracts with the existing customers and also in line with the relevant regulations for technical standards, specifications including safety standards:

Provided that the authorized entity may separately charge additional pumping charge to the extent not included in the petroleum and petroleum products pipeline tariff as specified under sub-regulation (1) from such customer, to whom the supply of petroleum products is required at a specific deliverable pressure as defined in the contract and beyond the operating pressure profile of the petroleum and petroleum products pipeline as envisaged in the DFR.

12. Expansion of capacity in petroleum and petroleum products pipeline.

- (1) The entity may transport upto ten per cent. extra volume or expand the authorized capacity in the petroleum and petroleum products pipeline upto ten per cent. and immediately inform the Board of its decision:

Provided that there shall be no increase in the petroleum and petroleum products pipeline tariff post-expansion.

- (2) In case it is proposed to expand the capacity of the petroleum and petroleum products pipeline by more than ten per cent. of that authorized by the Board, the entity shall submit a proposal for consideration of the Board and the Board may allow for expansion of the capacity in the petroleum and petroleum products pipeline provided that the entity agrees to a reduction in the unit petroleum and petroleum products pipeline tariff by sharing fifty per cent. of the proposed incremental tariff revenue calculated based on the applicable unit petroleum and petroleum products pipeline tariff before expansion and the incremental volumes sought to be transported.

Explanation: The above provision of sharing fifty per cent. of the proposed incremental tariff revenue shall be applicable for the bidding period of ten years.

Provided that the Board shall review the tariff after ten years and fix for a block of five years thereafter on prospective basis. Any expansion beyond the period of bidding shall be submitted to the Board for authorization in line with the provisions of relevant regulations.

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

- ¹[(1) A authorized entity shall provide, on a monthly and 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- PPL, E-1B-PPL for quarterly reports and E-2-PPL for monthly report.]
- (2) The Board, directly or through an approved third party agency, 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 pre-commissioning phase, as well as on an on-going basis thereafter, for ensuring safe commissioning and operation and maintenance of the petroleum and petroleum products pipeline.
- (3) The Board may allow re-routing of the petroleum and petroleum products pipeline provided that such re-routing does not result in increase in petroleum and petroleum products pipeline length by more than ten per cent. of the authorized length of the petroleum and petroleum products pipeline:
- Provided that the petroleum and petroleum products pipeline tariff remains the same as per the authorization.
- (4) The Board shall monitor the progress of the entity in achieving various targets with respect to the petroleum and petroleum products pipeline project, and, in case of any deviations or shortfall, advise remedial action to the entity.
- ²[(5) A 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 working days.”;]

14. Service obligations of authorized entity (post commissioning).

- (1) The entity shall meet the annual target of transporting petroleum and petroleum products equal to the volume of petroleum and petroleum products quoted in the bid and the Board shall monitor the actual progress in this regard on a quarterly basis:

Provided that non-fulfillment of the annual target by the entity shall result in default and encashment of the performance bond on the following basis, namely:-

- (a) For the first default :

¹ Subs. by Cl. (i) of sub-reg. (a) of Reg. 2, the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Pipelines) Amendment Regulations, 2016, for sub. reg (1) of reg. 13 (w.e.f. 29.03.2016).

² Ins. by clause (ii) of sub regulation (b) of Reg. 2, *ibid.*, (w.e.f. 29.03.2016)

- a. ten per cent, of the amount of the performance bond for the default upto ten per cent. of annual target of transporting petroleum and petroleum products;
 - b. twenty per cent. of the amount of the performance bond for the default upto fifty per cent. above ten per cent. of annual target of transporting petroleum and petroleum products;
 - c. twenty five per cent. of the amount of the performance bond for the default above fifty per cent. of annual target of transporting petroleum and petroleum products;
- (b) For the second default :
- a. twenty per cent. of the amount of the performance bond for the default upto ten per cent. of annual target of transporting petroleum and petroleum products;
 - b. forty per cent. of the amount of the performance bond for the default upto fifty per cent. above ten per cent. of annual target of transporting petroleum and petroleum products;
 - c. fifty per cent. of the amount of the performance bond for the default above fifty per cent. of annual target of transporting petroleum and petroleum products;
- (c) one hundred per cent. of the amount of the performance bond for the third default:

Provided further that the entity shall make good the encashed performance bond in each of the cases at clause (a) to (c) within a week of encashment and in case of not meeting this requirement, the authorization shall be liable for termination.

- (2) The authorized entity shall not make it conditional to the sourcing of petroleum and petroleum products from itself or its affiliates to any shipper which intends to transport petroleum and petroleum products in the petroleum and petroleum products pipeline.
- (3) The authorized entity shall give wide publicity of the capacity available in the petroleum and petroleum products pipeline for use on common carrier or contract carrier basis to encourage maximum utilization of the pipeline capacity and shall maintain information in this regard, on its official website, as specified in the relevant regulations on the access code for petroleum and petroleum products pipelines.
- (4) The capacity available in petroleum and petroleum products pipeline for use as common carrier shall be allocated on the basis specified in the relevant regulations on the access code and declaring petroleum and petroleum products pipelines as contract carrier or common carrier.
- (5) The authorized entity shall strictly adhere to the provisions under the relevant regulations for affiliate code of conduct right from the stage of submission of the application-cum-bid and onwards including the operative phase of the petroleum and petroleum products pipeline.

- (6) The authorized entity shall adhere to the requirements of unbundling of the activity of transportation in the petroleum and petroleum products pipeline from the activities of distribution or marketing of petroleum products transported in the petroleum and petroleum products pipeline as and when so decided by the Board.
- (7) The authorized entity shall be responsible for getting the technical and safety audits carried out by independent technical experts at intervals specified or directed by the Board during the pre-commissioning phase as well as on an on-going basis thereafter to ensure compliance with the relevant regulations for the technical standards and specifications including safety standards and the audit report along with the findings shall be submitted to the Board for its review and advise of remedial action, if any, to the entity.
- (8) The third party technical and safety audits shall be carried out by independent technical experts or accredited agencies out of the panel approved by or registered with the Board in compliance with the relevant regulations.
- ¹[(9) A authorized entity shall continue to submit post commissioning information / data in the forms at Schedule E as per formats E-1A-PPL, E-1B-PPL for Quarterly reports and E-2-PPL for monthly report.]

15. Quality of service standards.

- (1) The entity laying, building, operating or expanding a petroleum and petroleum products pipeline 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.

An authorized entity shall abide by all the terms and conditions specified in these regulations and any failure in doing so, except for the default of the service obligation under sub-regulation (1) of regulation 14 and *force majeure*, 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 under the regulations;
- (b) no further action shall be taken in case remedial action is taken by the entity within the specified period to the satisfaction of the Board;

¹ Ins. by sub reg. (b) of reg. 2, *ibid.* (w.e.f. 29.03.2016)

- (c) in case of failure to take remedial action, the Board may encash the performance bond of the entity on the following basis, namely:-
 - (i) twenty five percent of the amount of the performance bond for the first default;
 - (ii) fifty percent 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 cases at sub-clause (i) and (ii) within a week of encashment failing which the remaining amount of the performance bond shall also be encashed and authorization of the entity terminated;
 - (iii) one hundred percent 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.
- (e) without prejudice to as provided in clauses (a) to (d), 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. Entities authorized by the Central Government for laying, building, operating or expanding petroleum and petroleum products pipeline before the appointed day.

- (1) The entity shall submit relevant information along with supporting documents in the form as per Schedule H.
- (2) The entity shall abide by the technical standards, specifications including safety standards as specified under the relevant regulations.
- (3) The Board shall monitor the actual progress made by the entity in the activities of laying, building or expanding the petroleum and petroleum products pipeline on a quarterly basis with reference to the period of commissioning, the targets specified in the DFR of the project, and the terms and conditions of the authorization with a view to avoiding any time or cost over-runs which may adversely affect the petroleum and petroleum products pipeline tariff:

Provided that in case of any delay in the commissioning of the petroleum and petroleum products pipeline or meeting any target beyond that specified in the authorization, the Board reserves the right to-

- (a) not consider the additional costs attributable to the time over-run while fixing the petroleum and petroleum products pipeline tariff as specified under clause (5); or
- (b) encash the performance bond or bank guarantee, if any and advise the Central Government for cancellation of the authorization.

- (4) The Board shall approve the petroleum and petroleum products pipeline tariff to be charged by the entity based on the methodology as specified under the relevant regulations on determination of petroleum and petroleum products pipeline tariff.
- (5) 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 petroleum and petroleum products pipeline before the appointed day.

- (1) An entity laying, building, operating or expanding petroleum and petroleum products pipeline 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 per Schedule I.
- (2) The Board may consider the following criteria while considering the application for grant of authorization, namely:-

- (a) the entity meets the minimum eligibility criteria as 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 at the time of submitting the application for grant of authorization shall undertake to become a company registered under the Companies Act, 1956:

Provided that the Board may exempt an entity to register under the Companies Act, 1956 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 length, route and capacity of the proposed petroleum and petroleum products pipeline;

- (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 petroleum and petroleum products pipeline project as per the DFR immediately before the appointed day may be considered as adequate;

- (e) 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 laying, building, operating or expanding the petroleum and petroleum products pipeline-
 - (i) as per the route and length as specified in its DFR;
 - (ii) as per the route or length actually covered under implementation till the appointed day; or
 - (iii) as per the route or length specified by the Board;
 - (f) in relation to laying, building, operating or expanding the petroleum and petroleum products pipeline, 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;
 - (g) assessment of the financial position of the entity in timely and adequately meeting the financial commitments in developing the petroleum and petroleum products pipeline project as appraised by a financial institution and an examination of the audited books of accounts of the entity;
 - (h) the booking of the capacity in the petroleum and petroleum products pipeline should be equal to at least fifty percent of the sum of the own capacity requirements of the entity and firm-up contracted capacity and the agreements in this regard should have been entered in a transparent manner and based on the principle of at *an arm's length*;
 - (i) the entity shall submit copies of the agreements for transportation or supplying of petroleum products by the petroleum and petroleum products pipeline for the firm-up contracted capacity specified under clause (h) to the Board; and
 - (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) of sub-regulation (2) 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 (3) 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 petroleum and petroleum products pipeline.
- (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 laying, building, operating or expanding petroleum and petroleum products pipeline,-
 - (a) the petroleum and petroleum products pipeline tariff shall be determined under the relevant regulations on determination of petroleum and petroleum products pipeline tariff;
 - (b) 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;
 - (c) the Board shall monitor the actual progress made by the entity in the activities of laying, building or expanding the petroleum and petroleum products pipeline on a quarterly basis with reference to the period of commissioning, the targets specified in the DFR of the project and the terms and conditions of the authorization with a view to avoiding any time or cost over-runs which may adversely affect the petroleum and petroleum products pipeline tariff:

Provided that in case of any delay in the commissioning of the petroleum and petroleum products pipeline or meeting any target beyond that specified in the authorization, the Board reserves the right to not consider the additional costs attributable to the time over-run while fixing the petroleum and petroleum products pipeline tariff as specified under sub-regulation (a);

- (d) the entity shall abide by the provisions under the relevant regulations on access code and declaring petroleum and petroleum products pipelines as common carrier or contract carrier;
- (e) the provisions under regulations 8, 9, 13, 14, 15 and 16 shall apply to the entity.

19. Provisions relating to dedicated pipelines for transport of petroleum products.

(1) In respect of dedicated pipelines existing before the appointed day, the following provisions shall apply, namely:-

- (a) entity having dedicated pipeline to transport petroleum products to a specific customer before the appointed day shall submit details of the pipeline length, route, capacity and customers served along with the DFR of the project to the Board within sixty days of notification of these regulations;
- (b) Board may web-host details of dedicated pipeline seeking comments of general public with a view to ascertain whether such pipeline needs to be converted into petroleum and petroleum products pipeline in public interest;
- (c) The Board may, based on the examination of the comments received, direct the entity to convert such pipeline into petroleum and petroleum products pipeline in overall public interest:

Provided that the entity shall be given an opportunity to present its case;

- (d) The entity may also submit its proposal to convert its dedicated pipeline into petroleum and petroleum products pipeline to the Board along with the complete details and justifications and the Board may web-host details of dedicated pipeline seeking comments of general public with a view to ascertain whether such pipeline needs to be converted into petroleum and petroleum products pipeline in public interest and the Board may, based on the examination of the comments received and in overall public interest, issue grant of authorization to the entity for conversion into a petroleum and petroleum products pipeline.

(2) In respect of dedicated pipelines proposed to be laid, built, operated or expanded after the appointed day, following provisions shall apply, namely:-

- (a) the entity proposing to lay, build, operate or expand a dedicated pipeline to transport petroleum products to a specific customer and is not for resale after the appointed day shall submit details on pipeline length, route, capacity and details of the customers served along with the DFR of the project to the Board at least thirty days before the proposed commencement of laying and building of the dedicated pipeline;
- (b) Board may web-host details of the proposed dedicated pipeline seeking comments of general public with a view to ascertain whether, instead of a dedicated pipeline, the public interest would be better served if a petroleum and petroleum products pipeline is laid, built, operated or expanded;
- (c) in case, based on the examination of the comments received, the Board is of the view that instead of a dedicated pipeline, petroleum and petroleum products pipeline would better serve the public purpose the Board shall advise the entity appropriately within sixty days of the receipt of the information from the entity;

- (d) in case, despite receiving the advice from the Board under clause (c), the entity still wishes to lay, build, operate or expand a dedicated pipeline, it may do so:

Provided that simultaneous to the entity building a dedicated pipeline, the Board may, on *suo-motu* basis, decide to issue an expression of interest for laying, building, operating or expanding petroleum and petroleum products pipeline:

Provided further that the entity shall not be allowed to apply to the Board for conversion of its dedicated pipeline into petroleum and petroleum products pipeline for a period of five years from the date of the commissioning of its dedicated pipeline;

- (e) the Board may, in respect of a dedicated pipeline laid, built, operated or expanded after the appointed day, direct the entity to convert dedicated pipeline into petroleum, petroleum products pipeline as per the following procedure, namely:-

(i) the Board may web-host details of dedicated pipeline seeking comments of general public with a view to ascertain whether such pipeline needs to be converted into petroleum and petroleum products pipeline in public interest;

(ii) the Board may, based on the examination of the comments received, direct the entity to convert such pipeline into petroleum and petroleum products pipeline in overall public interest:

Provided that the entity shall be given an opportunity to present its case.

- (3) In case a dedicated pipeline is converted into petroleum and petroleum products pipeline under sub-regulations (1) or (2), the provisions under the sub-regulation (9) of regulation 18 shall apply to such pipeline.

20. Access and inter-connectivity to petroleum and petroleum products pipeline.

The entity shall follow the access code and allow inter-connectivity to another petroleum and petroleum products pipeline as per the provisions of the relevant regulations for access code for petroleum and petroleum products pipelines. The entity shall abide by an affiliate code of conduct notified by the Board for the purpose.

21. Provisions regarding modifications or expansion or extension in a petroleum and petroleum products pipeline.

- (1) An entity proposing to
- i) carry out any modification or expansion or extension in a petroleum and petroleum products pipeline, or
 - ii) discontinue the operations in the petroleum and petroleum products pipeline or any segment thereof, or
 - iii) add a new tap off point or discontinue an existing tap off point, or
 - iv) provide a new connectivity or discontinue an existing connectivity with the receiving terminal or with the dispatch terminal-

which is likely to affect the installed capacity of the petroleum and petroleum products pipeline, whether in part or in full, shall seek a prior approval from the Board in this regard and shall contain full particulars, map of all facilities and justification for the proposed modification in line with the requirements of the access code for such pipelines and relevant provisions of these regulations and any other regulations applicable in this respect:

Provided that proposal for any increase in length beyond 10 percent of the authorized length of the trunk or transmission pipeline or 50 kilometer whichever is lower, shall be submitted to the Board for authorization in line with the provisions of the Act as well as regulations:

Provided further that there shall be no change in the pipeline tariff post-extension of pipeline and it will not adversely affect the existing customers.

- (2) The entity may expand the authorized capacity in the petroleum and petroleum products pipeline upto ten per cent. and immediately inform the Board of its decision:

Provided that there shall be no change in the pipeline tariff post-expansion.

- (3) In case it is proposed to expand the capacity of the pipeline by more than ten per cent. of that authorized by the Board, the entity shall submit a proposal for consideration of the Board and the Board may allow for expansion of the capacity in the pipeline without adversely affecting the customers served by the pipeline. The financial implications for the same shall be considered in the next review period for tariff in line with the provisions of the relevant regulations on tariff for pipelines.
- (4) In case of suo moto proposal for extension or expansion of the pipeline the first right of refusal shall be with the owner of the pipeline.
- (5) The Board may examine that the proposal is not prejudicial to fair trade and competition between the entities, and shall give a decision on the proposal within a period of sixty days of receipt of such proposal.

22. Miscellaneous.

- (1) These regulations shall apply to all other petroleum and petroleum products pipeline proposals which have been granted provisional authorization by the Board before the notification of these regulations. The entities shall comply with all the provisions of these regulations for such proposals and submit the details within a period of thirty days from notifications of these regulations.

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

(3) Time limits specified for the various activities may be relaxed by the Board in a transparent manner.

¹ Subs. by reg. 2, the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Pipelines) Amendment Regulations, 2010 for sub regulation '(2) of regulation (w.e.f. 01.01.2015)

Schedule A

[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 petroleum and petroleum products pipeline.

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 Petroleum and Petroleum Products Pipelines) Regulations, 2010 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 the Registered office
E	Name, addresses, telephone numbers, e-mails of all directors / partners / proprietor.
2	Primary Technical Data
A	Point of origin and the end point of the proposed petroleum and petroleum products pipeline
B	Indicative route of the proposed petroleum and petroleum products pipeline indicating the likely petroleum products injection points and likely delivery points depicted on a physical map
C	Petroleum products availability position
D	Potential demand of petroleum products enroute the petroleum and petroleum product pipeline
E	Assessment of total volume for transportation in the proposed petroleum and petroleum products pipeline
F	Any other issue considered as relevant by the entity
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 B

[see regulation 5 (7)]

Application-cum-bid for grant of authorization for petroleum and petroleum products pipeline.

To
The Secretary,
Petroleum and Natural Gas Regulatory Board,
1st Floor, World Trade Centre, Babar Road,
New Delhi – 110 001.

Sub: Application-cum-bid for grant of authorization for laying, building, operating or expanding petroleum and petroleum products pipeline <name indicating the proposed route from the starting point till the end-point> under the Petroleum and Natural gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010.

(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.	
C	Date of incorporation and date of commencement of business.	
D	Address of registered office.	
E	Name, addresses, telephone numbers, e-mails of all directors / partners / proprietor.	
2	Financial details	
A	Share capital or proprietor's own funds as applicable.	
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 last three financial years).	
3	Business activities of the entity	
A	Details of all existing petroleum and petroleum products pipelines, if any, and including design specifications, installed capacity, capital cost, year-	

	wise details of operating cost, date of commissioning, volumes transported along with details of customer profile, map and drawings showing details of existing facilities and future plan, petroleum products sources, unit tariff being charged, etc.	
B	Details of existing tie-up or collaboration with any entity for transport of petroleum products for existing petroleum and petroleum products pipelines.	
C	Details of other business, if any, being carried out by the promoters for the last five years.	
4	Ownership and affiliate details	
A	Details of promoters	
B	Details of all affiliates of the entity mentioning their business relationship.	
C	The entity undertakes to produce all relevant records or documents of itself and its related entities.	Yes / No
D	Is the entity a company registered under the Companies Act, 1956?	Yes / No
E	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, 1956 on selection for grant of authorization.	Yes / No
F	Promoters undertaking in the form of letter of comfort stating that their financial contribution in the project shall be infused if required within three months of the date of grant of authorization. Enclose the letter of comfort from the promoters.	Yes / No
5	Technical details of the proposed petroleum and petroleum products pipeline	
A	Name of the proposed petroleum and petroleum products pipeline project.	
B	Detailed map indicating the route, section-wise length of the proposed petroleum and petroleum products pipeline with following details: (a) branch line (b) inter-connection points, if any (c) depiction of the proposed major facilities, such as pump stations, receiving terminal, delivery terminal, tap-off points, etc.	
C	Technical specifications of the project attaching the copy of the DFR etc.	
D	Development plan envisaged for the proposed petroleum, petroleum products pipeline project - design and installed capacity along with details of phased-out capital expenditure plans including the dates of commencement of operations phase-wise.	
E	Proposed plan for: (i) sourcing of petroleum products for injection in the petroleum and petroleum products pipeline;	

	(ii) phase-wise capacity tie-up in the proposed petroleum and petroleum products pipeline.	
F	Are all applicable technical standards, specifications including safety standards (T4S), as specified under the relevant regulations for T4S have been complied with in designing the proposed petroleum and petroleum products pipeline? Provide full details.	Yes / No
G	Undertaking to develop Emergency response and Disaster Management Plan before commissioning of the pipeline.	Yes / No
H	Is the project entitled to any subsidy, exemption, deferment or waiver of any statutory levy (including income tax) from the Central or the State Governments? If yes, give complete details indicating the year-wise utilization plan of the entity.	Yes / No
I	Non-refundable Application fee under the regulation 5 (6).	Rs. <____>
	Demand draft or pay order number and date	
	Name of issuing bank and branch	
J	Bid bond	Rs. <____>
	Demand draft or pay order or 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 under regulation 5 (6)		
A	Present value (PV) of the fixed unit petroleum, petroleum products pipeline tariff bid for the petroleum and petroleum products pipeline [petroleum and petroleum products pipeline tariff (Rs/MT) for the purpose of bidding for a period of ten years. The Board shall review the tariff after ten years and fix for a block of five years thereafter on prospective basis.	using the discount rate of 12% is Rs.<____> per MT Year-wise unit petroleum and petroleum products pipeline tariff- Year 1: Rs.<____> per MT Year 2: Rs.<____> per MT : : Year 10: Rs.<____> per MT
B	Present value (PV) of the variable unit petroleum and petroleum products pipeline tariff bid for the petroleum and petroleum products pipeline [petroleum and petroleum products pipeline tariff (Rs/MT/KM) for a period of ten years. The Board shall review the tariff after ten years and fix for a block of five years thereafter on prospective basis.	using the discount rate of 12% is Rs.<____> per MT per KM Year-wise unit petroleum and petroleum products pipeline tariff- Year 1: Rs.<____> per MT per KM

		Year 2: Rs.<___> per MT per KM: : Year 10: Rs.<___> per MT per KM
C	Present value (PV) of the petroleum products pipeline capacity (in million tons per annum) proposed to be created for transported in the petroleum and petroleum products pipeline over the economic life of the project. [petroleum products pipeline capacity created for transporting in the petroleum and petroleum products pipeline shall be for each year of the economic life of the project].	using discount rate of twelve percent is <___> million tons per annum (MMTPA). Year-wise petroleum and petroleum products capacity bid - Year 1: <___> MMTPA Year 2: <___> MMTPA : : Year 25: <___> MMTPA
<p><u>Note:</u> Please enclose a copy of the approved DFR of the proposed petroleum and petroleum products pipeline project for the purpose of sub-regulation (3) of regulation 7.</p>		

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 petroleum, petroleum products pipeline by me / us.

Date:

Place:

Name and Signature of Entity/ Authorized Signatory

Official Seal

Schedule C

[see regulation 7 (4) and the provisions under clause (a) to (c) of sub-regulation (1) of regulation 7]

Illustration for determining the highest composite score for ascertaining the successful bid for grant of authorization for petroleum and petroleum products pipeline.

Let there be three entities whose bids need to be compared for determining the successful bid over the bidding criteria stated under clauses (a) to (c) of sub-regulation (1) of regulation 7.

(A) Lowness of the present value of the fixed unit petroleum and petroleum products pipeline tariff bid for the petroleum and petroleum products pipeline [petroleum and petroleum products pipeline tariff (Rs/MT) for the purpose of bidding for a period of ten years].

Let,

FT1 = Present value of the fixed unit petroleum and petroleum products pipeline tariff bid (Rs/MT) for ten years by the 1st entity.

FT2 = Present value of the fixed unit petroleum and petroleum products pipeline tariff bid (Rs/MT) for ten years by the 2nd entity.

FT3 = Present value of the fixed unit petroleum and petroleum products pipeline tariff bid (Rs/MT) for ten years by the 3rd entity.

Assume that FT1 is lower than FT2 and FT2 is lower than FT3.

The lowest fixed unit petroleum and petroleum products pipeline tariff bid (LFT1) shall be given a score of 100% and the other fixed unit petroleum and petroleum products pipeline tariff bids shall be given a score in relation to LFT1 on a pro-rata basis as under-

$$\begin{aligned} \text{LFT1} &= 100 \% \\ \text{LFT2} &= 100 \% \times (\text{FT1} \div \text{FT2}) \\ \text{LFT3} &= 100 \% \times (\text{FT1} \div \text{FT3}) \end{aligned}$$

(B) Lowness of the present value of the variable unit petroleum and petroleum products pipeline tariff bid for the petroleum and petroleum products pipeline [petroleum and petroleum products pipeline tariff (Rs/MT/KM) for a period of ten years.].

Let,

VT1 = Present value of the variable unit petroleum and petroleum products pipeline tariff bid (Rs/MT/KM) for ten years by the 1st entity.

VT2 = Present value of the variable unit petroleum and petroleum products pipeline tariff bid (Rs/MT/KM) for ten years by the 2nd entity.

VT3 = Present value of the variable unit petroleum and petroleum products pipeline tariff bid (Rs/MT/KM) for ten years by the 3rd entity.

Assume that VT1 is more than VT2 and VT2 is more than VT3.

The lowest variable unit petroleum and petroleum products pipeline tariff bid (LVT3) shall be given a score of 100% and the other variable unit petroleum and petroleum products pipeline tariff bids shall be given a score in relation to LVT3 on a pro-rata basis as under-

$$\begin{aligned} \text{LVT1} &= 100 \% \times (\text{VT3} \div \text{VT1}) \\ \text{LVT2} &= 100 \% \times (\text{VT3} \div \text{VT2}) \\ \text{LVT3} &= 100 \% \end{aligned}$$

(C) Highness of the present value of the petroleum products pipeline capacity (in million tons per annum) proposed to be created for transported in the petroleum and petroleum products pipeline over the economic life of the project [petroleum products pipeline capacity created for transporting in the petroleum and petroleum products pipeline shall be for each year of the economic life of the project].

Let,

- C1 = Present value of the petroleum products pipeline capacity bid (MMTPA) for twenty five years by the 1st entity.
- C2 = Present value of the petroleum products pipeline capacity bid (MMTPA) for twenty five years by the 2nd entity.
- C3 = Present value of the petroleum products pipeline capacity bid (MMTPA) for twenty five years by the 3rd entity.

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

The highest present value of the petroleum products pipeline capacity bid proposed to be created (HC3) shall be given a score of 100% and the present value of the other petroleum products pipeline capacity bids shall be given a score in relation to HC3 on a pro-rata basis as under-

$$\begin{aligned} \text{HC1} &= 100 \% \times (\text{HC1} \div \text{HC3}) \\ \text{HC2} &= 100 \% \times (\text{HC2} \div \text{HC3}) \\ \text{HC3} &= 100 \% \end{aligned}$$

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-

$$\begin{aligned} \text{Entity 1} &= 0.50 \times \text{LFT1} + 0.20 \times \text{LVT1} + 0.30 \times \text{HC1} \\ \text{Entity 2} &= 0.50 \times \text{LFT2} + 0.20 \times \text{LVT2} + 0.30 \times \text{HC2} \\ \text{Entity 3} &= 0.50 \times \text{LFT3} + 0.20 \times \text{LVT3} + 0.30 \times \text{HC3} \end{aligned}$$

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

Schedule D

[see regulations 9 (2) and 18 (7)]

Grant of authorization for laying, building, operating or expanding petroleum and petroleum products pipeline.

To

<Name of the successful entity>

<address>

Subject: Grant of authorization for laying, building, operating or expanding petroleum and petroleum products pipeline along the route of < name of starting point, name of states or union territories passing through and the name of the end point> under the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010.

Sir / Madam,

With reference to your application for grant of authorization for laying, building, operating or expansion of petroleum and petroleum products pipeline along the route of < name of starting point, name of states or union territories passing through and the name of the end point>, it has been decided to grant authorization to you, subject to the provisions under the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010 on the following terms and conditions, namely:-

1. The route for laying, building, operating or expanding the petroleum and petroleum products pipeline shall be as depicted in the enclosed drawing [<name of the originating point>, <intermediate tap-off and interconnection points>, <name of branch line> and <name of the last delivery point> of the petroleum and petroleum products pipeline to be depicted].
2. The entity shall complete the activities of laying, building or expanding activities of petroleum and petroleum products pipeline and commission the petroleum and petroleum products pipeline project as per the enclosed time schedule and targets. The entity is allowed a maximum period of thirty six months from the date of issue of the authorization letter for commissioning of the petroleum and petroleum products pipeline project. Any failure on the part of the entity in complying with the targets 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 Petroleum and Petroleum Products Pipelines) Regulations, 2010.
3. The capacity in the petroleum and petroleum products pipeline shall be equal to <___> Million tons per annum (MMTPA).

4. The extra capacity in the petroleum and petroleum products pipeline shall be equal to <___> MMTPA as per the provisions specified in clause (j) of sub-regulation (6) of regulation 5 and shall be available for use on common carrier basis by any third party on open access and non-discriminatory basis.
5. The authorized entity shall be required to take prior approval from the Board for creation of any lien or charge or hypothecation on the assets of the petroleum and petroleum products pipeline 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.
6. The entity shall publish on its website the approved tariffs for each of the tariff zone of the petroleum and petroleum products pipeline.
7. The entity shall submit a detailed and clear financial closure report to the Board within a period of one hundred and twenty days from the date of authorization issued by the Board under regulation 9 of the Petroleum and Natural gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010.
8. The furnishing of performance bond of Rs.<___> million is a guarantee for timely commissioning of the project as per the prescribed targets submitted in the bid and for meeting the performance undertakings during operating phase of the project.
9. The entity shall abide by the service obligations specified under regulation 14 and quality of service standards under regulation 15 of the Petroleum and Natural gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010.
10. In case the authorization of the entity is terminated, the Board may assign the rights and obligations to any agency or another entity on such terms and conditions, as it may deem fit. Further, the entity may be required, as per the directions of the Board, to continue the operations of the petroleum and petroleum products pipeline at the same level till another agency or entity appointed by the Board takes over the full control of the petroleum and petroleum products pipeline.
11. The entity shall comply with the provisions under-
 - (a) the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010;
 - (b) the Petroleum and Natural Gas Regulatory Board (Determination of Petroleum and Petroleum Products Pipeline Tariff) Regulations, whenever notified;
 - (c) the service obligations specified in Schedule J to the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010;

- (d) the relevant regulations for-
 - (i) the technical standards and specifications, including safety standards;
 - (ii) the access code;
 - (iii) determination of capacity for petroleum and petroleum products pipeline;
 - (iv) affiliate code of conduct;
 - (v) declaring petroleum and petroleum products pipelines as common carrier or contract carrier;
- (e) any other regulations as may be applicable and the provisions of the PNGRB Act, 2006.

12. 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 in the space provided below and return the same in original.

Yours Faithfully,

Sd/-

Dated:

Name & Designation of Officer

On behalf of the PNGRB

Official Seal

Acceptance of Grant of Authorization

I / We hereby agree to the grant of authorization issued by the Board vide letter ref. <___> dated <___> and agree to comply with all the terms and conditions subject to which I / We have been granted authorization for laying, building, operating or expanding petroleum and petroleum products pipeline along the route from the originating station <___> in the State or the Union Territory of <___> to the terminating station <___> in the State or the Union Territory of <___>.

Date:

Place:

Signature of the Entity or Authorized Signatory

Name and Official Seal

Schedule E

[see regulation 13 (1) and regulation 14 (9)]

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

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

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

- (i) Format E-2-PPL for Monthly Report on Petroleum Pipeline Throughput

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 including commissioning of the project versus the physical and financial targets, identified in its DFR; and
- (ii) actual volume of petroleum products transported in the petroleum and petroleum products pipeline versus the volume committed in the bid.

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 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 Petroleum and Petroleum Products Pipelines) Regulations, 2010.

Appended Formats:

Schedule-E / Format: E-1A-PPL		Quarterly Progress Report on Petroleum Pipelines: Physical Parameters			
1. Name of Entity					
2. Project Name					
3. Report for the Quarter ending		4. Year			
		7. Quarter		8. Cumulative (since inception)	
5. Petroleum Pipeline Length	6. Diameter in inches	Target*	Actual	Target	Actual

Diameter-1					
Diameter-2					
Diameter-3					
Diameter-4					
Diameter-5					
9. No. of Pumping Stations, Intermediate terminals & delivery terminals	Target*	Actual	Target	Actual	
Pumping Stations					
Intermediate Delivery Stations					
Delivery Terminals					
10. project completion status- Actual versus Approved Target (%)	Target%*	Actual%	Target	Actual	
(Not Applicable for already commissioned pipelines)					
11. Design Capacity (MMT)					
Existing capacity					
Added during the quarter					
Total at the end of quarter					
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-PPL		Quarterly Progress Report on Petroleum Pipelines: Physical Parameters		
1. Name of Entity				
2. Project Name				
3. Ownership Details	Name		Share%	
	Name		Share%	
	Name		Share%	
	Name		Share%	
4. Report for the Quarter ending		5. Year		
All figures to be submitted in Lacs Rupees unless specified otherwise				
Capital Investments				
6. Fixed Assets		12. Revenue Earned		
Opening balance		Transmission of Petroleum Products		
Direct additions		Other income		
Transfer from Capital Work-in-Progress		Total Revenue		
Deletions / Transfers		13. Profit/Loss		
Closing Balance		Profit before tax		
7. Capital Work-in-Progress (CWIP)		Tax		
Opening balance		Profit after tax		
Additions		14. Loans Status		
Transfer to fixed assets		(a) Term Loans		
Deletions / Transfers		Opening balance		
Closing balance		Added during quarter		
8. Operating Expenses		Repaid during Qtr.		
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		Added		
Insurance		Repaid		
Others		Nett change		
9. Financial Expenses		Average Interest Rate (%)		
Interest on Working capital borrowings		15. Any other information (Please write in the box)		
Interest on term loans				
10. Depreciation				
11. Total Expenses				
16. 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.

17. 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-PPL		Monthly Report on Petroleum Pipeline Throughput	
1. Name of Entity			
2. Project Name			
3. Month		4. Year	
5. Length (Kilometers)		6. Design Capacity (MMT)	
7. Months	8. Pipeline Throughput Data (in MMT up to 3 decimals)		9. Cum. Capacity Utilization (%)
	Monthly	Cumulative	
April			
May			
June			
July			
August			
September			
October			
November			
December			
January			
February			
March			
10. Any other information (Please write in the box)			
11. Important instructions for submitting 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 20 th 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.			
12. 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 petroleum and petroleum products pipeline 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) after obtaining the authorization, entity shall publish in newspaper and its official website its plan to lay, build, operate or expand petroleum and petroleum products pipeline as per the authorized route for the information of the general public;
- (b) to ensure upkeep of the system as per the technical standards, specifications including safety standards specified under the relevant regulations;
- (c) to ensure that in case of disruption of supplies, the petroleum and petroleum products pipeline shall be accorded the first priority for use of the line pack volumes in the petroleum and petroleum products pipeline.

The contracts with the customers should accordingly contain a specific clause on dealing with interruptibility in petroleum products supplies;

- (d) to maintain the quality of petroleum products in the petroleum and petroleum products pipeline 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, if any provided by the entity within the premises;

2. Metering and billing.

Entity's responsibility:

- (a) responsible for ensuring delivery of petroleum products;
- (b) to ensure correct billing for transport of petroleum products as per the terms and conditions of the contract, indicating the applicable petroleum and petroleum products pipeline tariff. The bill should also contain customer name and address, serial number, volume, taxes/ levies, if any, amount, due date, etc;

3. Interruptions in petroleum and petroleum products pipeline.

Entity's responsibility:

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

4. 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 24X7 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 and State Governments of the area through which the petroleum and petroleum products pipeline is passing.

(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.

5. 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.

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

Procedure for the termination of grant of authorization of petroleum **and** petroleum products pipeline.

The procedure for implementing the termination of the authorization of the entity to lay, build, operate or expand petroleum and petroleum products pipeline 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 Petroleum and Petroleum Products Pipelines) Regulations, 2010 shall be 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 petroleum and petroleum products pipeline, 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 petroleum and petroleum products pipeline 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 petroleum and petroleum products pipeline. The Board reserves the right to appoint any other entity or agency to manage and operate the petroleum and petroleum products pipeline 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 petroleum and petroleum products pipeline.
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 petroleum and petroleum products pipeline 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 (1)]

Information to be provided for petroleum and petroleum products pipeline authorized by Central Government before the appointed day.

To
Secretary,
Petroleum and Natural Gas Regulatory Board,
1st Floor, World Trade Centre
Babar Road,
New Delhi – 110 001.

Sub: Information in respect of petroleum and petroleum products pipeline < Name> from
<originating point> to <last delivery point>

(Attach separate sheets for providing information wherever necessary)

Part-I – General, technical and financial details of the entity and the petroleum and petroleum products pipeline 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) (attach copy of articles of association / partnership deed, etc.)	
C	Date of incorporation and date of commencement of business	
D	Address of registered office	
E	Name, addresses, telephone numbers, e-mails of all directors / partners / proprietor (please provide full details with STD code and pin code)	
F	Particulars of the authorization granted by the Central Government for laying, building, operating or expanding the petroleum and petroleum products pipeline 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 or proprietor's own Funds	
B	Loans – amount, tenure, moratorium period, rate of interest, taken from and asset mortgaged / 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 financial year) - In case the entity is a subsidiary company, copies of the audited Profit & 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, petroleum and petroleum products pipeline tariff 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 the petroleum and petroleum products pipeline	
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	
C	The entity undertakes to produce all relevant records and documents of itself and its related entities on demand by the Board.	Yes / No
D	The entity undertakes to abide by the relevant regulations for affiliate code of conduct.	Yes / No
E	Is the entity a body corporate registered under the Companies Act, 1956?	Yes / No
F	Is the entity promoted by company registered under the Companies Act, 1956?	Yes / No
G	The entity undertakes to become a body corporate (in case it is not a body corporate at the time of providing the information herein) registered under the Companies Act, 1956 on the grant of authorization.	Yes / No
5	Technical details of the petroleum and petroleum products pipeline	
A	Name of the petroleum and petroleum products pipeline	

B	Physical map indicating the route, section-wise length of the petroleum and petroleum products pipeline including all branch-lines, entry and exit points for petroleum products and the details of the existing and proposed points of inter-connection in the petroleum and petroleum products pipeline.	
C	<p>Technical specifications of the infrastructure in the petroleum and petroleum products pipeline.</p> <p><u>Note:</u></p> <p>(a) Attach copy of the DFR along with the management approval of the investments and</p> <p>(b) Provide full details of the petroleum and petroleum products pipeline capacity, design, pressure rating, diameter, thickness, class, etc., route details, pipeline corrosion protection arrangements, main block valves, isolation valves, emergency shutdown valves, metering arrangements, MLPU, intermediate and delivery stations, technical standards and specifications including safety standards being complied with, etc.</p>	
D	Development plan envisaged for the petroleum and petroleum products pipeline project - design and installed capacity of the petroleum and petroleum products pipeline along with the details of phased-out plans for augmentation of the capacity and capital expenditure to be provided.	
E	<p>Has the entity obtained the Right-of-Way required for laying, building, operating or expanding the petroleum and petroleum products pipeline as on the appointed day?</p> <p><u>Note:</u></p> <p>(a) In case the answer is no, please give specific reasons.</p> <p>(b) If yes, documentary proof to be provided.</p>	Yes/ No
F	<p>Year-wise progress actually achieved by the entity in:</p> <p>(i) creation of the physical infrastructure in the petroleum and petroleum products pipeline is to be provided;</p> <p>(ii) the value of the fixed assets created head-wise and the capital work-in-progress corresponding to the physical infrastructure created till the appointed day is to be provided; and</p> <p>(iii) comparison of sub-clause (i) and (ii) with the levels as specified in the targets specified in the DFR of the project and the terms and conditions of authorization. The purpose being to avoid any time over-run or cost over-run, which may adversely affect the petroleum and petroleum products pipeline tariff.</p>	Percentage completion to be indicated activity-wise with reference to the time schedule and the targets specified in the DFR.

	<p><u>Note:</u></p> <p>(a) Documentary proof that the head-wise assets created and reflected as fixed assets in the books of accounts are ready for use is to be enclosed.</p> <p>(b) The stage of completion in respect of the capital work-in-progress is to be indicated and compared with that indicated in the DFR.</p> <p>(c) Details of the financial commitments actually made by the entity till the appointed day to be separately indicated and documentary proofs to be submitted.</p> <p>(d) Please state the specific reasons for shortfalls, if any, in meeting the time schedule and specific targets for completion of the activities of laying, building, operating or expanding petroleum and petroleum products pipeline as specified in the DFR.</p>	
G	Complete details of the arrangements made by the entity for sourcing of petroleum products for the petroleum and petroleum products pipeline to be provided. In case the entity has secured any firm capacity tie-ups, copies of the agreements to be enclosed.	
H	<p>i) Volume of petroleum products actually transported in the petroleum and petroleum products pipeline during the last three years till the appointed day with capacity utilization;</p> <p>ii) Reasons for variations in the actual volumes transported versus the projections in the DFR;</p> <p>iii) Volume of petroleum products proposed to be transported and sold on an annual basis during the rest of the economic life of the project.</p> <p><u>Note:</u></p> <p>(a) Volumes to be indicated in MMTPA or TMT.</p> <p>(b) Volume actually transported to be provided TOP wise, customer-wise for each of the tariff zone.</p> <p>(c) Details of arrangements to be made by the entity for securing capacity tie-ups for the petroleum and petroleum products pipeline to be clearly specified.</p> <p>(d) In case of the achievement of firm capacity tie-ups, copies of the agreements to be enclosed.</p>	
I	Have all applicable technical standards, specifications including safety standards, as notified by the Board been considered and complied with while designing, laying,	Yes/ No

	building, expanding or operating the petroleum and petroleum pipeline? Provide details.	
J	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 to the petroleum and petroleum products pipeline project to be attached.	
K	Attach copy of the Emergency Response and Disaster Management Plan in place.	
L	Is the project entitled to any subsidy or entitled for any exemption or deferment or waiver of any statutory levy including income tax from the State / Central Government? If yes, give complete details indicating the year-wise utilization plan of the entity.	Yes / No
Part-II: Any other submission considered as relevant by the entity		
Note: The Board shall monitor the actual progress made by entity against the targets fixed for the entity on a quarterly basis and take further action in case of any deviation or shortfall, which is to be determined on an annual basis in the manner as indicated in Schedule D.		

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

Schedule I

[see regulation 18 (1)]

Application for grant of authorization for petroleum and petroleum products pipeline to the entities not authorized by Central Government.

To
The Secretary,
Petroleum & Natural Gas Regulatory Board,
1st Floor, World Trade Centre
Babar Road,
New Delhi – 110 001.

Sub: Application for grant of authorization for petroleum **and** petroleum products pipeline
<Name> from < originating point> to <last off-take/ delivery point>

(Attach separate sheets for providing information wherever necessary)

Part I - General, technical and financial details of the entity and the petroleum and petroleum products pipeline 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) (Attach copy of articles of association / Partnership deed, etc.)	
C	Date of incorporation and date of commencement of business	
D	Address of registered office	
E	Name, addresses, telephone numbers, e-mails of all directors / partners / proprietor (please provide full details with STD Code and pin code)	
2	Information and 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)	Rs. <____>
	Demand draft or pay order	
	Demand draft or pay order no. and date	
	Name of issuing bank and branch	
B	Entity is technically capable of laying and building petroleum and petroleum products pipeline	
	Documentary evidence in support of 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 petroleum and petroleum products pipeline.	

	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 petroleum and petroleum products pipeline, operate and maintain the same and meets the financial criterion in terms of having a minimum combined net worth as specified under regulation 5 (6) (e). <u>Note:</u> 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 petroleum and petroleum products pipeline project to be attached.	
H	In case entity is not registered as a company under the Companies Act, 1956, the entity undertakes to become a company registered under the Companies Act, 1956 on grant of authorization. Full details of the promoters of the entity to be provided. <u>Note:</u> In case the entity seeks an exemption from registering under the Companies Act, 1956, detailed justifications shall be submitted to the Board.	Yes/ No
I	Technical specifications of the petroleum and petroleum products pipeline	
	Details of route, section-wise length of the petroleum and petroleum products pipeline depicting the following in a physical map to be provided: (i) the entry and exit points for petroleum products; (ii) intermediate tap-off points; (iii) branch lines; (iv) pumping stations; (v) points of inter-connection with other petroleum and petroleum products pipelines. <u>Note:</u>	

	(a) Full technical details regarding the petroleum and petroleum products pipeline capacity, design, pressure rating, diameter, thickness, class, etc., route details, pipeline corrosion protection arrangements, main block valves, isolation valves, emergency shutdown valves, metering arrangements, intermediate and delivery stations, technical standards and specifications including safety standards being complied with, etc. to be provided separately.	
J	Details of the physical and financial progress in laying, building, operating or expanding of petroleum and petroleum products pipeline as on the appointed day:	
	<p>i) Copy of the DFR of the project to be attached.</p> <p><u>Note:</u> The entity shall also enclose the documentary proof of the formal approval of the investments as per the DFR of the project by its management.</p>	
	ii) Has the DFR of the proposed petroleum, petroleum products pipeline project for which authorization is being sought been appraised by any financial institution?	Yes/ No
	iii) Details of the development plan envisaged for the project to be provided with respect to the design and installed capacity of the petroleum and petroleum products pipeline along with details of phased-out plans for capital expenditure on augmentation of the installed capacity, if any.	
	<p>iv) Has the entity secured the right of way for laying, building, operating or expanding the proposed petroleum and petroleum products pipeline?</p> <p><u>Note:</u> (a) If the answer is no, please state reasons. (b) If yes, documentary proof to be submitted.</p>	Yes/ No
	v) Complete details of the arrangements made by the entity for sourcing of petroleum products for petroleum and petroleum products pipeline to be provided. In case any firm tie-up has been achieved, copy of the agreement to be enclosed.	
	<p>vi) Extent of physical progress in laying, building, operating or expanding of the petroleum and petroleum products pipeline project achieved by the entity till the day immediately before the appointed day as against the time schedules and targets specified in the DFR.</p> <p><u>Note:</u> (a) 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.</p>	<in percentage terms>

	<p>(b) The comparison of actual progress with the levels as specified in the time schedules and targets in the DFR of the project is with the purpose to avoid any time over-run or cost over-run, which may adversely affect the petroleum and petroleum products pipeline tariff.</p> <p>(c) Please provide specific reasons for shortfalls, if any.</p>	
	<p>vii) Extent of financial commitment actually made by the entity in the petroleum and petroleum products pipeline project till the day immediately before the appointed day as against the estimated capital expenditure identified in the feasibility report.</p> <p><u>Note:</u></p> <p>(a) Year-wise gross and net blocks of the physical infrastructure created to be separately provided asset-head wise.</p> <p>(b) Details of capital work-in-progress and the stage of completion to be indicated.</p> <p>(c) 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.</p>	<in percentage terms>
	<p>viii) Volume of petroleum products transported in the petroleum and petroleum products pipeline during the last three years till the appointed day and the reasons for variations in actual volumes transported versus the projections made in this regard in the DFR.</p> <p><u>Note:</u></p> <p>(a) Data on volume should be separately provided TOP wise, zone-wise and customer-wise.</p> <p>(b) Volume of petroleum products proposed to be transported and delivered zone-wise and customer-wise on an annual basis during the rest of the economic life of the project to be separately indicated.</p> <p>(c) Entity to disclose the arrangements for securing capacity tie-ups and enclose the copy of the agreement for firm capacity tie-up achieved, if any.</p> <p>(d) Volume to be indicated in MMTPA or TMT.</p>	<in percentage terms>
	<p>ix) Entity to 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.</p>	
3	Financial details of the entity	
A	Share capital or 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 (head-wise asset details)	
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 last three financial years) - In case applicant is a subsidiary company, copies of audited Profit & Loss Account & 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 petroleum and petroleum products pipeline tariff charged during the last three years, etc.	
B	Details of technical or operational tie-up or collaboration with any other entity in respect of the petroleum and petroleum products pipeline project (enclose copies of such agreements, MOU or HOA)	
C	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 the affiliates (“Affiliate” means as defined in the relevant regulations for affiliate code of conduct)	
C	The applicant undertakes to produce all relevant records and documents of itself and its related entities to the Board.	Yes / No
D	The applicant undertakes to abide by the relevant regulations for affiliate code of conduct.	Yes / No
6		
	Other details	
A	Copy of Emergency Response and Disaster Management Plan to be attached	
B	Is the project entitled to any subsidy, tax waiver or exemption or deferment of any levy including income tax from the State / Central Government? If yes, give details.	Yes / No
Part-II: Any other submission considered as relevant by the entity with regards to its application for grant of authorization for petroleum, petroleum products pipeline by the Board.		

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

Schedule J

[see clause 11 (c) of the form of grant of authorization in Schedule D]

Service Obligations of 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 transport petroleum products along the authorized pipeline route in accordance with the terms of this authorization, charge the approved petroleum and petroleum products pipeline tariff and abide by the extant rules and regulations, including such revisions as the case may be.
- (c) The entity shall provide extra capacity in the petroleum and petroleum products pipeline as specified under clause (j) of sub-regulation (5) of regulation 6, which shall be available for use on common carrier basis by third party on open access and non-discriminatory basis.
- (d) The entity shall put in place an appropriate system and procedures for :
 - (i) protection of its property;
 - (ii) prevention of loss and waste in the operation of the petroleum and petroleum products pipeline;
 - (iii) safe operation of petroleum and petroleum products pipeline following the technical standards and specifications including safety standards as notified by the Board;
 - (iv) redressal of consumer grievances;

A documented copy of the said systems & procedures shall be provided by the authorized entity to the Board. Modifications, if any, suggested by the Board shall be carried out by the entity.
- (e) The authorized entity shall specify its own obligations as well those of the other entities in the contracts for sourcing and transport of petroleum products as may be specified in the relevant regulations for access code.
- (f) In case the authorized entity laying, building, operating or expanding petroleum and petroleum products pipeline is also engaged in the activity of marketing of petroleum and petroleum products, it shall:

- (i) state the approved pipeline tariff to be paid under the contract for the transport of petroleum products expressed in Rs/MT or in Rs./MT/KM and other relevant terms proposed in the contract;
 - (ii) not exert undue pressure on the customer;
 - (iii) not make any offer or provide any promotional material to the customer that is inconsistent with the contract being offered to or entered into with the customer;
 - (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; and
 - (v) shall adhere to the provisions under the relevant regulations for affiliate code of conduct.
- (g) The entity shall provide connectivity to the consumer, if technically feasible, within a tariff zone in petroleum and petroleum products pipeline on receipt of a specific request, the consumer undertaking to pay the applicable petroleum and petroleum products pipeline tariff, subject to availability of capacity and the technical and economic viability of the proposed connectivity.
- (h) The entity shall insure all the assets used in the activity of transport of petroleum products including on the line-fill volumes and the insurance policy in this regard shall also cover third party liabilities.

2. Construction, Operation & 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 / highway, water body, canal, river, railway crossing, forest, etc. unless a permit for the same has been first obtained from the appropriate authorities and the Government and all works subsequently undertaken by the entity shall be carried out in line with the terms of approval and to the satisfaction of the approving authority and the Government.
- (b) The entity shall not deviate from the permission granted in clause 2 (a) above without the prior approval of the approving authority and the Government.
- (c) The entity shall, during the construction, maintenance and operation of the petroleum and petroleum products pipeline 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 shall indemnify the affected parties.
- (d) The entity shall establish a centralized control room for monitoring and control of the petroleum and petroleum products pipeline system, including the disaster management system.

- (e) The entity shall furnish on regular basis to the Board, the map including detailed “as built” drawings, accurately depicting the size, depth & location of pipelines, related equipment, location of marker posts indicating the route, pipeline gradient, etc. of the petroleum and petroleum products pipeline and regularly update the same for any change, addition or deletion.
 - (f) The entity shall ensure compliance of all necessary quality checks and inspection certification before providing connectivity to any customer.
 - (g) The entity shall properly purge, isolate, blind or dismantle any pipeline segment, equipment etc, which is not in use for long time or has been abandoned, to ensure complete safety and necessary modifications shall be carried out in the maps & drawings.
 - (h) The entity shall have proper systems and procedures including designated facilities for undertaking inspection, testing, calibration and repair of safety equipments, etc.
 - (i) Put in position the disaster management plan including mutual aid system and offsite or onsite emergency plan.
 - (j) Any other service obligation, which the Board may specify from time to time.
3. Services and information to be maintained by the entity.
- (a) The entity shall have a current mailing address and telephone number of all locations where the petroleum and petroleum products pipeline is being set-up and operated.
 - (b) The entity shall maintain a database and provide to the Board on request:
 - (i) details of the customers and shippers of petroleum products;
 - (ii) the copies of contracts with the customer and shippers of petroleum products; and
 - (iii) details of renewal or extension of contracts at clause (a) and (b).
4. Confidentiality of Consumer 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 consumer’s information cannot be separately identified, or where the consumer information is required to be disclosed:
 - (i) for billing or market operation purposes;
 - (ii) for law enforcement purposes;
 - (iii) when past due accounts of the consumer have been passed to a debt collection agency.

- (b) The entity shall inform customers regarding the conditions described in paragraph 4 (a) under which customer information may be released to a third party without the consumer's consent.
- (c) The entity shall not use consumer information obtained for a purpose other than for which it was obtained.

5. Complaints:

- (a) The entity shall provide the address 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 and periodically provide 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) comments on the quality of service provided by the entity and suggestions, if any.

Foot Note: Principal regulations were notified vide GSR722(E) dated 01st September, 2010 and amended vide F. No. L-MISC/VII/2007, dated 01st January 2015 and VKS/DB/03/PPL, dated 29th March, 2016.