BGL
Bhagyanagar Gas Ltd.

BHAGYANAGAR GAS LTD.

A JOINT VENTURE OF GAIL (India) Ltd. & HPCL

No: BGL/PNGRB/CGD-4/2013-14

February 6, 2014

Received on 10/2/14.

To
Secretary,
Petroleum & Natural Gas Regulatory Board,
First Floor, World Trade Centre,
Babar Lane, Barakhamba road,
New Delhi-110001

Dear Sir,

Sub: 4th Round of bidding for developing CGD network in 14 GAs -reg .
Ref: Public Notice No:PNGRB/CGD/BID/4/2013-1-B dated 16th Jan 2014

This has reference to Public Notice dated 16th Jan 2014 on the subject matter seeking comments on the proposed amendments.

We give below BGL's comments :

A) **Minimum Work programme for infrastructure for PNG domestic connections:**

As per the proposed amendment, the board shall work out the target for infrastructure for PNG domestic connections as 5% of the population of the respective GA.

As per the 4th round bid document, the total population of Medak & Rangareddy GA as per 2011 census is 57.62 Lac (approx.). Hence the successful entity needs to complete 2,88,100 domestic PNG connections @ 5% of total population at the end of 5th year. Whereas as per the bid document, based on existing regulations dated 11th June 2013, the MWP is 1,97,500. We had earlier submitted that even1,97,500 connections is on the higher side and very difficult to achieve. The current proposal seeks to increase the target even higher instead of reducing it.

BGL Views:

The 5 year target for domestic PNG connections as per MWP should be 5% of total number of households in the particular GA instead of population. Accordingly at the end of the 5th year domestic PNG target for Medak & Rangareddy GA should be 65850 connections, which is reasonable and achievable.

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B) Minimum Work programme for infrastructure for inch-km of pipeline:

As per the proposed amendment, the board shall work out the target for inch-km of pipeline, for which both steel pipeline and MDPE pipeline shall be considered, as the product of 1.5 and the area in square Km of the respective GA, to be achieved by successful bidder during the 1st five years.

As per the bidding document, the total area of Medak & Ranga Reddy GA is 15788 sq. KM. and hence the successful bidder has to lay 1.5 X 15788 = 23682 inch-KM of steel and MDPE pipeline.

BGL Views:-

Even if a CGD entity lays 20% of steel and 80% of MDPE pipeline, it has to lay 4736 inch-km of steel pipeline which works out to be 473 KM of 10" steel laying. This is extremely high.

A review of available census data of 2011 reveals that Medak district, which has an area of 9699 Sq. KM has an urban population of a mere 14.36% whereas Ranga Reddy district which has an area of 7493 Sq.KM has an urban population of 54.2%. Of this, a significant portion of Ranga Reddy district covering Balanagar, Qutubullapur, Alwal, Jeedimetla, Medchal, Shameerpet & such other localities falling outside GHMC limits of Hyderabad are part of BGL's existing charge area. If these areas were to be excluded in the calculation of % of urban population in the total area of RR district, it would fall significantly lower to around 15% as the rest of the district is predominantly rural.

It is pertinent to mention that though Hyderabad GA is predominantly urban area, the cumulative target for laying inch-KM at the end of 5th year is 4042 Inch-KM . Hence the cumulative 5th year target for laying Inch-KM for Medak & Ranga Reddy GA should be 1.5 X (15% of 15788) = 3552 Inch-KM including Steel & MDPE laying.

In short, the area considered for determining MWP for inch-km laying should be only potential business area. Accordingly the MWP may please be reviewed and modified suitably.

We are hopeful, PNGRB will consider the above submission and come out with revised guidelines to make the bidding process more meaningful.

Thanking you,

Very truly yours,

6/2/14

A.K.Mittal
Managing Director