मेकॉन लिमिटेड (भारत सरकार का संस्थान)

MECON LIMITED (A GOVERNMENT OF INDIA ENTERPRISE)

13वां एवं 15वां तल, नार्थ टॉवर, स्कोप मीनार, लक्ष्मी नगर व्यावसायिक केन्द्र, दिल्ली–110092
13th & 15th Floor, North Tower, Scope Minar, Laxmi Nagar District Center, Delhi-110092
फोन / Phone : +91-11-2244 7417, फैक्स / Fax : +91-11-2204 1214
ई–मेल / E-mail : mecondly@bol.net.in, वेबसाइट / Website : http://www.meconlimited.co.in

Ref. No. 05.15.23L1.22

17.02.2014

Secretary,
Petroleum and Natural Gas Regulatory Board.
1st Floor, World Trade Centre,
Babar Road,
New Delhi – 110 001
Fax No. 23709151

Kind Attn : Mr K. Rajeshwar Rao, OSD (R)

Sub. : Minimum Work Programme : Amended Regulations, 2014 for Authorising Entities to Lay, Build, Operate or Expand City or Local natural Gas Distribution Networks

Ref. : 1. *Public Notice Ref. : PNGRB/CGD/BID/4/2013-1-B, dated 16.01.2014*
2. *Our previous letter dated 21.06.2013 mentioning our observations of the amended CGD regulations*

Dear Sir,

This has reference to the captioned subject and the above referred Public Notice accessed by us from the PNGRB website seeking views and comments of various entities and stakeholders on the same.

We have perused through the said proposed amendments and while we are fine with the Minimum work programme for the PNG Domestic connections, we have a few observations on the regulation pertaining to the ***Minimum Work Programme for Inch-Km of Pipelines*** required to be laid by the successful bidder.

The amended regulation states that the board shall work out the target for inch-km of pipeline for which both Steel and MDPE Pipelines shall be considered. **as the product of 1.5 and the *Area in Sq km of the respective GA***. It is in the context of the above that we would wish express our opinion and observations is as follows :

At our end we are of the considered opinion that optimum Inch-Km requirement for any CGD GA would only be specific to that particular GA and would essentially be a function of the :

- Demographic / socio-economic profile of the GA
- Level of industrial / commercial activity in the GA
- Geography of the GA

Thus, having a single multiplication factor / yardstick for all kinds a GAs without any differentiation on account of any of the above mentioned factors, would result in situation wherein some of the GAs, which would otherwise typically require a much smaller pipeline network, being forced to incur the cost for additional inch-kms than what are optimally required. These additional inch-kms would end up being an unnecessary drag on the viability of the CGD network, without any commensurate gain of any degree neither from consumer's perspective nor from regulatory perspective.

Further to the above, the quantitative requirement of inch-km of steel & MDPE pipelines worked out in line with the new amended regulation, though less than the previous stipulation, would still

be very high in the case of some of the larger District GAs and which would end up rendering the CGD projects in them totally un-viable. For example for some of the larger district GA's the respective areas in sq kms and minimum inch-km requirement as per the amended regulations is provided in the table below for ready reference :

District GA	Area in Sq Kms	Inch-km Reqd. as per Min Work Program
KHAMMAM	16029	24044
NALGONDA	14240	21360
Medak-Rangareddy	15545	23318
THANE	8684	13026
PUNE	14590	21885

Even inclusion of MDPE network in the calculation of inchkms would not make any discernible impact as on test case basis, considering a target of a total of 100,000 domestic PNG connections in the first 5 years, MDPE network required would normally not exceed 3000 inch-kms. Further, even a 500km long steel pipeline network of various diameters in a GA, may not give us more than 7000 to 8000 inch-kms. These figures can be compared with the work programme requirements as indicated in the above table.

In view of the above, we are therefore of the opinion the board may further deliberate on the said regulation pertaining to the requirement of inch-km of pipelines and consider taking a call on whether to have such a requirement at all.

Thanking you,

Yours Faithfully,
For MECON Limited

17/2/14

(Vikesh Punj)
AGM