MAHANAGAR GAS
ISO 9001-2008
ISO 14001

MAHANAGAR GAS LIMITED
(A Joint Venture of GAIL (India) Ltd., BG Group (U.K.) & Govt. Of Maharashtra)

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MGL/COMM/2014

February 15, 2014

The Secretary
Petroleum and Natural Gas Regulatory Board
1st Floor, World Trade Centre
Barakhamba Road, Babar Lane,
New Delhi – 110001

Subject: Comments on Public Notice No: PNGRB/CGD/BID/4/2013-1-B dated 16.01.2014

Dear Sir,

This has reference to the public notice hosted on the PNGRB website (Notice No: PNGRB/CGD/BID/4/2013-1-B) dated 16.01.2014, wherein comments have been sought from the potential bidders on the proposed amendment in CGD regulations on certain bidding parameters.

In this regard we would like to submit the following comments:

1. **Minimum Work Programme for "Inch-Kilometer" of steel pipeline :**

   The proposed regulation says:

   "*The Board shall work out the target for inch-kilometer of pipeline, for which both steel pipeline and MDPE pipeline shall be considered, as the product of 1.5 and the area in square kilometers of the respective Geographical Area*".

   MGL is of the following view on the proposed parameter:

a) Considering vastness of the proposed GAs which extensively include rural belts in most cases, scattered demand centers and large forest/hilly regions, it would be more prudent to consider the limited area in square km of only the urban centers within the GA (minimum population of more than 5,000) instead of the entire area of the GA while calculating the 'inch-km'.

b) Reaching far flung rural areas having low demand potential would need much higher capital expenditure per customer which would have to be loaded to all customers including those in the urban areas where the capex per customer would be much lower. This would make the GA economically unviable to serve.

c) Calculation of 'inch-km' by considering the square km area of only the 'urban centres' in the GA would avoid infructuous capital expenditure in laying distribution pipelines especially to charge areas where NG demand is low and unviable. This would lead to optimum utilization of resources and also be in the best interest of the majority of end consumers.

2. Minimum Work Programme on 'Infrastructure for PNG domestic connections'

The proposed regulation says:

"*The Board shall work out the target for infrastructure for PNG domestic connections as 5% of the population of the respective Geographical Area*"

MGL is of the following understanding:

a) The CGD entity has to establish enough infrastructure to reach 5% of the total population of the respective geographical area and that this has to be achieved during the first five years"

b) This means that 5% of the total households of the respective geographical area (considering 5 members per household) need to be connected in the first 5 years. As an illustration, for example in Bengaluru Rural and Urban (GA) the total population as per PNGRB bid document is 106.12 lakhs. MGL is of the understanding that successful bidder has to connect 5% of this population during the first five years. This works out to population coverage of 5,30,600 or 1,06,120 Households (considering 5 members per household) which becomes the domestic PNG target for the successful bidder.

We request to the PNGRB to consider the suggestion given in point 1 above and provide clarification / confirmation that MGL understanding of the proposed parameter as mentioned in point 2 above is correct.

Thanking you in anticipation

With regards

Rajesh Wagle

(Rajesh Wagle)
Sr. V.P - Commercial