PETROLEUM AND NATURAL GAS REGULATORY BOARD

1st Floor, World trade Centre, Babar Lane, Barakhamba Road , New Delhi-110001
Tel No: 011- 23457700/23457744/23457751

Ref.: Infra/PL/Bid/Round-1&2/2010/01 Date: 09.07.2010

To
Sh. A. Soundararajan
Head-Emerging Business,
Development Projects, ECC Division,
M/s Larsen & Toubro Limited,
Mount Poonamallee Road, Manapakkam,
Chennai-600089

Sub: Clarifications & Additional Queries for Mehsana to Bhatinda and Mallavaram to Vijaipur Natural Gas Pipelines

Sir,

This has reference to your letter nos. LTCD/DPBU/PNGRB/012 dated 25.06.10, LTCD/DPBU/PNGRB/007 dated 02.06.10 and LTCD/DPBU/PNGRB/006 dated 26.04.10 seeking clarifications on the tender for the proposed Mehsana-Bhatinda and Mallavaram-Bhopla-Bhilwara-Vijaipur natural gas pipelines. Please find the point-wise reply to your queries as under:

S/N	Query	PNGRB's Reply
1	**Regulation No. 13(3):** "The Board may allow re-routing of the Natural Gas pipeline that such re-routing does not result in increase in natural gas pipeline length by more than10% of the authorized length of the natural gas pipeline. **Clarification dated 13.05.10 ->** "The Bidders are allowed to deviate from the route of the main truck pipeline including originating/termination point of the pipeline upto+/-5% w.r.t. indicative route mentioned in bid document." **Clarification dated 04.03.10 ->** "No Change of Originating and terminal points will be permitted except for marginal change due to availability of land etc" ***Query-> PNGRB to provide clarity on these contradicting statements.***	(i) There is no ambiguity in the sub-regulation 13(3) and clarifications issued. (ii) Clarification dated 13.05.10 allows the bidders to deviate up to +/-5% w.r.t. the indicative route mentioned in the bid document for the purpose of preparation of FR.

2	Confirm whether the 30 MMSCMD is the minimum capacity to be provided in the first year of operations or the capacity can be ramped up to 30 MMSCMD over the economic life of the Pipeline.	Already Clarified on 13.05.10 at Sr. No. 2.
3	**Clause 5 (j):** The entity agrees to build extra capacity in the natural gas pipeline as per the following basis (A) Capacity requirements of the entity (B) Firmed up contracted capacity with other entities (C) At least 33% of (A)+(B) as an extra capacity ***Query-> Is the indicated demand of 30 MMSCMD inclusive of 33% extra as indicated in (C)?***	Annexure-1 of Application-cum-bid document clearly indicates **30 MMSCMD** including common carrier capacity available for any third party on open access and non-discriminatory basis as per sub-regulation 5(6) (j).
4	**Regulation 7:** For more than three tariff zones (that is, more than 900 KM), please specify the weightages for various zones and volume.	As per Regulation, there is no weightage for tariff in fourth and successive zones. Proviso of sub-regulation 7(1) (c) provides the methodology for tariff calculation for each successive tariff zone.
5	PNGRB to confirm whether requirement of demand tie-up as per sub-regulation 10(3) and financial closure as per sub-regulation 10(4) are not pre-conditions to the authorization granted under Regulation 9.	Grant of authorization shall be issued to the successful bidder in Schedule-D of the Regulation which in turn requires the successful entity to comply with the various provisions of the regulations including service obligations within stipulated time limits starting from the date of grant of authorization.
6	PNGRB requested to remove additional penalty due to non-fulfillment of annual target as per provisions of Regulation 14 (1) because of following issues: (i) Lack of demand itself causes revenue loss to the transporter; (ii) It is the Government who allots the gas to various consumers and demand tie up is impossible for the transporter; and (iii) The gas supply agreement is between the shipper and the supplier and does not involve the transporter.	Provisions of existing Regulations shall be adhered to.
7	Regulation 14(2) requires that the authorized entity shall not cause the	Provisions of existing Regulations shall be adhered to.

	activities of transport of natural gas in the natural gas P/L & its delivery to any customer be made conditional to sourcing of NG from the entity or any other entity. PNGRB requested to relax the same by modifying it as: *"...NG supply to be subject to Gas availability/supply form the source/supplier".*	
8	**Schedule-B of Regulation requires** that *all pages of the application-cum-bid and the attachments and statements need to be serially numbered and initialed by the person or official authorized by the entity through a notarized Power of Attorney.* **However, clause 5.10 and clause 16.0 of bid document requires** that *"the bid must be signed and sealed by the bidder with his usually signature on each page"* ***Query-> As the financial bid form is usually signed by the authorized signatory and the entire bid document will be only initiated and not signed by the authorized signatory; PNGRB may clarify on the above.***	The bid must be signed and sealed by the bidder with his usually signature on each page and in case initial signatures are used in the bid document, the same has also to be authorized by the entity through a notarized Power of Attorney. ➔ ***Addendum in this regard shall be issued separately.***
9	**Schedule-C of Regulation** illustrating calculation of tariff for third tariff zone is different from the provision for calculating tariff for third zone in regulation 7(1).	There is no ambiguity in the provision of the regulation 7(1) and its illustration in Schedule-C.
10	PNGRB requested to change the condition of Schedule-D requiring PNGRB's prior approval for creation of any lien or charge or hypothecation on the assets of the natural gas pipeline to secure finances for the project and furnish details of utilization of funds, as the lenders will not like to have conditional approval from the Board regarding the hypothecation of assets for Financial closure.	Provisions of existing Regulations shall be adhered to.
11	**Clarification dated 13.05.10:** "Volume quoted in the bid for any year must keep atleast 25% of the capacity for the common carrier purpose". **Clarification dated 01.04.10:** ".the maximum volume quoted in the bid shall be 75% of the design capacity of the pipeline."	Requirement of the design capacity in the bid has been specified as ***"at least -----MMSCMD"*** and volume to be quoted in the bid for any year has been specified to keep at least 25% of the capacity for the common carrier.

	Query-> PNGRB to confirm whether volume to be quoted includes Common Carrier, Contract carrier and the other firmed up capacities by the Entity.	
12	PNGRB to confirm whether the authorized capacity will be: (i) One single capacity i.e. the maximum capacity to cater to the demand during the economic life of the pipeline Or (ii) Maximum of the year-on-year capacity based on the yearly volumes quoted by the bidder.	Authorized capacity shall be one single capacity which in turn shall be the design capacity of the pipeline system at Maximum Allowable Operating Pressure (MAOP) for the proposed pipeline system.
13	PNGRB to clarify whether the spur-line should be completed along with the trunk-lines in the stipulated construction period of 36 months from grant of authorization or can the construction of spur-lines be phase out over the 25 years.	Spur-lines would be emanating from the trunk pipeline as per market demand and subsequently on the volume projections given in the bid. Hence, construction of spur-lines can be developed over the 25 years, as long as the volume targets are being fulfilled.
14	**Clarifications dated 13.05.10:** "Year 1 tariff and volume bids as quoted shall be applicable from the 1st year of operation of the pipeline" As Year 1 will be the year when gas starts flowing into the project, supplying the first consumer and need not be only after completing of complete trunk line, clarification is required.	Year 1 will be the year when gas starts flowing into the pipeline supplying the first consumer or for own captive use.
15	PNGRB to clarify whether the indicated capacity of 30 MMSCMD has to be built in during the first 36 months of authorized construction period or during the economic life of 25 years.	Already clarified on 13.05.10 at Sr. No. 2.
16	**Clause 12.1 & Annexure-3 of Bid document:** "...equivalent to the performance bond as specified in regulation 9 of the Petroleum and Natural Gas Regulatory Board Regulations 2008.." ***Query-> Performance Bond is specified in Regulation 8 and not Regulation 9 of the Petroleum & Natural Gas Regulatory Board Regulations 2008. Kindly revise.***	**Clause 12.1 and Annexure-3 of application-cum-bid document may now be read as:** *"...equivalent to the performance bond as specified in regulation 8 of the Petroleum and Natural Gas Regulatory Board Regulations 2008."* ➔ ***Addendum in this regard shall be issued separately.***

17	For Mallavaram-Bhilwara Natural Gas Pipeline bid, there is typographical discrepancy in the bid number. PNGRB to clarify about the correct version.	In the entire bid document for Mallavaram-Bhopal-Bhilwara-Vijaipur Natural Gas Pipeline, the Bid number and application-cum-bid document may now be read as: BID/NGPL/02/2009/1/MBBVPL ➔ ***Addendum in this regard shall be issued separately.***

With the above clarifications, we hope that the concerns raised by you for the proposed Mehsana-Bhatinda and Mallavaram-Bhopla-Bhilwara-Vijaipur natural gas pipelines have been satisfied.

Yours faithfully

(Ratan P. Watal)
Secretary, PNGRB

Copy To:
All Intending Bidders

PETROLEUM AND NATURAL GAS REGULATORY BOARD

1st Floor, World trade Centre, Babar Lane, Barakhamba Road, New Delhi-110001
Tel No: 011- 23457700/23457744/23457751

Ref.: Infra/PL/Bid/Round-1&2/2010/01 Date: 09.07.2010

To
Mr. Tapan Ray
Managing Director,
M/s Gujarat State Petronet Limited (GSPL)
3rd Floor, GSPC Bhavan,
Sector-11,
Gandhinagar-382011

Sub: Clarifications requested for natural gas pipeline bids invited by PNGRB

Sir,

This has reference to your letter no. GSPL/COMM/2010 dated 01.07.2010 seeking clarifications on the natural gas pipeline bids invited by PNGRB. Please find the point-wise reply to your queries as under:

S/N	Query	PNGRB's Reply
1	Is it acceptable if a bidder quotes negative tariff?	Negative tariff shall not be accepted and would lead to the rejection of the bid.
2	Is it acceptable if a bidder quotes zero tariff?	Zero tariff shall not be accepted and would lead to the rejection of the bid.

With the above clarifications, we hope that the concerns raised by you for the proposed natural gas pipeline bids have been satisfied.

Yours faithfully

(Ratan P. Watal)
Secretary, PNGRB

Copy To:
All Intending Bidders

PETROLEUM AND NATURAL GAS REGULATORY BOARD

1st Floor, World trade Centre, Babar Lane, Barakhamba Road, , New Delhi-110001
Tel No: 011- 23457700/23457744/23457751

Ref.: Infra/PL/Bid/Round-1&2/2010/01 Date: 09.07.2010

To
Sh. Rajeev Mathur
Executive Director (Mktg.) Gas
M/s GAIL (India) Limited,
16, Bhikaiji Cama Place,
New Delhi.

Sub: Tender for the proposed Mehsana-Bhatinda Natural Gas Pipeline (MBPL)

Sir,

This has reference to your letter no. GAIL/ND/RC./PNGRB/164 dated 11.06.2010 seeking clarifications on the tender for the proposed Mehsana-Bhatinda pipeline. Please find the point-wise reply to your queries as under:

S/N	Query/Concern	PNGRB's Reply
1	The bid purchase date is already over and the last date for submission of bids is due on 17/06/2010. However, on 10/06/10, it has been clarified by PNGRB that only 6.0 MMSCMD is the available capacity at Mehsana. Therefore, in order to give sufficient time and fair opportunity to all the bidders to work out/re-work their bids, the bid due date needs to be suitably extended immediately.	Last date for purchase of bid document and bid submission for MBPL has already been extended up to 16.07.2010 (15.00 hrs) and 23.07.2010 (11.00 hrs) respectively.
2	It is still not clarified by PNGRB, at what pressure, 6.0 MMSCMD would be available at Mehsana? This aspect is critical because it shall determine the complete economics of the tendered MBPL pipeline. PNGRB is requested to provide the complete information including pressure, pressure drop from Hazira to Mehsana etc, while arriving at the figure of 6.0 MMSCMD available at Mehsana.	It has been confirmed by M/s GSPL who are presently having pipeline network connectivity up to Mehsana that the pressure available at entry point of proposed MBPL shall be up to the design pressure of MBPL as envisaged in T4S regulations.
3	It is still not clarified by PNGRB whether the available capacity, at Mehsana (6.0 MMSCMD) is in the "common carrier" portion or "contract carrier" portion or both? Bidders other than the EOI entity are entitled to	To meet the requirement of PNGRB Act, 2006 and the relevant regulations, the available capacity at Mehsana (at present 6.0 MMSCMD) shall form part of the contracted

	access only the common carrier portion, which is 25% of the design capacity, while the EOI entity is technically entitled for both the 75% of design capacity plus the common carrier portion. Thus, there is no level playing field in the current tender for the MBPL pipeline between the EOI entity and others.	volume reserved for the pipeline ab-initio. The common carrier capacity upstream of Mehsana shall also be as per relevant regulations. GSPL has further confirmed that the existing capacity available at Mehsana shall be augmented to meet the requirement of proposed MBPL at design pressure. The monitoring of capacity expansion of upstream pipeline network shall have to be carried out in parallel with the phased execution of proposed MBPL. In case GSPL fails to plan and execute such augmentation, PNGRB shall facilitate in making necessary arrangements for connecting Mehsana to the gas source in a transparent manner.
4	As per the clarification, 80% capacity of the tendered MBPL pipeline would suffer from non-availability of natural gas due to capacity constraints in the existing upstream pipeline. Therefore, this EOI should have been rejected in the first place based on the Regulation 5(4)(a) of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008, which clearly states that Board shall reject an EOI on the grounds of non-availability of natural gas. Instead, based on a recent request by the EOI entity, a clarification has been provided by PNGRB that the capacity built-up can now be done in phases. In this regard, it is our apprehension that the very limited availability of 6.0 MMSCMD capacity in the existing upstream network of GSPL would still be a major deterrent for any other really serious bidder to come forward and develop a 1670 kms long cross-country pipeline system, involving very huge investments, thereby rendering it economically unviable.	Clarification in para 3 above can further be elaborated that upstream capacity augmentation, if required, can be matched with proposed MBPL execution schedule. To begin with, 6.0 MMSCMD capacity is available at Mehsana, which can be enhanced as per the requirement of authorized entity for MBPL. The Board assures that the proposed MBPL would not strive for the capacity.
5	It has been presumed that GSPL will ramp-up capacity from 6.0 MMSCMD to 30.0 MMSCMD at Mehsana. Firstly, GSPL's existing network is not a bid-out pipeline and its tariff is yet to be	M/s GSPL has already submitted the application for authorization in line with the provisions of Regulation 18 of PNGRB (Authorizing Entities to

	approved. Therefore, the presumption that GSPL is entitled to go for a fivefold expansion of the capacity from 6.0 MMSCMD to 30.0 MMSCMD, without any need to go through a bidding process to discover the most competitive tariff for this expansion project, is clearly not as per the regulatory framework. Secondly, the capacity built-up schedule of GSPL from 6.0 MMSCMD to 30.0 MMSCMD and their date of commissioning for each phase are not known to other bidders. Without this critical information, it will not be possible for the other bidders to quote their volume figures for all the twenty five years in their bid for MBPL. As a result, without firming up the capacity built-up schedule for MBPL, tariffs cannot be worked out quoted by other bidders in the MBPL tender. Furthermore, the presumption that GSPL will ramp-up the capacity in the upstream pipeline form 6.0 MMSCMD to 30.0 MMSCMD implies that all the requiste information for participating in the MBPL tender would be available to and required by GSPL only, while the other bidders are expected to work-out their bids, based on arbitrary presumptions.	Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008 for their 2400 Kms Gujarat Gas Grid pipeline network, part of which was already web-hosted by PNGRB on 20.06.2009 as per the provisions of the relevant regulations. GSPL has been advised to submit the tariff proposal. The Board finalizes the tariff as per the relevant regulations for all such pipelines including the pipelines owned by GAIL. This is further clarified that it is not the ramping up of the capacity from 6.0 MSSCMD to 30.0 MMSCMD but augmenting the capacity from existing 50.0 MMSCMD* to the desired capacity. *(* As submitted by GSPL in its application for authorization which is subject to the verification in line with the approved Regulations on Capacity Determination for Natural Gas Pipelines).*
6	The authorized capacity and authorized tariff for the GSPL grid is not yet approved by PNGRB. The impact of capacity expansion from 6.0 MMSCMD to 30.0 MMSCMD on the tariff of the upstream pipeline at Mehsana would be a very important factor for the bidders for the MBPL pipeline, to quote their tariff figures in their bids for MBPL pipeline.	Impact of tariff and capacity expansion in upstream pipeline network would not affect the tariff for proposed MBPL e.g. change in tariff of EWPL would not affect the tariff for HVJ-GREP or any other inter-connector.
7	The clarification also presumes that GSPL will lay, build, operate or expand a natural gas pipeline (Mundra-Mehsana Pipeline), without going through any selection process. This presumption is clearly in contravention to the notified Sections 17(1). 19(1) and 19(2) of the PNGRB Act, 2006. The regulations also do not permit development of a new natural gas pipeline, which is more than 50 kms, emanating from a new source, without going	GSPL's Gujarat Gas Grid network already has pipeline connectivity from existing gas sources like Kakinada (through EWPL), Hazira, Dahej and the upcoming gas sources like Mundra and Pipavav. For additional capacity build-up, either GSPL would expand as clarified earlier conforming to the regulations or new pipeline connectivity shall be

	through any bidding process.	ensured. PNGRB further reiterates that the proposed MBPL would not strive for capacity upstream of Mehsana.
8	The clarification that either GSPL or the bidding entity, would be allowed to lay a natural gas pipeline from the source up to Mehsana, (without any bidding process), is also not as per the regulatory framework as mentioned above.	For extension/expansion of the natural gas pipeline system, the provisions of regulations shall be adhered to.

With the above clarifications, we hope that the concerns raised by you for the proposed MBPL have been satisfied. It may be further noted that the last date for bid submission is 23.07.2010 (11.00 hrs).

Yours faithfully

Ratan Pwatal

(Ratan P. Watal)
Secretary, PNGRB

Copy To:
All Intending Bidders

Gujarat State Petronet Ltd.
GSPC Bhavan, 5th Floor, Sector - 11,
Gandhinagar - 382 011
Tel. : +91-79-66701503
Fax : + 91-79-23244973
E-mail : bosebabu@gspc.in
Web site : www.gspcgroup.com

GSPL/PNGRB/Clarification/
10th June 2010.

To,
Shri B. S Negi, ***Member (I)***
Petroleum & Natural Gas Regulatory Board, *PNGRB*
1st Floor, World Trade Centre,
Babar Lane, Barakhamba Road, New Delhi – 110 001 INDIA

Sub:- Clarification asked during IInd Pre-Bid Meeting.
Ref:- Pre Bid Meeting held on 27.04.2010
Your letter no Infra/PL/New/BID/BJSPL/01/10 dated 9th June 2010

Respected Sir,

This is with reference to the discussions we had during the second pre-bid conference at PNGRB, Delhi on 27.04.2010.

Chairman, PNGRB advised GSPL to inform the available capacity at Mehsana and possible sources connected to GSPL.

In this regards, we would like to inform you that at present we can deliver 6.0 MMSCMD of gas at Mehsana which can be ramped up to 30 MMSCMD by installing compressors, adding loop-lines and it can be further augmented through Mundra - Mehsana pipeline (from the proposed GSPC LNG Terminal at Mundra) based on the demand from proposed Mehsana – Bhatinda Pipeline.

GSPL's Gas Grid in Gujarat is an integrated network with capacity to transport gas from all the available sources including gas from east coast through connectivity with RGTIL's pipeline at Bharbhut, PLL Dahej, Hazira LNG, ONGC, Hazira and proposed LNG terminals at Mundra and Pipavav in Gujarat. GSPL would like to confirm that it would be able to transport gas quantities as required from the above mentioned sources through Gujarat Gas Grid upto Mehsana.

Yours Sincerely

(N Bose Babu)
GM **(Technical Services and O&M)**

Cc:
Mr. Rajnath Ram, JA(I) - PNGRB
Managing Director – GSPL
GM (Commercial)- GSPL

Encl: *as mentioned above.*

Petroleum & Natural Gas Regulatory Board, India

PETROLEUM & NATURAL GAS REGULATORY BOARD

1st Floor, World Trade Centre, Babar Lane, Barakhamba Road, New Delhi -110001

File Ref: Infra/PL/New/BID/BJSPL /01/10

09th June, 2010

To

Mr. Tapan Ray
Managing Director,
M/s Gujarat State Petronet Limited (GSPL)
3rd Floor, GSPC Bhavan,
Sector-11,
Gandhinagar-382011

Subject: Mehsana-Bhatinda Natural Gas Pipeline.

Sir,

This has reference to the 2nd pre-bid meeting held in the office of PNGRB on 27.04.2010 in respect of proposed Mehsana-Bhatinda natural gas pipeline. As the originating point of Mehsana-Bhatinda natural gas pipeline i.e. Mehsana (Gujarat) is not a gas source per se, therefore, this pipeline would require available capacity from GSPL's existing network.

You are advised to indicate the available capacity of GSPL's network at Mehsana on priority basis.

Yours faithfully

9/6/10

(Rajnath Ram)

JA (I)