पेट्रोलियम एवं प्राकृतिक गैस विनियामक बोर्ड

Petroleum and Natural Gas Regulatory Board

प्रथम-तल, वर्ल्ड ट्रेड सेंटर, बाबर रोड, नयी दिल्ली - 110001

1st Floor, World Trade Centre, Babar Road, New Delhi – 110001

Ref.: Infra/PL/Bid/NGPL/ENPL/2013/01 18.10.2013

To

All Prospective Bidders

Sub: Pre-bid meeting and Clarifications related to Ennore-Nellore Natural Gas Pipeline (Bid No.: BID/NGPL/06/2013/2/ENPL)

Sir,

Pursuant to the various issues raised during the pre-bid meeting held in the office of PNGRB on 02.09.2013 related to the bids invited for development of Ennore-Nellore natural gas pipeline, following clarifications are being issued:

S/N	Query Raised	Clarification
Queries raised by GAIL(India) Limited		
A	CAPEX for the project will be incurred in the years before the start of the economic life of the pipeline. However, In Annexure-14 of the Application cum Bid document (ACBD), implementation period has not been given separately. As IRR calculation for the project will warrant consideration of the CAPEX, how should the same be shown in the given format?	Project investment for construction period may be considered by the bidder as cash outflow in Year-1 or onwards. Line-fill and working capital may be taken as CAPEX heads as per general accounting principles.
B	Clause No. 13.3 of the Application cum Bid document states that Grant of authorization shall be subject to the condition that the authorized entity shall be required to create minimum	As the bidder has no control over the common carrier volume and since the volume number to bid is the volume committed by the bidder, the common carrier volume

	33% additional capacity over and above the volume quoted in the financial bid. This means that the volume to be quoted in Annexure-14 will be excluding the common carrier volume. PNGRB may please confirm the same.	cannot be committed by the bidder. Further, as per the instruction given at Note#1 of the Annexure-14 of ACBD, corresponding quotes for the Volume of natural gas to be transported given in the Financial Bid is to be used for the FR summary sheet viz. Annexure-14.
C	PNGRB is requested to clarify the Note#1 in clause (A) of the Financial Bid form regarding PV of the Unit Natural Gas Pipeline Tariff bid and also clarify what tariff will be applicable during years after the allotted authorization period.	Note#1in clause (A) of the Financial Bid form regarding PV of the Unit Natural Gas Pipeline Tariff bid has been provided to take care of the expected time difference arising out from the date of grant of authorization and the starting date of operation of the pipeline in the context of the definition of "economic life" as provided in Regulation 2(e) (i) of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008. The present bid for Ennore-Nellore natural gas pipeline has been invited considering 25 years of pipeline from the starting date of operation. An appropriate view would be taken by PNGRB in due course of time on the computation methodology for the transportation tariff from Year -26 onwards.
D	PNGRB is requested to clarify the Note#1in clause (B) of the Financial Bid form regarding PV of the Natural Gas Volumes bid and also clarify what volume will be applicable during years after the allotted authorization period.	Note#1in clause (B) of the Financial Bid form regarding PV of the Unit Natural Gas Volumes bid has been provided to take care of the expected time difference arising out from the date of grant of

		authorization and the starting date of operation of the pipeline in the context of the definition of "economic life" as provided in Regulation 2(e) (i) of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008. The present bid for Ennore-Nellore natural gas pipeline has been invited considering 25 years of pipeline from the starting date of operation. From Year-26 onwards, the authorized entity shall not be under Service Obligations with respect to Natural Gas Volumes as stated in Regulation 14(1) of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008.
E	With respect to the Clause No. 17.4.3 of the ACBD, what length of source or other network connectivity will be permissible for proposed pipeline and what types of authentic official documents are required for gas source?	As the length of source or other network connectivity would be part of the trunk pipeline, the permissible length for such proposed pipeline would be limited to the overall pipeline length of 250 (+/- 10%) KM. For evidence of domestic Gas Source, official documents in public domain shall be considered like Press Note issued by Government of India, presentations by DGH etc. For future R-LNG terminal, public announcements/ press note by relevant Statutory Authorities shall be considered by PNGRB. The bidder shall submit

		list of conventional E&P blocks or CBM blocks awarded till date and the LNG terminals operating or planned which could contribute volume for such pipeline.
F	There are very few sources of RLNG, the key source being IOC's upcoming LNG Terminal. A lot of bidders will be looking at this terminal as the source for their pipeline. However, IOCL has already submitted an EOI for a NG pipeline from Ennore to Nagapattinam. What are PNGRB's views with respect to underutilization of either of these two pipelines from Ennore?	Clause No. 17.2.3 of the Application cum Bid document may be referred to.
G	With reference to Clause No. 17.2.1, spurline to Renigunta will be about 60 KM in length. PNGRB may please clarify the above and the tariff applicable for Renigunta customers.	Clause No. 17.2.1 of ACBD refers to the EOI received by PNGRB. Further, as per Clause No. 17.2.2 and Annexure-1 of ACBD, pipeline from Sulurpet to Renigunta has been also considered as main trunk pipeline as a part of Ennore-Nellore natural gas pipeline.
H	In case a customer is located beyond the corridor length from the surface of the pipeline, will the authorized transporter be under obligation or will be entitled to provide connectivity to such a customer? In case of such connectivity beyond the tariff corridor, what would be the basis for application of zonal tariff?	Provisions of the Regulation 2(h) (ii) and Service Obligations specified in Clause No. 1(g) of Schedule-J of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008 shall be applicable i.e. the authorized entity can provide customer connectivity within a tariff zone only.
I	During the economic life of the proposed NGPL, if there is any emergence of any new gas source or other NGPL which can provide the	As per the extant provisions of the notified Regulations, the authorized entity shall be under Service

	source of gas for the proposed pipeline, then whether the authorized transporter entity will be under an obligation or will be entitled to connect such a source with the proposed NGPL?	Obligations as specified in Clause No. 1(g) of Schedule-J of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008 with respect to the customer connectivity only and not the source connectivity.
J	PNGRB is requested to kindly confirm whether availability of natural gas and cost effectiveness of expanding an existing natural gas pipeline have been ascertained in respect of the EOI for the proposed pipeline in terms of Regulation 5(4)(a) and (b) of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008.	PNGRB has decided to invite bids for the proposed Ennore-Nellore natural gas pipeline based upon the EOI submitted by APGIC and subsequent public consultation process including the Open House discussion.
K	Regarding "authentic official documents" in evidence of gas sources for the proposed pipeline, PNGRB is requested to clarify with respect to the kind of authentication/certification required for gas sources by the bidder or whether authentication/certification by the third party expert is required?	Clarification at S. No. E may be referred to.
L	The Feasibility Report to be submitted requires Market Survey and Sector-wise realistic gas demand assessment along the proposed natural gas pipeline. Since demand estimation is subjective assessment, criteria for establishing validity of demand numbers may be clarified in view of it being one of the biddable items.	Clause No. 17.2.3 of the Application cum Bid document may be referred to. Further, the biddable parameters are "Unit natural gas pipeline tariff bid" as per Regulation 7(1)(a) and "Natural Gas Volumes bid" for transport in the natural gas pipeline as per Regulation 7(1)(d) of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008.

M	It needs to be clearly spelt out in the bid document that common carrier volume is excluded in financial bid. Otherwise, if some bidder includes it then he may win the bid on this account.	Clause No. 13.4 of the Application cum Bid document may be referred to. Further, Grant of authorization shall be subject to the condition that the authorized entity shall be required to create minimum 33% additional capacity over and above the volume quoted in the financial bid. As the bidder has no control over the common carrier volume and since the volume number to bid is the volume committed by the bidder, the common carrier volume cannot be committed by the bidder.
Queries Raised by APGDC		
N	PNGRB is requested to clarify whether the requirement of minimum combined net worth shall be evaluated separately for different bids under consideration?	Minimum eligibility criteria for distinct bids shall be evaluated separately.
O	PNGRB to confirm whether the overall length of the proposed pipeline shall be within +/- 10% so that any length more than 300 KM shall be treated is falling within the single tariff zone and no benefit of treating partial length as 2nd tariff zone.	Clause No. 13.4 of the Application cum Bid document may be referred to. However, it is clarified that no additional tariff other than Zone-1 tariff shall be levied by the authorized entity from any consumer for the natural gas transported through the proposed pipeline.
P	PNGRB to confirm whether the proposed pipeline route may vary without changing the locations of the terminal points?	Regulation 13(3) of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008 may be referred to.
Q	Instead of connecting Ennore to Sullurpeta, Ennore and Srikalahasti is connected via Tiruthani to cater to	Provisions of the Regulation 13(3) of the PNGRB (Authorizing Entities to Lay, Build, Operate or

	natural gas demands of large number of consumers and considering viabilities, terrain conditions. Sullurpeta is connected by a branch line from Srikalahasti. PNGRB may please confirm.	Expand Natural Gas Pipelines) Regulations, 2008 shall be applicable with respect to re-routing of the pipeline.
Query Raised by M/s LNG Bharat Private Limited		
R	PNGRB is requested for either considering Krishnapatnam Port as an injection point to the proposed Ennore-Nellore pipeline or to consider the injection point near to the Port on the main pipeline at Venkatachalam which is about 30 KM from the Port.	Considering the information provided by M/s LNG Bharat Private Limited (LNGBL) regarding their upcoming Floating Storage Unit based LNG Import Terminal (FSU-LNGIT) at Krishnapatnam Port, Andhra Pradesh, the likely commissioning date of which has been indicated by LNGBL as July/August-2014, it has been decided to consider the injection point on the proposed Ennore-Nellore pipeline route at Venkatachalam, which is approximately 30 KM from the Krishnapatnam Port. The above additional source connectivity to the upcoming FSU-LNGIT at Krishnapatnam shall have to be synchronized with the commissioning of the FSU-LNGIT and requisite Re-Gasification facility. Information provided by LNGBL vide letter dated 06.09.2013 is at Annex-1. However, with the increase in length of the proposed pipeline from 220 KM to 250 KM, the Minimum Combined Net Worth required shall be Rs. 125 crores instead of Rs. 110 crores mentioned at Page 3 of ACBD.

S	PNGRB is requested to consider the design of the pipeline such that RLNG should be able to flow from Krishnapatnam Port to Chennai customers also.	Clause Nos. 17.4.2 and 17.4.3 of the Application cum Bid document may be referred to.
Query Raised by M/s KEI-RSOS Petroleum & Energy Pvt. Ltd.		
T	PNGRB is requested to incorporate a spur-line from the proposed pipeline to Krishnapatnam Port to evacuate gas if any LNG Import Terminal gets developed in future.	Clarification at S. No. R may be referred to.
U	PNGRB is requested to consider the design of the pipeline such that gas can flow from either direction.	Clause Nos. 17.4.2 and 17.4.3 of the Application cum Bid document may be referred to.

The above clarifications shall constitute a part of the Application-Cum-Bid Document and shall be duly signed and submitted along with the bid document by the authorized signatory of the bidder.

Yours faithfully,

Encl: Annex-1

(K. Rajeswara Rao)
OSD (R)

ANNEX - I

LNG BHARAT Private Limited

LNGBL / PNGRB / GasPipe / 060913 06 Sept 2013

The Chairman
Petroleum & Natural Gas Regulatory Board,
First Floor, World Trade Centre,
Babur Road, New Delhi – 110001

Kind Attention: Sri K Rajeswara Rao, OSD (R)

Sub: PNGRB Bid No. BID / NGPL / 6 / 2013 / 2 / ENPL – Application cum Bid document for Authorization of Natural Gas pipeline from Ennore (Thiruvallur District, Tamil Nadu) to Nellore (Sri Potti Sri Ramulu Nellore District, Andhra Pradesh) and Renigunta (Chittoor District, Andhra Pradesh)

Dear Sir,

Please refer to the following, pertaining to the above mentioned subject:

(a) This office letter LNGBL / EOI / NGPL / BID / 6 / 2013-2 / 01 dated 25 July 2013.
(b) Discussions during the Pre-bid conference at PNGRB on 02 Sept 2013.

Sir, we are thankful to PNGRB for giving us an opportunity to participate in discussions during the Pre-bid conference. As directed by the honourable Chairman, PNGRB during the meeting, we submit the following for your consideration.

(a) We are pleased to introduce ourselves as M/s LNG Bharat Private Limited (LNGBL) with it's registered office located at 10-3-316 / A, Masab Tank, Hyderabad as a company working towards setting up a 3.5 MMTPA Floating LNG import Terminal and supplier of Natural Gas / R-LNG on the East Coast of India.
(b) The memorandum and articles of association of the company and the Registration Certificate is placed at Enclosure 1.
(c) LNGBL is setting up a 'Floating Storage Unit based LNG Import Terminal at Krishnapatnam Port, Andhra Pradesh', which is likely to be commissioned by July / Aug 2014.
(d) The detailed brief explaining the various components of the Project viz., Port, Floating Storage, Land based operations (buffer tanks, loading / unloading facilities, transportation by Cryo trucks etc); Project concept; Organization chart depicting the responsibilities; Project Schedules leading to the commissioning of terminal by Aug 2014 etc is placed as APPENDIX.

LNG BHARAT PVT LTD HYD RJY

Plot No.C-156, Aishwarya Enclave, Venkateswara Nagar, Wellness Road, Rajahmundry (AP) – 533103.
Tel: 0883-2423562 / 2427074 Fax: 0883-2427575, Email: ceoplbl@yahoo.com
Regd. Office: 10-3-316/A, Masab Tank, Hyderabad – 500028.

(e) We take pride in mentioning that one of the the pioneers for LNG projects in India – **Shri Sham Sunder, the first Director 'Tech' of Petronet – is heading our Project Management team and advising us.**

(f) It may please be noted that the LNG berth & Port services are being looked after by the Krishnapatnam Port Company Ltd; the FSU and LNG sourcing is being taken up by a reputed Singapore based company; the land based cryogenic operations including the FEED, statutory clearances from PESO etc are being looked after by M/s INOX India Ltd, and the same is overseen, in the advisory capacity, by M/s SSB Cryogenics Pte Ltd, Singapore.

(g) A number of customers in and around Chennai have expressed their interest and have requested LNGBL to arrange supply of LNG.

(h) In addition, Madras Fertilizers Limited, Manali, Chennai is actively considering to receive RLNG from LNG BHARAT. A letter of intent issued by M/s MFL is placed at Enclosure 2.

(i) LNGBL has agreed to supply LNG in Cryo trailers from Aug 2014 till the commissioning of Pipe line and subsequently will supply RLNG from Krishnapatnam Port to various customers.

(j) It may be appreciated that Krishnapatnam Port Company Limited have already given an undertaking letter about the support to LNG Bharat and the same is placed as Enclosure 3.

(k) The Krishnapatnam port already has the MoEF permission to build a berth and we have already applied to Ministry of Environment and Forests for undertaking LNG operations at this berth. This office letter No. LNGBL / Vimta / MoEF / 01042013 dated 01 Apr 2013 along with Form 1 is placed as Enclosure 4. The same is under active processing and renowned M/s Vimta Labs, Hyderabad are our Environmental consultants.

(l) LNGBL will formally apply for registering this proposed 'FSU based LNG Import Terminal at Krishnapatnam Port' with PNGRB shortly.

(m) After thoroughly examining the progress made by LNG BHARAT, the Fertilisers major M/s IFFCO is in active discussions with our company for supply of 3 MMSCMD of RLNG thorugh this terminal inorder to set up their Green-field Urea plant at the IFFCO KISAN SEZ located 25 km from the Krishnapatnam port.

Sir, we trust that the appended information will give PNGRB the confidence that the project of 'setting up of a FSU based LNG Import Terminal at Krishnapatnam Port' is in an advanced stage.

We therefore request PNGRB to:

(a) Kindly consider and incorporate Krishnapatnam Port as an 'injection point' to the proposed Ennore – Nellore pipe line.

(b) In case if it is not possible to divert the pipe line via Krishnapatnam Port, we request you to consider the injection point near to the Port (about 30 kms from Port) on the main Pipe line at a village on the National Highway

LNG BHARAT PVT LTD HYD RJY

Plot No.C-156, Aishwarya Enclave, Venkateswara Nagar, Wallace Road, Rajahmundry (AP) – 533103.
Tel: 0883-2423562 / 2427074 Fax: 0883-2427576, Email: [redacted]
Regd. Office: 10-3-316/A, Masab Tank, Hyderabad – 500 028.

called Venkatachalam. A proposed copy of the drawing depicting this injection point is placed at Enclosure 5.

(c) The main pipe line should be so designed that RLNG should be able to flow from Krishnapatnam Port to Chennai customers – design should be 'bi-directional flow' in accordance with Clause 17.4.2

Thanking you sir,

Yours faithfully,
For LNG Bharat Pvt Ltd

Capt GVR Murty (IN, Retd)
Senior Vice President

LNG BHARAT PVT LTD HYD RJY

Encl: As above

Plot No:C-156, Aishwarya Enclave, Venkateswara Nagar, Walkers Road, Rajahmundry (AP) - 533103.
Tel: 0883-2423562 / 2427074 Fax: 0883-2427376, Email: xxxxxx@yahoo.com
Regd. Office: 6-3-866/A, Masab Tank, Hyderabad - 500028.