

**पेट्रोलियम एवं प्राकृतिक गैस विनियामक बोर्ड**  
**Petroleum and Natural Gas Regulatory Board**  
प्रथम-तल, वर्ल्ड ट्रेड सेंटर, बाबर रोड, नयी दिल्ली - 110001

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Ref.: Infra/PL/Bid/NGPL/KSPL/2013/01

17.10.2013

To

All Prospective Bidders  
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**Sub: Pre-bid meeting and Clarifications related to Kakinada-Srikakulam Natural Gas Pipeline (Bid No.: BID/NGPL/06/2013/1/KSPL)**

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 Kakinada-Srikakulam natural gas pipeline, following clarifications are being issued:

S/N	Query Raised	Clarification
<b>Queries raised by GAIL(India) Limited</b>		
A	As per Clause No. 13.1 of the Application cum Bid document (ACBD), PNGRB has invited the bids for single tariff zone considering the pipeline length of 275 KM. In case of extension of the pipeline beyond 300 KM or more than 10% length on both sides in later years, is it allowed to connect customers out of tariff zone and if yes, how the tariff zone concept would be applicable. Would there still be a single zone tariff applicable?	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.
B	PNGRB is requested to clarify the Note#1 in clause (A) of the	Note#1 in clause (A) of the Financial Bid form regarding PV of the Unit

	<p>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.</p>	<p>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.</p> <p>The present bid for Kakinada-Srikakulam 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.</p>
<p>C</p>	<p>PNGRB is requested to clarify the Note#1 in 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.</p>	<p>Note#1 in 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.</p> <p>The present bid for Kakinada-Srikakulam 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</p>

		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.
D	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 275 (+/- 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.
E	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?	Clarification at S. No. A may be referred to.
F	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 Obligations as specified in Clause No.

	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?	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.
G	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 Kakinada-Srikakulam natural gas pipeline based upon the EOI submitted by APGIC and subsequent public consultation process including the Open House discussion.
H	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. D may be referred to.
I	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.

J	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.
<b>Queries Raised by APGDC</b>		
K	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.
L	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 as falling within the single tariff zone and no benefit of treating partial length as 2 <sup>nd</sup> 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.
M	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.

<b>Queries Raised by GITL</b>		
N	<p>Since the map issued with bid is meant for representation and without specifying the coordinates of originating and end point, as per Section 13.1 of the bid can any bidder vary either of or both the originating and end point up to +/- 10%? Further, in that case is it possible to add at one end and subtract at other side. GITL proposes Mallavaram-Bhopal-Bhilwara-Vijaipur natural gas pipeline (MBBVPL) SV-1 station as connectivity point for KSPL project.</p>	<p>Attached map is only indicative in nature and for reference purpose only. The bidder shall carefully study the Route of the Natural Gas Pipeline before submitting their Application-cum-Bid. Further, the provisions of the Regulation 13(3) of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008 are applicable with the purpose of re-routing.</p> <p>It is clarified that the originating and end points of the proposed pipeline shall remain unchanged.</p> <p>The bidders may note the proposal of GITL regarding SV-1 station of MBBVPL as connectivity point for KSPL project.</p>
O	<p>Sufficient space requirement (Minimum 50x50 meters) to be provided by LNG/FSRU terminal owners within their premises to authorized entity owning the common or contract carrier natural gas pipeline existing in the vicinity of the new gas source/injection point. What if the LNG Terminal owner declines to allot minimum space in their premises on whatsoever grounds and requisite space is not available outside the terminal premises due to Port Area and/or Notified Area?</p>	<p>The bidders shall examine such issues and make their own arrangement to obtain minimum space required from the concerned agencies.</p>

P	<p>PNGRB is requested to direct the LNG/FSRU terminals to publish their gas composition and process parameters at custody transfer point including their minimum and maximum volume.</p>	<p>Clause No. 17.2.3 of the Application cum Bid document may be referred to.</p>
Q	<p>In case where the tariff zones of two NG pipelines (say MBBVPL and KSPL) authorized by PNGRB under bidding route, overlaps then how PNGRB intends to protect the interest of both authorized entities w.r.t. a particular customer which falls in the overlapping tariff zone.</p>	<p>Consumers falling in the overlapping tariff zone will have choice to get natural gas pipeline connectivity from either or both natural gas pipelines.</p>
R	<p>Dedicated pipeline from the source shall also be developed by the authorized entity, in case there is any demand by any end user. The first Right of Refusal shall be with the transportation company. PNGRB to clarify the case to protect the interest of transmission company.</p>	<p>Approval for laying, building, operating or expanding dedicated natural gas pipeline shall be governed as per the provisions of the Regulation 19(2) of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008.</p>
S	<p>PNGRB may consider 95 barg delivery pressure at entry points to attain higher volumetric throughput, ease of operability and adequate pressure at exit points for end users. Further, PNGRB may clarify under which natural gas Regulations, this proposed entry and exit point pressure is covered.</p>	<p>Delivery pressure at entry points and re-delivery pressure at exit points have been specified in the Clause No. 17.4.2 of the Application cum Bid document with respect to the capacity determination for suitable designing of the proposed pipeline by all bidders on the common platform and the same are minimum pressures to be considered by the bidder.</p>
T	<p>Whether GITL qualifies as per Regulation 5(6) (b) (iv) and 5(6)(c)(iv) in case it submit credible plan and other details including adequate manpower appointed on</p>	<p>The bidder shall fulfil the minimum eligibility criteria as specified in clauses (a) to (j) of sub-regulation 6 of the Regulation 5 of the PNGRB</p>

	permanent rolls and experience/qualifications as per point 6(e) of ACBD, though it has not laid/built hydrocarbon pipelines or has no experience in O&M of natural gas pipeline	(Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008
U	During GITL's Board meeting, all promoters of GITL viz. GSPL, IOCL, BPCL and HPCL have agreed in-principle to bid for the Kakinada-Srikakulam project and if required may amend the existing JV agreement to execute the Kakinada-Srikakulam project through GITL. Whether the technical qualifications of any of the promoters of existing company i.e. GITL and combined net worth jointly of all promoters can be considered for the bidding entity i.e. GITL?	
<b>Queries Raised by EPIL</b>		
V	Against EOI by IOCL, M/s RUPL had indicated the proposed pipeline to be in direct competition with the NG pipeline for which have the authorization from GoI. PLNG may please elaborate the status of authorization with M/s RUPL.	M/s Indian Oil Corporation Limited (IOCL) has not submitted any EOI for the Kakinada-Srikakulam natural gas pipeline. However, it is clarified that Ministry of Petroleum & Natural Gas vide letter dated 24.09.2012 has rescinded the authorization for the Kakinada-Basudebpur-Howrah natural gas pipeline granted to M/s RELOG.
W	During Open House held for Unbundling of Transportation and Marketing of Petroleum products, there was unanimous agreement on importance of unbundling transportation and marketing activities. It was also suggested that	PNGRB has not yet taken any decision on mandating of unbundling of transportation and marketing of natural gas.

	for new bids for NG pipelines, unbundling of transportation and marketing should be made mandatory at the bidding itself so that the winning entity can maintain financial records suitable from the very beginning. This shall also provide level playing field to participating entities who are not authorized to market natural gas in the country.	
X	Natural Gas intake point and battery limited conditions have not been mentioned.	Clause No. 17.2.3 and 17.4 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,

(K. Rajeswara Rao)  
OSD (R)