Annex-I

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, PART III, SECTION 4, EXTRAORDINARY]

# NOTIFICATION

## THE PETROLEUM AND NATURAL GAS REGULATORY BOARD

New Delhi, the 8th August 2014

F. No. PNGRB/NGPL/REGULATIONS/AMEND-2014-In exercise of the powers conferred by section 61 of the Petroleum and Natural Gas Regulatory Board Act, 2006 (19 of 2006), the Petroleum and Natural Gas Regulatory Board hereby makes the following regulations, namely:-

1. Short title and commencement.

*(1)* These regulations may be called the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Amendment Regulations, 2014.

*(2)* They shall come into force on the date of their publication in the Official Gazette.

2. In the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008,-

(A) in regulation 2, in sub-regulation (1), after clause (h), the following shall be inserted, namely:-

' (i) "tie-in connectivity" means the natural gas pipeline connectivity for transport of natural gas between a common carrier or contract carrier natural gas pipeline and any one of the following, namely:-

(a) a natural gas source; or

(b) a new injection point from another common carrier or contract carrier natural gas pipeline.';

(B) in regulation 5,-

(i) in sub-regulation (6), for clause (i), the following shall be substituted, namely:-

" (i) entity submitting the bid shall not have been imposed any penalty under section 28 or no *prima-facie* case punishable under Chapter IX of the Act has been made out during the period of preceding one year from the last date for submission of the bid." ;

(ii) in sub-regulation (8), the following proviso shall be added, namely:–

"Provided that the Board may extend the date for submission of bid as deemed fit for the reasons to be recorded in writing and the decision in this regard shall be webhosted.";

(C) in regulation 7, in sub-regulation (1),-

(a) in clause (b), for the brackets and words "[*a single number is to be bid*]", the following shall be substituted, namely:-

"[a single number lower than one hundred per cent. is to be bid]";

(b) in clause (c), for the brackets and words "[*a single number lower than one hundred percent is to be bid*]", the following shall be substituted, namely:-

"[a single number lower than fifty per cent. is to be bid]";

(D) in regulation 9, in sub-regulation (3), the following provisos shall be added, namely: –

"Provided that the entity may induct eligible new partner as long as it remains a lead partner without impacting the eligibility criteria as provided in the regulations:

Provided further that, for the purpose of remaining to be a lead partner, the entity shall have equity of more than fifty per cent. after inducting the new partner.";

(E) in regulation 12, after sub-regulation (2), the following shall be inserted, namely:-

"(3) The provisions regarding expansion of capacity in natural gas pipeline under sub-regulations (1) and (2) shall be applicable to all natural gas pipelines either authorized by the Board under regulation 4, 18 or 19 or accepted under regulation 17 as authorized by the Central Government:

Provided that the entity shall keep separate accounts for the above mentioned expansion with detailed break-up of capital expenditure, operational expenditure and volume transported and shall submit the reports at the end of the relevant financial year duly certified by a Chartered Accountant.";

(F) regulation 21 shall be re-numbered as regulation 22 and before regulation 22 as so re-numbered, the following shall be inserted, namely:-

**"21. Provisions regarding tie-in connectivity or extension of natural gas pipeline or laying of spur-lines.**

(1) **<u>Tie-in Connectivity:</u>**

(a) In case of the upstream connectivity requirement near a common carrier or contract carrier natural gas pipeline, a detailed proposal for the connectivity shall be submitted by the concerned entity to the Board indicating the details of the gas sources or injection points facilities, existing natural gas pipeline infrastructure in vicinity and demand-supply projections along with the length and capacity of the proposed tie-in connectivity.

(b) The Board shall webhost the proposal for a period of thirty days for initiating the public consultation process seeking views and comments from the stakeholders.

(c) Based upon the views and comments received during the public consultation process, the Board may conduct an open house discussion with the stakeholders who have provided their views.

(d) The Board may authorize such tie-in connectivity as per the following methodology, namely:-

(i) tie-in connectivity shall be preferably constructed by the entity owning the common carrier or contract carrier natural gas pipeline existing near the gas source or injection point provided that the length of such tie-in connectivity is twenty per cent. of the authorized length of the common carrier or contract carrier natural gas pipeline subject to a maximum of 200 kilometer:

Provided that in case of more than one natural gas pipeline existing near the gas source or injection point, the entity owning and operating the common carrier or contract carrier natural gas pipeline nearest to the natural gas source shall have first right of refusal for laying tie-in connectivity subsequently in the order of physical proximity:

Provided further that in case the entities owning and operating the common carrier or contract carrier natural gas pipeline refuse to lay the said tie-in connectivity, the Board may authorize the interested entity who initiated the proposal with the terms and conditions to lay the said tie-in connectivity and in such a case, the interested entity shall be considered as "shipper" in terms of the Petroleum and Natural Gas Regulatory Board (Access Code of Conduct for Common Carrier or Contract Carrier Natural Gas Pipelines) Regulations, 2008.

(ii) in case the tie- in connectivity is resulting in to expansion of natural gas pipeline, the applicable tariff methodology shall be as provided in regulation 12.

(iii) the Board may also consider inviting bids for the subject tie-in connectivity as per the provisions of sub-regulation (5) of regulation 5.

(iv) any proposal to construct tie-in pipeline connectivity exceeding the length as provided in sub-clause (i) shall be dealt in line with the relevant provisions of the regulations for competitive bidding route;

**(2) Extension of a natural gas pipeline:**

(i) The entity may extend the authorized length of the natural gas pipeline up to ten per cent. or 50 kilometer whichever is lower from the point of origin or the end point in the demand centres outside the existing tariff zone and shall submit to the Board the full particulars, map of all facilities including justification for the proposal and seek prior authorization from the Board:

Provided that in case of any technical constraints, the allowed variation in the originating point of such extension of the natural gas pipeline from the point of origin or the end point shall not exceed beyond the nearest sectionalizing valve (SV) station. However, the entity shall be required to provide the detailed justifications for the technical constraints.

(ii) The Board after public consultation shall give a decision to the entity within sixty days of the receipt of the request. In case, no communication is sent by the Board in the aforesaid sixty days, the above request shall be deemed to have been approved.

(iii) There shall be no change in the natural gas pipeline tariff post-extension.

(iv) Any proposal to extend the authorized length of natural gas pipeline beyond ten per cent. or 50 kilometer whichever is lower shall be submitted to the Board for authorization in line with the provisions of the Act as well as regulations.

**(3) Laying of spur-lines:**

No separate authorization is required for laying spur-lines originating from the authorized natural gas pipelines within its tariff zone as per clause (h) of sub-regulation (1) of regulation (2) and during its economic life, so long as the usage or purpose of the pipeline already authorized is not changed subject to the spur-lines meeting all

requirements provided in clause (o) of regulation 2 of the Petroleum and Natural Gas Regulatory Board (Determining Capacity of Petroleum, Petroleum Products and Natural Gas Pipeline) Regulations, 2010, defining spur-line:

Provided that if a spur-line is proposed beyond the limits of tariff zone, the admissible tariff shall be the applicable tariff of the tariff zone from which the tap-off for the spur-line is taken:

Provided further that in such instances beyond tariff corridor, the entity initiating the request shall inform the Board of its intentions along with the full details on the spur-line length, route, capacity and details of the customers to be served and the Board after public consultation shall give its decision to the entity within sixty days of the receipt of the request. In case, no communication is sent by the Board in the aforesaid sixty days, the above request shall be deemed to be approved for authorization."

के. राजेश्वर राव/K. Rajeswara Rao
ओएसडी (आर)/OSD (R)
पेट्रोलियम और प्राकृतिक गैस विनियामक बोर्ड
Petroleum & Natural Gas Regulatory Board
प्रथम तल, वर्ल्ड ट्रेड सेन्टर
1st Floor, World Trade Centre
बाबर रोड, नई दिल्ली 110001
Babar Road, New Delhi-110001

K. Rajeswara Rao, OSD(R)

Foot Note: Principal regulations were notified vide No. G.S.R.340 (E) dated 6th May 2008 and subsequently amended vide G.S.R. 802(E) dated 19th November 2008, G.S.R. 769(E) 20th October 2009, G.S.R. 38 (E) dated 18th January 2010, G.S.R. 480(E) dated 7th June 2010, G.S.R. 594(E) dated 9th July 2010 and F. No. PNGRB/M(C)/48 dated 17th February 2014.

Annex-II

# गेल (इंडिया) लिमिटेड

(भारत सरकार का उपक्रम-
महारत्न कम्पनी)

# GAIL (India) Limited

(A Government of India Undertaking-
*A Maharatna Company)*

**Ref: Bid No.: BID/NGPL/07/2014/1/ETBPNMTPL/613** **Date: 01st August, 2014**

Secretary,
Petroleum and Natural Gas Regulatory Board,
1st Floor, World Trade Centre, Babar Road,
New Delhi – 110 001

**Subject: Request for minor modification in Bank Guarantee text for Bid Bond**

Sir,

This is in reference to PNGRB's invitation for application-cum-bid for grant of authorization for laying, building, operating or expanding Ennore–Thiruvallurbengaluru-Puducherry–Nagapattinam-Madurai-Tuticorin natural gas pipeline spanning 1175 kilometers excluding spur-lines through Bid No. BID/NGPL/07/2014/1/ETBPNMTPL.

Along with Application-cum-Bid for the referred bid, Bidder shall also furnish a Bid Bond by Demand Draft or Pay Order or Bank Guarantee. The text of the Bank Guarantee is attached as Annexure-11 in the referred Bid Document.

Based on the recommendations/suggestions received from the issuing bank, we request you to authorize following modifications in the text of the Bank Guarantee for Bid Bond:

1. In Clause 2 second line, the word **"inclusive"** may be replaced with **"conclusive"**
2. In Clause 8 after the end of the sentence, the text **"and on receiving written request from Bidder"** may be added.
3. In Clause 10 third line after the word "Board of Directors", the text **"/Any other Authorisation Manual or Document (please indicate whichever applicable)"** may be inserted.

The mark-up version of Bank Guarantee Format after incorporating the above proposed modifications is attached as **Annexure-A**.

It is requested that the above proposed modifications may be approved by PNGRB for incorporation in the Bank Guarantee format for Bid Bond for submission along with the Bid.

Any communication regarding the above may be sent at:

General Manager (RA)
GAIL (India) Limited,
GAIL Bhawan, 16, Bhikaiji Cama Place,
R.K. Puram, New Delhi-110066
Phone: 011-26180150
E-mail: nsp@gail.co.in

Thanking You,

Yours faithfully

For GAIL (India) Limited,
(Authorised Signatory)
एन. एस. पार्थासारथी / N. S. Parthasarathy
महाप्रबंधक (आर.ए.) / General Manager (RA)
गेल (इण्डिया) लिमिटेड / GAIL (India) Ltd.
16, भीकाएजी कामा प्लेस / 16, Bhikaiji Cama Place
नई दिल्ली110066 / R. K. Puram, New Delhi-110066

Encl:
Annexure-A

Annexure-A

Format for BANK GUARANTEE
(BID BOND GUARANTEE) - UNCONDITIONAL
(TO BE STAMPED IN ACCORDANCE WITH STAMP ACT)

Ref: Bank Guarantee No.:
Date:

To
The Secretary,
Petroleum & Natural Gas Regulatory Board
World Trade Centre, 1st Floor,
Barakhamba Lane, Babar Road, New Delhi – 110 001
INDIA

Dear Sir/s,

TENDER NO. _____ FOR NATURAL GAS PIPELINE FROM _____to _____

WHEREAS (name of the bidder/company) (HEREINAFTER CALLED „Bidder") has submitted his/its Bid dated ..... for the natural gas pipeline along the route from .....to..... (hereinafter called the „Bid") which has a stipulated bid bond amount of Rs. .....(Rupees.....).
This DEED OF BID BOND GUARANTEE is made on this ..... DAY OF.....by (name of the BANK) having its Head Office at.....(hereinafter called the "Bank" which expression shall wherever the context so admit, include its executors, administrators and successors) in favour of the Petroleum & Natural Gas Regulatory Board, 1st Floor, World Trade Centre, Babar Road, New Delhi – 110 001(hereinafter called „PNGRB")
NOW THEREFORE THE BANK THROUGH THIS DEED OF BID BOND GUARANTEE AGREES AS FOLLOWS:

1. The Bank, do hereby guarantee to undertake to pay the PNGRB on demand any and all sums payable by the bidder, the bid bond amount, as aforesaid at any time up to _____ (Period) without a reference to the bidder.
2. Any such demand, as specified in clause 1 above, made by PNGRB, on the bank, shall be ~~inclusive~~ conclusive and binding notwithstanding any dispute or difference between PNGRB and the Bidders or any dispute pending before any Court, Tribunals, arbitrators or any other Authority.
3. The bank hereby undertakes not to revoke this guarantee during its currency without prior approval of PNGRB in writing.
4. The Bank further agrees that the guarantee herein contained shall continue to be enforceable till the PNGRB discharges this guarantee.
5. PNGRB shall have the sole authority and liberty, without affecting this guarantee, to postpone from time to time the exercise of any power vested in them or of any right which they might have against bidder, and to exercise the same at any time in any manner, or to enforce or to forebear to enforce any covenants express or implied, in the aforementioned bid between PNGRB and bidder or any other course including security given to PNGRB.

6. The BANK shall not be released of its obligations by any exercise by PNGRB of its liability with reference to the matters aforesaid or any of them or by reason or any other acts of omission or commission on the part of PNGRB or any other indulgence shown by PNGRB or by any other matter or thing whatsoever which under law would, but for this provision, have the effect or relieving the BANK.
7. The BANK agrees that PNGRB at its option shall be entitled to enforce this Guarantee against the Bank as a Principal debtor, in the first instance without proceeding against bidder and notwithstanding any security or other guarantee that PNGRB may have in relation to the bidder's liabilities.
8. Notwithstanding anything contained in Clauses 1 to 7 above, the Bank's liability under this Guarantee is restricted to and it shall remain in force up to and including _____and shall be extended from time to time for such period as may be desired by the PNGRB and on receiving written request from Bidder.
9. The Bank hereby affirm that we are guarantors and responsible to PNGRB on behalf of the bidder up to a total amount of .....(amount of guarantees in words and figures) and we undertake to pay PNGRB, upon PNGRB"s first written demand on declaring the bidder to be in default under the bid and without caveat or demur of any kind whatsoever , any sum or sums within the limits of .....(amount of guarantee) as aforesaid, without PNGRB needing to prove or show grounds or reasons for PNGRB"s demand or the sum specified therein.
   This guarantee is valid until the _____day of _____20.... and is payable at New Delhi.
10. The Bank, hereby affirms that it has power to issue this guarantee in favor of PNGRB under the Memorandum of Association and Articles of Association and the undersigned has full power to do so under the Power of Attorney/Resolution of the Board of Directors/Any other Authorisation Manual or Document (please indicate whichever applicable) dated _____ accorded to him by the bank.
11. IN WITNESS WHEREOF the Bank has executed this deed of Bid Bond Guarantee on..... Day of .....20..... , in the presence of:

| | |
|---|---|
| WITNESS1: | **BANK RUBBER** |
| NAME | **(NAME)** |
| (SIGNATURE) | |
| WITNESS2: | **STAMP (NAME)** |
| NAME | (OFFICIAL SEAL) Designation with bank stamp plus Attorney as per Power Of Attorney/Resolution Board of Directors |
| (SIGNATURE) | |
| Date: | |