

September 2017

Draft Revised Internal Guidelines for grant of NOC/Permission for (i) supply/distribution of CBM/natural gas through cascades; and (ii) setting up of CNG Daughter Booster Stations (DBS), in the areas where Board has not yet authorised any entity for developing or operating CGD networks

1. PNGRB has been issuing No Objection Certificates (NOC)/Permissions for supply/distribution of CBM/natural gas through cascades; and (ii) setting up of CNG Daughter Booster Stations (DBS), in the areas where Board has not yet authorised any entity for developing or operating CGD networks.
2. As per the provisions of the Petroleum and Natural Gas Regulatory Board Act, 2006 and the Regulations notified there under, the Board grants authorisation for development of CGD networks in the specified Geographical Areas (GAs) through bidding process. As per extant provisions of the Petroleum and Natural Gas Regulatory Board (Authorising Entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Regulations, 2008,-
 - i. Customers having requirement of natural gas upto 50,000 SCMD shall be supplied through the City or Local Natural Gas Distribution (CGD) network;
 - ii. Customers having requirement of natural gas more than 50,000 SCMD and upto 1,00,000 SCMD shall be supplied through the CGD network or through a pipeline not forming part of the CGD network; and
 - iii. Customers having requirement of natural gas more than 1,00,000 SCMD shall be supplied through a pipeline not forming part of the CGD network.
3. Further, vide Public Notice dated 27th July 2010, PNGRB has *inter alia* advised the entities not to set up any CNG station without specific consent of the Board. Subsequently the PNGRB has issued Guidelines for natural gas marketing in the areas yet to be authorised by PNGRB/outside authorised GAs on 23rd August 2013.

4. Depending on the natural gas pipeline connectivity/natural gas availability, PNGRB is including the identified GAs in a phased manner in the CGD bidding rounds for grant of authorisation. It would take considerable time to create necessary infrastructure to cover all the GAs in the bidding rounds and to grant authorisations by the Board for development of CGD networks. Hence, in order to ensure availability/supply of natural gas to the customers whose requirement has to be met by the CGD network as mentioned above and to encourage development of natural gas market, PNGRB has been granting NOC/Permission as per internal guidelines dated 23.08.2013 for (i) supply/distribution of CBM/natural gas through cascades; and (ii) setting up of CNG Daughter Booster Stations (DBS), in the areas where Board has not yet authorised any entity for developing or operating CGD networks.
5. However, based on the experience gained by dealing various issues being faced, existing guidelines have been reviewed and necessary changes have been carried out and this draft revised guideline has been prepared.
6. Entities having net worth of more than Rs. 4 Crore, desirous of supplying/distributing natural gas through cascades to specific customers having requirement of less than 50,000 SCMD and/or setting up of CNG Daughter Booster Stations (DBS), in an area yet to be covered under any GA authorized by PNGRB may apply to PNGRB with an application fee of Rs 20,000/- per DBS in case of application for DBS and Rs 20000/- per Industrial Consumers in case of application for supply through cascade to Industrial consumers for NOC/permission giving details such as :
 - (i) Gas source (firm natural gas supply agreement or Heads of Gas Supply Agreement (HOA/ Memorandum of Understanding (MOU) for gas supply with natural gas producer/ marketer
 - (ii) Supply methodology, complying with Technical Standards and Specifications including Safety Standards
 - (iii) Volumes proposed to be supplied,
 - (iv) Details of proposed customers,
 - (v) Proximity of gas source to the customers,
 - (vi) Number and location of the CNG DB Stations duly earmarked on a map, etc. and
 - (vii) Such other details that may be required by the Board while processing the request/application.

However, if PNGRB has identified the proposed GAs for bidding within next 3 years, the application for NOC may not be processed for that GAs.

7. PNGRB will examine all such applications on case to case basis and may grant NOC/permission subject to the entity submitting the Bank Guarantee of Rs.5,00,000/- (Rupees Five Lakh)/DBS in case of application for DBS and Rs 5,00,000/- (Rupees Five Lakh)/ Industrial Consumers in case of application for supply through cascade to Industrial consumers as per the enclosed Proforma and subject to the following terms & conditions:

- (i) The Entity shall abide by the provisions of the Petroleum and Natural Gas Regulatory Board Act, 2006 and all the relevant Regulations notified there under from time to time.
- (ii) The Entity shall undertake supply/distribution of CBM/natural gas only through cascades and/or set up only the CNG DBS at the location (s) specified and shall not either create any infrastructure other than the specified CNG DB Station (s) or lay any natural gas pipelines (Steel or MDPE) outside the premises of these DB Stations (s) in the area.
- (iii) NOC/Permission may be issued for a period of three years or authorization of the GA, whichever is earlier. The same may be extended by PNGRB on request of the entity on yearly basis on case to case basis.
- (iv) In case the area in which supply/distribution of CBM/natural gas through cascades and/or setting up of CNG DBS are allowed is covered under any authorized GA in future, then the Entity shall obtain a prior approval from the authorized entity for continuation of such activities or shall cease its activities immediately, failing which PBG shall be invoked and it may be considered as violation of directions of PNGRB and action may be taken accordingly.
- (v) The Board shall not in any way be held responsible for any legal action/ cases arising out of the NOC/Permission given by it, nor shall it be made a party in any legal case between the Entity and any other entity.
- (vi) The Entity alone shall be responsible for any obligation arising out of grant of the NOC/Permission given by the Board.

- (vii) That the Entity shall not stand discharged for any claim in respect to payment/time period/ performance or any obligation arising out of the NOC/Permission granted by the Board.
- (viii) The grant of such NOC/Permission shall in no way be construed as amounting to grant of authorization in any form whatsoever for the area to the Entity under the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Regulations, 2008. Further, in case the Board does not approve authorization in favour of the Entity subsequently, for operating CGD network in the said area, the Entity shall be responsible for any consequential losses arising out of grant of such permission/NOC
- (ix) Even if the authorized entity grants an approval to the incumbent Entity for continuing the activity in the authorized area, the incumbent Entity shall continue to be responsible for all liabilities arising out of its activities.
- (x) The Entity shall obtain all other approvals that may be required and abide by the statutory requirements as may be applicable.
- (xi) PNGRB reserves the right to amend/cancel the NOC/Permission at any time.
