Date: January 23, 2018

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

Subject: Comments by Unison Enviro Private Limited (UEPL) on Public notice on draft on CGD bidding criteria

Reference -
1. UEPL/PNGRB/Public comment/2017/001

Dear Sir,

New Draft on bidding regulation is very progressive and will usher new dawn in CGD sector. It has addressed all concerns. With due respect to draft and its authors, UEPL would like to mention few recommendations which are listed below.

**Part A-UEPL strongly appreciates and suggests**-

A. UEPL stands by view of Committee report on Eligibility criteria (Technical & Financial), definition of Geographical Area, Period of exclusivity, and Access to third party, Performance Guarantee values.

B. It is big relief that bid bond value is no more bidding parameter. It will provide level playing field to PSU and private sector.

C. It is welcome move that weightage of inch km has been reduced. CGD has little control on Inch-Km. There is no uniform policy on permission for gas utility in terms of license fees, RI charges and time period to issue permissions. How can CGD bid for Inch-Km target on which it has partial control. The problem is further compounded if line is to be laid from private or ownership land. The land law and land prices are high in most of the cases. Permission papers are moved to Delhi or Mumbai even for simple crossings of few meters. Moreover inch-km shall be in sync with market demand and that is automatic process. It should withstand test of feasibility and economic sense. Inch-Km is function of domestic PNG connections and number of CNG stations.

D. PNGRB has defined time period of 180 days for gas transmission companies for providing connectivity. It was much needed. It is recommended to

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develop SOP and guidelines on cost of connectivity and responsibility of parties. It will help to fast track connectivity process.

Part B-UEPL wish to recommend that-

A. Bidding evaluation parameters shall be simple to measure, evaluate and calculate penalty in case of violation. Simple criteria will help regulator to implement rule effectively in time bound manner. It will eliminate delay and uncertainty due to pro longed judiciary process due to complex bidding criteria. It is recommended to keep Number of PNG connections, Inch-Km and Number of CNG stations as bidding parameters with weightage ratio of 70:20:10 respectively. Domestic connections need to be incentivized. The rest of development is function of number of domestic connections.

B. To avoid irrational bidding, PNGRB may provide base numbers for all these 3 parameters as per prevailing practice. Bidder can bid 100% above or below the base numbers.

C. Transportation rates for CGD and CNG-Though it has low weightage in bidding, it is recommended to exclude it from the process. It will help to simplify bidding process. PNGRB shall mention formula to calculate transportation rate one year before contract year. It shall be reviewed every 5 years by regulator by efficient operation bench mark method. **Tariff rate is function of efficient operation.** It is very difficult to predict for PNG/CNG tariff rate applicable after 8-10 years. There are many macro-economic, geographic and other political elements which makes it difficult to predict cost of tariff.

D. PNGRB may mention directive regulations to local bodies, government authorities (PWD,NHA,MIDC etc.), collector office to issue permission to CGD companies in time bound manner. It is one of major impediment in developing CGD infrastructure due to administrative ambiguity and absence of local political Will.

Yours Truly,

Vinod Papal
Head CGD Ratnagiri

Enclosed a/a: Ref.
Date: November 03, 2017

To,
Ms. Secretary
Petroleum and Natural Gas Regulatory Board
1st Floor, World Trade Centre, Barar Road,
New Delhi – 110 001
India.

Kindly address: Ms. Vandana Sharma.

Dear Sir/Madam,

Subject: Comments by Unison Enviro Private Limited (UEPL) on draft on CGD bidding criteria - Public notice dated 05.10.2017

Reference:
2. Committee report
3. MOM 25.09.2017 and MOM 15.03.2017
4. Stake holder comment

With all due respect to above reports, expert committee view and PNGRB regulations, UEPL would like to put forward its view as follows:

1. View on Recommendations:
   A. UEPL stands by view of Committee report on Eligibility criteria (Technical & Financial), definition of Geographical Area, Period of exclusivity, and Access to third party and connectivity.

   B. UEPL has reservation on bidding criteria recommended by Expert Committee report. Recommendations mentioned in “Stake holder comments” are worth to consider. Bidding criteria shall be simple to measure, evaluate and calculate penalty in case of violation. Number of low pressure domestic connection per year within the span of 10 years shall be sole criteria. This is the element which needs to be incentivized through bidding. Rest of the development will happen automatically. PNGRB shall levy penalty in proportion to shortfall of domestic connections. Period of review shall be 2 years. Simple criteria will help regulator to implement rules effectively in time bound manner. It will eliminate delay and uncertainty due to prolonged judiciary process due to complex bidding criteria.

2. Inch-Km criteria: It shall not be part of bidding criteria at all for 2 reasons:
   a. CGD has little control on Inch-Km. There is no uniform policy on permission for gas utility in terms of license fees, RFI charges and time period to issue permissions. How can CGD bid for Inch-Km target on which it has no control. The problem is further compounded if line is to be laid from private or ownership land. The land law and land prices are high in most of the cases. Permission papers are moved to Delhi or Mumbai even for simple crossings of
few meters. Laying pipeline is not only the solution to start with City Gas Distribution business. Moreover inch-km shall be in sync with market demand and that is automatic process. It should withstand test of feasibility and economic sense.

b. New draft regulation has talked little about use of virtual gas transportation technologies like LNG transport and use of Type-3 cascade for CNG transportation. It is useful for seeding market as well only solution for geographically challenged and scattered small market areas in GA like Ratnagiri and Raigad. Pipeline is not the only solution to serve each and every nook-corner of India. Solution applicable to Delhi, Mumbai and Pune is not applicable to regions like Ratnagiri, Raigad, Goa and Kolhapur where consumption centers are very scattered, small in size to justify high investment in pipeline at initial stage. Virtual Gas transportation is the only feasible and economical solution for these markets. This has not been factored in new draft. UEPL has developed complete virtual Gas transportation solution for Ratnagiri and it is the only possible solution to serve the customers of Ratnagiri. UEPL would like to present it to committee and PNGRB board.

c. It is very difficult to predict for PNG/CNG tariff rate applicable after 10 years. There are many macro-economic, geographic and other political elements which makes it difficult to predict cost of tariff. It shall be reviewed every 5 years by regulator by efficient operation bench mark method. It shall be put out of bidding process.

3. UEPL believes and practices that virtual gas transportation and pipeline clubbed together can cater gas need of every part of India. It will be use of right resources at right place with right economic sense. It will lessen the time of penetration and increase the gas consumption.

Yours Truly,

Vinit Papal
Head CGD Ratnagiri