



PETROLEUM AND NATURAL GAS REGULATORY BOARD

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Ref.: Infra/PL/Bid/Round-1&2/2010/01

Date: 13.05.2010

To
All Prospective Bidders

Sub: 2nd Pre-Bid Meeting & Clarifications related to Bid No.: BID/NGPL/01/2009/1/MBPL, BID/NGPL/01/2009/2/BJSPL and BID/ NGPL/ BID/ 02/ 2009/01/MBPL

Dear Sir,

Various issues pertaining to the bids invited for development of following natural gas pipelines have been clarified by PNGRB to all prospective bidders including web-hosting vide communication dated:

- (i) Mehsana to Bhatinda through Bid No. BID/NGPL/BID/01/2009/1/MBPL
(Clarifications dated 25.11.09, 08.02.10, 01.04.10 & 15.04.10)
- (ii) Bhatinda to Jammu & Srinagar through Bid No. BID/NGPL/BID/01/2009/2/BJSPL
(Clarifications dated 25.11.09, 08.02.10, 01.04.10 & 15.04.10)
- (iii) Mallavaram to Bhilwara & Vijaipur through Bid No. BID/NGPL/BID/02/2009/ 01/ MBPL
(Clarifications dated 08.02.10, 04.03.10, 01.04.10 & 15.04.10)

Further clarifications to the issues addressed in the 2nd pre-bid meeting held in the office of PNGRB New Delhi on 27.04.2010 in above subject are as below:

S/N	Issue	Clarification
1	In the bids invited for Mehsana-Bhatinda & Bhatinda-Jammu-Srinagar pipelines, spur-lines are mentioned as a part of the bid in addition to the main trunk pipeline, while, in case of Mallavaram-Bhopal-Bhilwara-Vijaipur pipeline, no spur-lines are mentioned. The obligation of the authorized entity may be hence clarified. → Issue raised during the discussion.	<i>(a) The spur-lines mentioned in the application-cum-bid document have to necessarily be covered in the bid. (b) Wherever the spur-lines are not indicated in the bid document, the bidders are to assume such spur-lines in future</i>
2	Whether capacity building may be done in phased manner and with different capacity in different sections?	<i>a) As per Regulation 7(1), natural gas volume proposed to be transported is a biddable item during the economic life of the pipeline. The bidder must</i>

	<p>→ Query raised by GSPL</p>	<p><i>therefore indicate the volume to be transported on year to year basis and the capacity of the pipeline shall precede this. However, connection from originating point and termination point must be completed within the time stipulated in Regulation 8(3).</i></p> <p><i>b) Volume quoted in the bid for any year must keep at least 25% of the capacity for the common carrier purpose.</i></p>
3	<p>It may be noted that:</p> <p>a) As per sub-regulation (3) of Regulation 8, the entity shall be allowed a maximum period of 36 months from the date of grant of authorization for commissioning of the natural gas pipeline project;</p> <p>b) Further, economic life of the pipeline is 25 years from the date of grant of authorization in Schedule-D;</p> <p>c) Also, the tariff and volume bids are applicable for each year of the economic life of the project as per Regulation 7;</p> <p>Clarification is required on the applicability of the start date of tariff and volume.</p> <p>→ Issue raised during the discussion.</p>	<p><i>a) Year 1 tariff & volume bids as quoted shall be applicable from the 1st year of operation of the pipeline.</i></p> <p><i>b) The quoted tariff and volume after the economic life of the pipeline to be extended by PNGRB for a period equivalent to the time period between the date of grant of authorization and the starting date of operation of the pipeline, as per the schedule in the bid and extended by the Board, wherever applicable.</i></p>
4	<p>Allowable deviation in the route of the pipeline and originating/termination point of the pipeline to be clarified.</p> <p>→ Query raised by RNRL & GSPL</p>	<p><i>The bidders are allowed to deviate from the route of the main trunk pipeline including originating/termination point of the pipeline up to +/- 5% w.r.t. the indicative route mentioned in the bid document for the purpose of preparation of Feasibility Report. However, the provision of sub-regulation (3) of Regulation 13 shall be applicable.</i></p>
5	<p>Issues raised by GSPL pertaining to modalities of submission of bids in case of a consortium/JV:</p> <p>A. In a consortium, if all the members of consortium meet the technical qualification criteria individually, is it</p>	<p><i>a) Each of the qualifying criteria must be singularly met by any of the JV partner except financial. Only supporting document of concerned entity on the basis of which qualification is sought needs to be submitted. Liability to comply with the obligations and terms</i></p>

<p>necessary to submit the documents in support of such technical qualification for each of the consortium members? Or is it sufficient to submit documents in support of just one member's technical qualification criteria?</p> <p>B. In case all members in the consortium are required to submit the technical and financial qualification criteria supporting documents, then who should sign the supporting documents pertaining to each consortium member-</p> <ul style="list-style-type: none"> (i) Lead Partner (ii) Authorized Signatory (as per MoU/JV) (iii) All JV members (iv) only the individual members <p>C. If bid is being submitted by a consortium, bid documents and clarifications issued by PNGRB should be signed by whom-</p> <ul style="list-style-type: none"> (i) Lead Partner (ii) Authorized Signatory (as per MoU/JV) (iii) All JV members (iv) only the individual members <p>D. If Net worth certificate is being furnished by all the consortium members, then the combined net worth certificate should be signed by whom-</p> <ul style="list-style-type: none"> (i) Lead Partner (ii) Authorized Signatory (as per MoU/JV) (iii) only the individual members <p>E. If bid is being submitted by a</p>	<p><i>and conditions of the bid and authorization for the successful bidder shall be assumed to be that of the lead partner unless specifically approved by the Board otherwise.</i></p> <p><i>b) Further, none of the parties will have negative net worth.</i></p>
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	<p>consortium, whether letter of comfort as mentioned in Annex-2 of the bidding document is required? If yes, then whether from all the consortium members?</p>	
6	<p>After evaluating technical & commercial aspects, Kathua-Srinagar pipeline section emerges out as extremely difficult terrain prone to landslides, unstable slopes etc. which may not get synchronized with the commissioning of the other sections. Also, securing RoW through Jawahar Tunnel is uncertain. Security is major concern for any pipeline transporter in that section.</p> <p>In view of the above, PNGRB requested to review the bid and consider the option of inviting separate bid for Kathua-Srinagar section.</p> <p style="text-align: center;">→ Issue raised by M/s GAIL (India) Limited</p>	<p><i>Considering the genuine concerns of the prospective serious bidders, it was clarified that:</i></p> <p style="margin-left: 40px;"><i>a) Bhatinda-Kathua-Jammu may be now considered as trunk pipeline with Kathua to Srinagar as spur-line.</i></p> <p style="margin-left: 40px;"><i>b) Development plan of Kathua-Srinagar spur-line shall be submitted by the bidder in the bid. However, during the project execution if the work is delayed on account of genuine reasons beyond the control of the bidder, the PNGRB may consider suitable time-extension.</i></p> <p><i>The above clarification supersedes all other earlier clarifications issued in this regard.</i></p>

7. Besides the above issues, following are the amendments in the Regulation approved by the Board and are under notification:

- (i) *Period for Financial Closure specified in **sub-regulation (4) of regulation 10**, has been now increased from **120 days to 180 days**.*
- (ii) *In **sub-regulation (3) of regulation 10**, the authorized entity shall submit **Heads of Agreement or Memorandum of Understanding or both** specified under sub-regulation (1) of regulation 10 to the Board within a period of **one hundred and eighty days** of the date of issue of the authorisation.*
- (iii) *Amendment in regulation 14 regarding service obligations of authorized entity as given below:*

“for clauses (a),(b) and (c) of sub-regulation (1) of regulation 14, the following shall be substituted, namely:-

(a) for the first default :

- (i) ten per cent of the amount of the performance bond for the default up to ten per cent of annual target of transporting natural gas;*

(ii) twenty per cent of the amount of the performance bond for the default up to fifty per cent above ten per cent. of annual target of transporting natural gas;

(iii) twenty five per cent of the amount of the performance bond for the default above fifty per cent. of annual target of transporting natural gas;

(b) for the second default :

(i) twenty per cent of the amount of the performance bond for the default up to ten per cent of annual target of transporting natural gas;

(ii) forty per cent of the amount of the performance bond for the default up to fifty per cent above ten per cent of annual target of transporting natural gas;

(iii) fifty per cent of the amount of the performance bond for the default above fifty per cent of annual target of transporting natural gas;

(c) for the third default :

one hundred per cent of the amount of the performance bond:".

8. Following two important issues were also discussed:

- A. The Board clarified that the volume quoted by the bidder in the bid must conform to the Regulation determining the capacity of natural gas pipeline system. If any bid is submitted prior to the notification of these Regulations, the bidder must go by the final draft Regulations web-hosted by PNGRB on 10.05.2010. It was deliberated that the corresponding variance in the volume projections on year to year basis by the bidder must be in the range of +/-20% w.r.t. the Feasibility Report.
- B. As a general guideline to the bidders, list of obligations of transporter have been illustrated at Annex-A.

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

(Ratan P. Watal)
Secretary, PNGRB

ILLUSTRATIVE LIST OF OBLIGATIONS OF TRANSPORTER (*)

1. Defining Gas parameters at entry points in terms of gas hydraulics specifying the acceptable range of pressure and temperature and publishing the same in its website # [G.S.R. 541 (E) dated 17.07.2008]
2. Formulation of Calorific Value band for natural gas to be transported through pipeline and publishing the same in its website# [G.S.R. 541 (E) dated 17.07.2008]
3. Provision of entry/exit point equipments to measure gas quality, gas composition, CV, pressure and temperature# [G.S.R. 541 (E) dated 17.07.2008]
4. Verification, Calibration or Proving of measurement equipments# [G.S.R. 541 (E) dated 17.07.2008]
5. Hooking up of facility with shipper at entry point/exit point *at the cost of shipper*# [G.S.R. 541 (E) dated 17.07.2008]
6. Gas accounting on daily basis and gas reconciliation, billing etc. as per mutually agreed terms# [G.S.R. 541 (E) dated 17.07.2008]
7. Accounting of gas in energy terms based on Gross Calorific Value# [G.S.R. 541 (E) dated 17.07.2008]
8. In case of any fault in the meter of transporter, the expenses on account of meter proving and certification carried out by an accredited third party as approved by the Board# [G.S.R. 541 (E) dated 17.07.2008]
9. Maintaining pipeline system in such a way that the allowed positive imbalance of 10% or negative imbalance of 5% does not interfere with operation of the pipeline system# [G.S.R. 541 (E) dated 17.07.2008]
10. Maintaining Escrow account for imbalance and overruns and submitting audited statement of Escrow account on annual basis to the Board# [G.S.R. 541 (E) dated 17.07.2008]
11. Declaring the capacity of pipeline# [G.S.R. 541 (E) dated 17.07.2008]
12. As specified in the regulation, providing extra capacity in the natural gas pipeline which shall be available for use on common carrier basis by third party on open access and non-discriminatory basis \$&# [G.S.R. 340(E) dated 06.05.2008, G.S.R. 273(E) dated 21.04.2009, G.S.R. 541 (E) dated 17.07.2008 and G.S.R. 274(E) dated 21.04.2009]
13. Maintaining operating pressure of natural gas pipeline at all time as per detailed feasibility report\$ [G.S.R. 340(E) dated 06.05.2008]
14. Meeting annual targets of transporting natural gas through pipeline system\$ [G.S.R. 340(E) dated 06.05.2008]
15. Getting technical and safety audits carried out by independent and third party technical expert\$ [G.S.R. 340(E) dated 06.05.2008]
16. Allowing Access and Inter-connectivity to other natural gas pipeline systems\$ [G.S.R. 340(E) dated 06.05.2008]

17. Obtaining all statutory permits, clearances, approvals and ensuring their validity\$ [G.S.R. 340(E) dated 06.05.2008]
18. Ensuring the safe operation of the pipeline\$ [G.S.R. 340(E) dated 06.05.2008]
19. Redressal of consumer grievances\$ [G.S.R. 340(E) dated 06.05.2008]
20. Providing connectivity to consumers within a tariff zone on receipt of request subject to availability of capacity in the pipeline and technical and commercial viability of the proposed connectivity\$ [G.S.R. 340(E) dated 06.05.2008 and G.S.R. 802(E) dated 19.11.2008]
21. Insurance including third party liabilities for all pipeline assets including line-fill volumes\$ [G.S.R. 340(E) dated 06.05.2008]
22. Establishing Centralized Control Room for monitoring and control of natural gas pipeline system including Disaster Management System\$ [G.S.R. 340(E) dated 06.05.2008]
23. Compliance towards the provisions of PNGRB (Technical Standards and Specifications including Safety Standards for Natural Gas Pipelines) Regulations, 2009. [G.S.R. 808(E) dated 11.11.2009]

Notes:

(*)- The above list of obligations is illustrative in nature. However, in line with the clause no. 17.3 of Application-cum-Bid document, the authorized entity shall be liable to comply with the relevant provisions of the PNGRB Act, 2006 and notified regulations, copy of the same are available in the website www.pngrb.gov.in.

#- Reference: Petroleum and Natural Gas Regulatory Board (Access Code for Common Carrier or Contract Carrier Natural Gas Pipelines) Regulations, 2008.

\$- Reference: Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008.

&- Reference: Petroleum and Natural Gas Regulatory Board (Guiding Principles for Declaring or Authorizing Natural Gas Pipeline as Common Carrier or Contract Carrier) Regulations, 2009.