



Petroleum and Natural Gas Regulatory Board

1st Floor, World Trade Centre, Babar Road, New Delhi -110 001

Tel No: 011-23457700, Fax No: 011-23709151

Date: 22/07/10

Public Notice No: PNGRB/CGD/2010/NG Mktg-1

Proposed Guidelines for NG Marketing in areas yet to be authorized by PNGRB/ outside authorized GA.

PNGRB invites comments from stakeholders on the following draft guidelines proposed to be framed for NG marketing by entities in areas yet to be authorized by PNGRB/ outside authorized GA :

- 1. Supply of Natural Gas from Isolated Gas Fields\ CBM Blocks \through LNG Tankers:**
 - a. With regards to marketing of gas from stranded/ isolated and CBM fields, it is the view of the PNGRB that since the gas production from these fields are generally low and there are no existing pipelines nearby, any proposal for supplying of such gas to nearby areas through cascade will be permitted as it will not only reduce flaring but also allows monetization of precious gas. Further, this also allows the gas market to develop in nearby areas.
 - b. Entities falling in the above categories and desirous of marketing NG to a select few customers in an area need to apply to PNGRB giving details of gas source, volumes proposed to be supplied, list of customers with area coverage, proximity of gas source to the customers, nearest NG pipeline and other details as desired by PNGRB.
 - c. In all such cases, application of entity to market NG in an area, which is yet to be authorized, is to be web-hosted for a month to seek comments from public and any other entity interested in marketing NG in that area. In case any other entity is also interested in

marketing of NG in that area, PNGRB will examine the case and decide. Such marketing proposal shall not include CNG for transport sector, which would form part of a future CGD network.

- d. Depending on the merit of the case, NOC may be granted by PNGRB to an entity falling in above categories to market NG in an area, which is yet to be authorized, with necessary terms and conditions as per the provisions of the relevant regulations.
- e. However, at a later date, in case of increase in demand potential of the area, improved gas availability and other factors, PNGRB may decide to initiate bidding for CGD in a larger area containing and encompassing the area served by such an entity. The company marketing NG shall take prior approval from the authorized entity to continue its marketing operation.


2. Marketing of NG in vicinity of Sub Transmission Pipelines (STPL):

- a. It is clarified that the STPL is a common carrier. In case, the CGS for a particular CGD network is located at a location other than the periphery of the GA, the connecting transmission pipeline of the GA shall primarily work as STPL.
- b. In view of the large number of CGD networks planned for bidding, STPL of substantial length would be laid across the country. In order to facilitate development of gas market along such STPLs that will come up, it is proposed that customers in the vicinity of STPL may also be served through it. A detailed proposal for supply of gas to customers outside the authorized GA shall have to be submitted by the authorized CGD entity to PNGRB for consideration. The proposal shall include list of customers, their demand, STPL capacity, distance of each customer from STPL. The proposal shall be web hosted for comments for consideration before grant of such permission. Such marketing of NG, through STPL shall be allowed on following conditions :
 - i. Spare capacity should be available in the STPL for serving these customers.
 - ii. Supplies to the customers in at least 25% of the charge area in the authorized area have commenced.
 - iii. Separate arrangements for the NG for the customers outside authorized area shall have to be made by the entity.
 - iv. The entity shall not divert the gas allocated for the authorized CGD area to the customers outside the authorized area.

- v. The inch kms of the pipelines laid for serving such customers shall not be included in the inch kms targets of the entity.
- vi. The tariff charged from the customers getting supplies through STPL, outside the authorized GA, shall be the network tariff quoted for the authorized area.
- vii. All such spur lines emerging from the STPL must be of reasonable length and shall follow all relevant safety regulations. In addition, all regulations including T4s as applicable for CGD networks shall be followed for such supplies.
- viii. In case any customer proposed to be served through STPL is later covered in another authorized area, the customer will have a right to choose their gas supplier afresh.

3. Development of CNG corridors: PNGRB is of the view that the GAs being carved out should be inclusive of stretches along NH/ SH in elongated fashion. Hence, it is proposed that stretches of SH and NH passing through any GA should be deemed to be a part of the GA for a length of 30 kms beyond the GA boundaries. The authorized entity in any GA may be allowed to develop CNG facilities along such stretches, for which they may apply to the Board and the Board may grant such permission provided that development rights of CNG facilities in any such stretch falling common to two or more GAs shall be decided by PNGRB after discussions with the concerned entities.

Comments on the above guidelines may be submitted by to Secretary, PNGRB by post at the above address or e-mail at secretary@pngrb.gov.in. The last date of receiving comments/ views shall be 23 August, 2010.


(Ratan P. Watal)
Secretary, PNGRB