



Petroleum and Natural Gas Regulatory Board

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

Date: 12.07.2010

Public Notice

The Petroleum & Natural Gas Regulatory Board has received the comments/views from various stakeholders on several provisions of the Petroleum & Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulation, 2008. While analyzing the comments/views from the stakeholders, various issues have come to the notice of the Board, in view of which, the Board proposes to modify/amend some of the provisions of the existing regulations.

The proposed amendments in the existing regulations are attached herewith for seeking comments/views from the various stakeholders, consumers, experts etc.

All concerned are requested to submit their views on the proposed amendments to the Secretary, PNGRB within 30 days of issue of this public notice through email at secretary@pngrb.gov.in or in writing through post at above mentioned address.

(Ratan P. Watal)
Secretary



Petroleum and Natural Gas Regulatory Board

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Proposed Amendments in the Petroleum & Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulation, 2008

1. **The following clauses are proposed to be added in Regulation no. 2:**

Clause 2(i):

Transmission Gas Pipelines: A gas pipeline transporting gas from one or multiple entry points to one or more exit points may be termed as transmission gas pipeline. They may be further classified in to following types:

(i) **Regional Gas Pipeline Network:** A pipeline network (in general without any compressor) in a geographical region with multiple pipelines and transporting gas from one or more on-shore gas sources to one or more consumers.

(ii) **Spur-line:** A pipeline generally originating or branching out from the trunk pipeline with diameter and the capacity not greater than the trunk pipeline but having no compression facility. Any pipeline having a separate gas source or a compressor shall not be treated as a spur-line. However, the length of spur-line may not depend upon the length of the trunk pipeline. A spur-line must use the capacity of trunk pipeline in order to transport gas.

(iii) **Trunk Gas Pipeline:** A pipeline generally originating from a gas source or hook-up terminal and transporting the gas to one or more consumers in bulk with all associated facilities like compressors, metering, etc. may be called as trunk pipeline. However, a trunk gas pipeline may originate from an existing trunk pipeline only if the latter's capacity has been augmented either through loop-line or by adding a compressor. In such case, the new pipeline shall be termed as a trunk pipeline and not spur-line to the existing trunk pipeline.

Clause 2(j):

“Expansion of pipeline “ means installation of additional facilities such as increase in compression capacity, addition of compressor station(s) or loop lines etc. in order to increase the capacity of existing pipeline beyond its previously authorized capacity.

Clause 2(k):

“Extension of pipeline” means increase in length of pipelines for receipt or transportation or both from an existing trunk pipeline or sub-transmission pipeline or spur line to another geographical location without increase in authorized capacity of the pipeline.

2. Existing provisions of sub-regulation 9(1) is proposed to be replaced by the following:

“PNGRB will normally issue LOI to the successful bidder within bid validity period of 180 days from opening of bid. Subsequent to acceptance of LOI and submission of PBG by the selected entity within 30 days from the date of issue of LOI, grant of authorization shall be issued in Schedule-D format”.

3. Provisions relating to dedicated pipelines for transport of natural gas:

(i) *In clause no. (a) of sub-regulation 19(2), the word “ thirty days” is proposed to be substituted by “ forty five days”.*

(ii) *In clause no. (b) of sub-regulation 19(2), the word “ for fifteen days” is proposed to be inserted after “ the Board may web-host details of the proposed dedicated pipeline..”.*

(iii) *In clause no. (c) of sub-regulation 19(2), the word “ thirty days” is proposed to be substituted by “ forty five days”.*

(iv) *In clause no. (d) of sub-regulation 19(2), following proviso is proposed to be deleted:*

(v) *“provided that simultaneous to the entity building a dedicated pipeline, the Board may, on suo-motu basis, decide to issue an expression of interest for laying, building, operating or expanding a natural gas pipeline:”*

(vi) *Clause no. (e) of sub-regulation 19(2) is proposed to be deleted.*

4. Regulation 21 i.e. “Miscellaneous” to be re-numbered as Regulation 22 without any change.

5. The following provisions are proposed to be added as a new Regulation no. 21:

Regulation 21: Expansion and Extension of Natural Gas Pipelines.

(1) Expansion of a natural gas pipeline system.

- (i) *The entity may expand the authorized capacity in the natural gas pipeline up to ten percent and shall inform the Board at least one month ahead of commencement of the activities.*
- (ii) *In case it is proposed to expand the capacity of the pipeline by more than ten percent of that authorized by the Board, the entity shall submit a proposal for consideration of the Board and the Board may allow for expansion of the capacity in the pipeline without adversely affecting the customers served by the pipeline.*
- (iii) *For the purpose of clause nos. (i) & (ii) above, the financial implications for the same shall be considered in the next review period for tariff in line with the provisions of the relevant regulations on tariff for pipelines.*

(2) Extension of a natural gas pipeline system.

- (i) *The entity may extend the authorized length of the natural gas pipeline up to ten percent and shall inform the Board at least one month ahead of commencement of the activities.*
- (ii) *An entity seeking an extension beyond ten percent but below fifty percent of the authorized length of natural gas pipeline shall submit to the Board the full particulars, map of all facilities including justification for the proposal and seek prior authorization from the Board.*
- (iii) *For the purpose of clause no. (i) and (ii) above, the financial implications for the same shall be considered in the next review period for tariff in line with the provisions of the relevant regulations on tariff for pipelines.*
- (iv) *Any proposal to increase length of pipeline beyond fifty percent of the authorized length shall be dealt in line with the relevant provisions of the regulations for competitive bidding route.*

(3) *In case of suo moto proposal by the Board for extension or expansion of the pipeline, the first right of refusal shall be with the owner of the pipeline. The financial implications for the same may be considered by the Board in line with the provisions of the relevant regulations.*

(4) *The Board may examine the proposal taking in to the consideration the factors which facilitates fair trade and competition between the entities and shall give a decision on the proposal within a period of sixty days of receipt of such proposal.*

6. Regulation 12 to be re-phrased as “Expansion or Extension of natural gas pipelines” with following modifications:

- (i) Following explanation is proposed to be added after the provisions of sub-regulation 12(2):**

Explanation: The above provision of sharing fifty percent of the proposed incremental tariff revenue shall be applicable for the balance period of the economic life of the pipeline.

Any expansion beyond the period of bidding shall be submitted to the Board for authorization in line with the provisions of relevant regulations.

(ii) Sub-regulation (3) to regulation 12 is proposed to be added as following:

“The authorized entity may submit the proposal for extension of the natural gas pipeline in line with the provisions at sub-regulation (2) , (3) and (4) of Regulation 21”.
