

Public Notice No: PNGRB/CGD/2013/NG Mktg-A

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 receiving various requests for grant of No Objection Certificate (NOC)/Permission 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 stations without specific consent

of the Board. Subsequently the Board proposed to issue Guidelines for natural gas marketing in the areas yet to be authorised by PNGRB/outside authorised GA.

4. Depending on the natural gas pipeline connectivity/natural gas availability, PNGRB plans to include the identified GAs in a phased manner in the CGD bidding rounds for grant of authorisation. It would take considerable time 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 on a case to case basis 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. In order to facilitate all the entities that are desirous of undertaking these activities, PNGRB has finalised these Guidelines under which NOC/Permission will be granted.
6. Entities 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 for NOC/permission giving details such as gas source, supply methodology, volumes proposed to be supplied, details of customers, proximity of gas source to the customers, number and location of the CNG DB Stations duly earmarked on a map, etc. and such other details that may be required by the Board while processing the request/application.
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) 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) 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.
- (iv) 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.
- (v) The Entity alone shall be responsible for any obligation arising out of grant of the NOC/Permission given by the Board.
- (vi) 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.
- (vii) 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

- (viii) 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.
- (ix) The Entity shall obtain all other approvals that may be required and abide by the statutory requirements as may be applicable.
- (x) PNGRB reserves the right to amend/cancel the NOC/Permission at any time.

PROFORMA FOR BANK GUARANTEE

(TO BE STAMPED IN ACCORDANCE WITH STAMP ACT)

To

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

In consideration of the Petroleum and Natural Gas Regulatory Board (hereinafter referred to as 'PNGRB') having agreed to Request of M/s _____ (the Entity) for grant of NOC/Permission vide letter No. _____ for supply/distribution of CBM/ natural gas through cascades / 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 on the terms and conditions contained in the said NOC/Permission, which inter-alia provides for production of a Bank Guarantee to the extent of Rs. _____ (in words _____) for the service by way of security for the due observance and performance of the terms and conditions of the said NOC/Permission We _____ (indicate the name and address and other particulars of the Bank) (hereinafter referred to as 'the Bank') at the request of the Entity hereby irrevocably and unconditionally guarantee to PNGRB that the Entity shall render all necessary and efficient services which may be required to be rendered by the Entity in connection with and / or for the performance of the said Entity and further guarantees that the service which shall be provided by the Entity under the said NOC/Permission, shall be actually performed in accordance with the terms & conditions of the NOC/Permission to the satisfaction of PNGRB.

2. We, the Bank, hereby undertake to pay PNGRB an amount not exceeding Rs.....(Rupees.....only) against any breach with respect to the Terms & Conditions stipulated in the NOC/Permission.
3. We, the Bank hereby, in pursuance of the terms of the said NOC/Permission, absolutely, irrevocably and unconditionally guarantee as primary obligor and not merely as surety the payment of an amount of Rs. _____ (Rupees _____ only) to PNGRB to secure due and faithful performance by the Entity of all his/their obligations under the said NOC/Permission.
4. We, the Bank, hereby agree that the decision of PNGRB as to whether the Entity has failed to or neglected to perform or discharge his duties and obligations under the said NOC/Permission and / or whether the service is free from deficiencies and defects and is in accordance with or not of the terms & conditions of the said NOC/Permission and as to the amount payable to PNGRB by the Bank hereunder shall be final and binding on the Bank.
5. WE, THE BANK, DO HEREBY DECLARE AND AGREE that:
 - (a) the Guarantee herein contained shall remain in full force for five years from date of issue and will be extendable in a block of minimum five years until the NOC/Permission expires/is withdrawn by PNGRB.

- (b) the PNGRB shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said NOC/Permission or to extend time of performance of any obligations by the said NOC/Permission from time to time or to postpone for any time or from time to time any of the powers exercisable by the PNGRB against the said Entity and to forbear or to enforce any of the terms and conditions relating to the said NOC/Permission and we shall not be relieved from our liability by reason of any variation or extension being granted to the said Entity or forbearance act or omission on the part of PNGRB or any indulgence by the Board to the said Entity or to give such matter or thing whatsoever which under the law relating to sureties would but for this provision, have effect of so relieving us.
- (c) any claim which we have against the Entity shall be subject and subordinate to the prior payment and performance in full of all the obligations of us hereunder and we will not without prior written consent of PNGRB exercise any legal right or remedy of any kind in respect of any such payment or performance so long as the obligations of us hereunder remains owing and outstanding.
- (d) This Guarantee shall be irrevocable and the obligations of us herein shall not be conditional of any prior notice by us or by the Entity.

6. We the BANK undertake not to revoke this Guarantee during its currency except with the previous consent of PNGRB in writing and all claims under this guarantee shall be payable at New Delhi.

7. Notwithstanding anything contained above, our liability, under the Guarantee shall be restricted to Rs..... and our Guarantee shall remain in force until....year from the date hereof. Unless a demand or claim under this Guarantee is made on us in writing within this date i.e. all your rights under the Guarantee shall be forfeited and we shall be released and discharged from all liabilities there under.

Dated _____ day _____ for _____
(Name of the Bank)

Witness:

- 1.....
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- 2.....
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