Petroleum & Natural Gas Regulatory Board, India

PETROLEUM AND NATURAL GAS REGULATORY BOARD

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Ref.: Infra/PL/Bid/PPL/MHMSPL/2012/01 Date: 13.07.2012

To

All Prospective Bidders

Sub: Pre-bid meeting and Clarifications related to Mangalore-Hassan-Sollur-Mysore LPG pipeline (Bid No.: BID/PPL/03/2011/3/MHMSPL)

Dear Sir,

Pursuant to the various issues raised during the pre-bid meeting held in the office of PNGRB on 21.05.2012 related to the bids invited for development of Mangalore-Hassan-Sollur-Mysore LPG pipeline and the experience gained from the Petroleum Products Pipeline bidding conducted by PNGRB so far, following clarifications are being issued:

S/N	General Query applicable to MHMSPL bid	Clarification
(1)	With respect to clause no. 13.3 of the application-cum-bid document, PNGRB may clarify on the following: (i) As PNGRB Regulations on determining capacity lays emphasis on section wise MAOPs, can MAOPs be changed year wise based on respective year wise capacity requirements (e.g. using pump de-staging or using VFDs)? (ii) Which section capacity need to be mentioned as system capacity as the Regulation determined capacity may vary from section to section?	*(i) Regulation 5(6)(i) of the PNGRB(Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010 specifies about the building of the extra capacity besides the capacity requirements of the entity and firmed-up contracted capacity with other entities.* *(ii) Regulation 5(5) of the PNGRB (Determining capacity of Petroleum, Petroleum products and Natural Gas Pipeline) Regulations, 2010 specifies the detailed methodology of determining the capacity of the petroleum product pipeline system as well as the sectional capacity of the pipeline. MAOP of the pipeline along with other constant and variable parameters forms basis for determining the capacity of the*

		pipeline system along with the sectional capacity of the pipeline. *(iii) Capacity of the proposed Mangalore-Hassan-Sollur-Mysore LPG pipeline system is a biddable parameter which may or may not be equal to any section capacity.*
(2)	HPCL's EOI has been published inviting comments and subsequently capacity requirements. No response has come. The process is stated to be to facilitate entities arriving at optimum capacity. This process need to be ensured during the bidding process as well. Hence, PNGRB is requested to make public all parties who purchase the bid document and respective Entities' own capacity requirements. To facilitate interactions and arrive at optimum pipeline capacity, the bid document sale be closed at least one month before due date for bid submission.	*(i) During the period of public consultation for capacity booking, no response has been received by PNGRB from any entity.* *(ii) The request to make public all parties who purchase the bid document and respective entities' own capacity requirements cannot be considered. Also, the request to close the bid document sale at least one month before the due date for bid submission cannot be considered.*
(3)	PNGRB requested to clarify about the "System capacity" used in the Application-cum-Bid document.	*Regulation 2 (k) of the PNGRB (Determining capacity of Petroleum, Petroleum products and Natural Gas Pipeline) Regulations, 2010 may be referred for the same at all places in the Application-cum-Bid document.*
(4)	In Section 1.1 of the application-cum-bid document, bids have been invited by PNGRB for "*authorization of the petroleum and petroleum products pipeline network from originating point near HPCL's existing facility/terminal... ....economic life*". PNGRB may please confirm whether there are any distance limits to start/ pass through from HPCL's existing facility/terminal?	*It is clarified that there are no distance limits to start/ pass through from HPCL's existing Mangalore LPG import facility (MLIF), however, the authorized entity shall comply with the provisions under the service obligations specified in Schedule J to the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010.*
(5)	Will the entity that wins the bid is required to provide injection/tap-off points at HPCL/BPCL mentioned locations along the route?	*The authorized entity shall comply with the provisions under the service obligations specified in Schedule J to the Petroleum and Natural Gas Regulatory*

		Board (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010.
(6)	Section 17.4.2 of the bid document talks about one of the possible injection point originating at Mangalore LPG Import facility (MLIF). There is no requirement in the bidding process to give details of other bidders. Hence, PNGRB is requested to ask the injection/tap off details from other bidders at the time of bid document sale and then web host the same.	*Clause 17.2.3 of the application-cum-bid document is self-explanatory.*
(7)	With respect to CAPEX & OPEX details to be furnished by the bidder in Annexure-14 of the application-cum-bid document, it may be noted that: (i) Provision has not been made for working capital and Line fill investment requirements. (ii) The present guidelines for petroleum & petroleum products don't clarify what constitutes capital cost and operating cost. (iii) How much of Head office expenditure, spares cost, project surplus items are permitted to be assigned in respective Capital/ Operating costs? PNGRB may please clarify the above.	*For the purpose of CAPEX and OPEX, the generally accepted accounting norms/ practices prescribed by ICAI may be followed by the bidders. Further, Line-fill and working capital may be taken as CAPEX heads as per general accounting principles.*
(8)	PNGRB may confirm whether the KM mentioned in the variable tariff is the actual pipeline distance from Injection to delivery point.	*The KM mentioned in the variable tariff (Rs./MT/KM) is the actual pipeline distance from an entry point to an exit point in the pipeline system.*
(9)	In the Financial bid, capacity of pipeline need not be discounted for PV as tariffs have already been discounted for relevant time value.	*Regulation 7(2) of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010 shall be applicable.*

(10)	Tariff on 25 % capacity to be offered to others would attract Service Tax, which shall be payable by users over the quoted basic rate. Suitable clause on taxes payable by the user's needs to be specified.	*Regulation 2 (j)) of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010 is self-explanatory.* *Further, clause no. 1 (b), 1(f) & 1(g) in Schedule J of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010 may be referred to.*
(11)	As per Note #4 in Annexure-14 of the application-cum-bid document, "*year wise volume quoted shall be referred for the purpose of compliance of service obligations as specified in Regulation 14(1)*". PNGRB is requested to clarify whether the entity needs to correlate pipeline system capacity as a must condition with usage capacity to meet Regulation 10(1) where "*may*" condition provides flexibility to entity for non-usage of pipeline capacity up to 50%. The same flexibility will be denied under bid wording under Annexure 14 (Note#4). Hence, it is suggested to use only actual usages on prospective basis, if Annexure 14 is proposed to be relied for tariff fixation after 10 years. If actual utilization does not take place, the entity will lose on investment front as well as on utilization front.	*Note #4 in Annexure-14 of the application-cum-bid document shall remain unchanged.*
(12)	In Annexure-14 of the application-cum-bid document, project investment during 3 years preceding the economic life have not been given separately. Also, no provision has been given to mention line fill/ working capital requirements.	*Project investment for construction period may be considered by the bidder as cash outflow in Year-1 or onwards. Line-fill and working capital may be taken as CAPEX heads as per general accounting principles.*
(13)	Whether financial annexures (P&L, B/S & Cash Flow) and tariff calculation sheet are	*Regarding all supporting documents with respect to Feasibility Report, Note#2 &*

	required to be submitted along with the financial bid? As per Section 1, Para 18.1.1 (Note#4) of the bid document, nothing has been specified except for Annexure 14.	*Note#3 in clause no. 18.1 of the application-cum-bid document are self-explanatory.* *Further, all supporting documents with respect to Annexure-10 A, Annexure-10 B & Annexure-10 C of the application-cum-bid document are required to be submitted in the Technical Bid.*
(14)	In clause no. 1.7 & clause no. 34.0 of the application-cum-bid document, Lead partner shall have to be declared upfront. This condition restricts flexibility in financial closure offered in Regulation to sole entities. Regulation 9(4) permits partner induction after Authorisation. In Clause no. 34, such flexibility is given to consortium, subject to the lead partner retaining more than 50% controlling stake. Same flexibility need to be given for sole entities as well.	*Clause no. 34.0 of the application-cum-bid document provides the restructuring of the authorized entity (whether sole entity, JV or Consortium) within the first three years of grant of authorization. For a sole entity being the authorized entity, Regulation 9(4) of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010 already provides the flexibility of induction of new partner as long as the authorized entity remains the lead partner.*
(15)	Partnership or Consortium need not be separately incorporated as per extant rules. The Act does not require the entity to be incorporated and thus separate JV formation should not be made mandatory for consortium or partnerships. Hence, PNGRB requested to clarify whether: (i) The entity (if required, an incorporated company in line with Regulation requirements) can make separate agreement for Consortium or Partnership towards financial investment, keeping themselves as lead member of the Consortium/ Partnership? (ii) What is the percentage investment to be owned by lead entity?	*Clause no. 6 on page no. 4 of the application-cum-bid document regarding submission of the bid is unambiguous. Further, Regulation 5(6) (e) of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010 shall be applicable.*
(16)	Will PNGRB Act/ Regulations require the facilities to be audited by OISD prior to commissioning or subsequently?	*PNGRB Regulations on Technical Standard and Specifications including Safety Standards for the Petroleum and*

		Petroleum Products Pipelines are at the draft stage. However, in order to bring all bidders on one common platform, it has been facilitated that the design of the proposed pipeline should be done in accordance with applicable API, CCOE and OISD codes and standards. Regulation 14 (7) of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010 shall be adhered to.
(17)	As per clause no. 17.4.2 (b) of the application-cum-bid document, *"Pressure of 10.0 Kg/ Sq. Cm at all delivery points including the terminal points shall be...that location"*. Trust the word *"terminal point"* means discharge manifold of pipeline's end receiving station. The word *"Terminal"* is conventionally used by Oil Industry for Marketing Storage Terminals and the bid document is suggested to be re-worded to avoid interpretations by users as including Marketing storage terminals of entity or others.	*Terminal point(s) means termination point of the LPG pipeline system as provided in the Annexure-1 of the application-cum-bid document.*
(18)	Annexure-4 of the application-cum bid document may be reworded to make such deviation stand deleted rather than Bid Rejected. This will avoid frivolous complaints.	*Annexure-4 of the application-cum bid document shall remain the same.*
(19)	The application cum bid document talks about taking reference from various notifications namely, GSR 722 (E), GSR 987 (E) and GSR 476 (E). It does not mention anything about how tariff is to be determined or does not give reference to the draft guidelines. Are the bidders free to choose any tariff other than non zero or non negative tariff?	*Tariff is a biddable parameter and as already specified in the application-cum-bid document "Negative and Zero tariffs shall not be accepted and would lead to the rejection of the bid". Hence, the bidders may quote the tariff numbers with the above stipulated condition.*
(20)	Section 17.5 of the bid document requires financial closure of project based on	*Clause no. 17.5 of the application-cum-bid document mandates the Financial Closure*

	numbers quoted by them in the financial bid, whereas section 34 of the bid document allows for reconstitution/restructuring within the first three years provided that the original JV entities hold more than 50% equity stake post reconstitution on a cumulative basis. In all cases of such reconstitution, the lead partner of the original consortium /JV shall compulsorily retain the majority controlling stake (more than 50%) and shall be declared upfront. Does this mean that in case of entity bidding by forming a consortium lead partner will hold more than 50% of the stake and can dilute it post 3 years? Whether financial closure has any bearing on Debt/Equity ratio to be adopted?	*to be achieved by the authorized entity for the project based upon the actual quotes in the Financial Bid while Clause no. 34 of the application-cum-bid document specifies about the condition of restructuring/reconstitution of the authorized entity. No inter-linkage exists between the two activities.*
(21)	PNGRB is requested to include the "*Non availability of ROU due to Villagers/land owner unrest/ blockade.*" And "Non *Issuance of Statutory approvals as per Project Schedule*" as Force majeure clauses since, the same is important delaying factor in most of the project executions and is un-foreseen/external.	*Clause no. 32.0 of the application-cum-bid document regarding Force Majeure shall remain unchanged.*
(22)	In case of any contingent liability arising in future, there should be provision in tariff to include the same proportionately.	*Any bid is sacrosanct in terms of applicable Regulations and statutory provisions. In view of this, such request may not be agreed considering the present legal framework.*
(23)	As per Clause no. 6(d) of the Application-cum-Bid document, Net worth should not be older than the last available quarter from the date of submission of Bid. PNGRB is requested to amend the criteria as per the practice being followed by other Government Agencies and as per Planning Commission guidelines: (i) Net worth certificates (s) from	*Clarification at Sr. No. 28 may be referred to.*

	statutory auditors specifying the net worth of the applicant, as at the close of the preceding financial year (ii) In the event that the due date of the bid falls within 3 months of the closing of the latest FY of an applicant, it shall ignore such FY for the purposes of its bid and furnish all its information and certification preceding its latest FY.	
(24)	Will HPCL allow booster pump to be installed in their facility at MLIF?	*After Grant of Authorization is issued to the successful bidder, authorized entity may either enter in to mutual agreement for sharing of such infrastructure or set up on its own.*
(25)	The tariff numbers mentioned in Annexure-14 for Year-11 onwards are not biddable items. However, the same are required to be considered by the bidder for establishing financial viability of the project. In case, these numbers are change by the Board at later stage, the complete financial model of the project shall be disturbed. Hence, methodology for computing tariff from Year-11 to Year-25 may also be mentioned in the bid document.	*Note#2 of the Annexure-14 in the application-cum-bid document shall be applicable i.e. "The Board shall review the tariff after ten years and fix for a block of five years thereafter on prospective basis. As the tariff numbers for Year-11 onwards are not biddable items and are required only for indicative purpose, the bidder is required to provide the complete basis for tariff numbers for Year-11 to Year-25. An appropriate view would be taken by the Board in due course of time on the computation methodology for the transportation tariff from Year-11 onwards".*
(26)	The discount factor as per note#2 in the Financial bid form is stated to start from Year-2. This implies that for calculating Year-2 NPV, the value of year to be taken as 1.	*Regulation 7(2) of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010 may be referred to.*
(27)	Will the Regulations under preparation as mentioned in the bid document at clause no. 1.2 be notified before submission of bid?	*The mentioned Regulations are under preparations at different stage. Due consultative process is underway with all stakeholders including Industry members after which notification shall be done.*

(28)	As per Clause no. 6(d) of the Application-cum-Bid document, Net worth should not be older than the last available quarter from the date of submission of Bid. Net worth is requested to be calculated on the basis of last Financial year before the start date of PNGRB bidding. Also, PSUs may be exempted from this requirement.	*Clause 6.0 (d) of the Application-cum-Bid document has been amended and may now be read as:* *"The certified copy of the combined net worth of the bidder should not be older than the last Financial Year from the date of submission of the bid. This statement shall be signed by the concerned Director of the company and certified by a Chartered Accountant. Combined net worth shall be in line with Regulation 5(6)(d)".* *Accordingly, in Annexure-10A & Annexure-10B, last column in the table along with the respective provision with respect to requirement of providing the financial position for the last quarter, shall stand deleted.* *Also, in Sr. No. 5 of Annexure-2 of the Application-cum-Bid document, Regulation 5(6)(e) may now be read as Regulation 5(6)(d).*
(29)	As per clause 18.1.1, FR (Feasibility Report) should not be more than 6 months old. It may be appreciated that FR is a basic document based on which project is planned, estimated, evaluated and feasibility worked out and If FR is not made, even the proposer cannot approach PNGRB for EOI etc. Hence, PNGRB is requested the same criteria for maximum 3 years before bid date. In the event the FR is older than this the relevant cost estimation may be asked to be revalidated based on prevailing market rates.	*In clause no. 18.1.1 of the application-cum-bid document, first three lines have been amended and may now be read as:* *"The Feasibility Report (FR) should not be more than two years old from bid closing date and shall detail the techno-commercial feasibility of the Petroleum and Petroleum Products Pipeline project. However, relevant cost estimation requires to be revalidated by the bidder on prevailing market rates during the bid preparation period".* *Rest provisions of the clause no. 18.1.1 remain unchanged.*
(30)	In Clause no. 17.4.2 of the Application-cum-Bid document, PNGRB is requested to: (i) Clarify whether the battery limit of authorised entity is pipeline station discharge manifold for delivery and pipeline station suction manifold for injection?	*Clause 17.4.2(b) of the Application-cum-Bid document has been amended and may now be read as:* *"Pressure of 10.0 kg/cm2g at the suction manifold of all delivery points including terminal point(s) may be considered by the bidder for designing the pipeline system".*

(31)	Typographical error in numbering in Annexure-14 of the application-cum-bid document.	In Annexure-14 of the application-cum-bid document, Note#3 stating that *"Above year-wise volume ..... Regulations, 2010"* may be read as Note#4.
(32)	In Financial Bid, Note#1 on page no. 51 & 52 of the application-cum-bid document, the word *"from"* need to be replaced with *"for"* and correction is required with respect to *"subsequent 10 years"* Further, trust the year is financial year and if first year is a part year, understands the 1st year tariff will apply only for part financial year & pro-rata capacity will be arrived at for available system capacity.	*(A) In Financial Bid, Note#1 on page no. 51 & 52 of the application-cum-bid document has been amended and may now be read as:* *"**Note#1**: Year 1 tariff bid as quoted shall be applicable from the 1st year of operation of the pipeline. The Board shall review the tariff after ten years of operation and fix for a block of five years thereafter on prospective basis."* *(B) It is clarified that the year is not financial year. Further, Year-1 and so on for all purposes shall be taken from the date of grant of authorization by PNGRB.*
(33)	In terms of Schedule-J, clause (g) of PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010, the entity shall provide connectivity to the consumer, if technically feasible within a tariff zone. PNGRB is requested to clarify the concept and definition of *"Tariff Zone"* for this bid-out pipeline.	*"Tariff Zone" has no relevance with respect to the tariff of the petroleum and petroleum products pipeline as the tariff bids sought for the purpose of bidding are distance-based entry and exit methodology.* *Accordingly, suitable amendments of the notified Regulations in this regard shall be made by PNGRB.* *Regarding Service obligations and Consumer connectivity, provisions of Regulation 21 shall be the governing Regulations.*
(34)	At present, the draft regulations for Access Code and T4S are yet to be placed in public domain. In this situation there could be difference in the technical offer made by different bidders. This aspect needs clarification. Furthermore, in case such regulations are prepared, finalized and notified after the submission of bid by bidder for proposed pipeline which may necessitate incurrence of additional expenditure to ensure compliance with	*Proposed Regulations on the Access Code for petroleum and petroleum products pipeline are aimed to facilitate the access in common or contract carrier pipeline for which compensation shall be inclusive in the tariff for transportation.* *Proposed Regulations on the Technical Standards and Specifications including Safety Standards for petroleum and petroleum products pipeline are taking care of the existing and applicable codes*

	these future regulations, then its need to be clarified that how return on such expenditure can be recovered?	*and standards being followed by the Industry e.g. API, CCOE & OISD codes.* *Hence, the prospective bidders have to take into account the cost towards compliance of the proposed Regulations while submitting the bids. However, no separate compensation other than tariff shall be allowed to be recovered by the authorized entity for the transportation of petroleum and petroleum products through the proposed pipeline.*
(35)	In terms of clause no. 6 at page no. 4 & clause no. 34 at page no 28 of Application cum Bid Documents, it may please be clarified that what should be the minimum stake of the lead partner in JV/consortium?	*Clause no. 6 of the application-cum-bid document provides the conditionality for submitting the bid i.e. permitted usage of the application-cum-bid document purchased by one entity for submission of the bid.* *Clause no. 34.0 of the application-cum-bid document provides the minimum stake of the lead partner in case of the restructuring of the authorized entity (whether sole entity, JV or Consortium) within the first three years of grant of authorization.*
(36)	As the line-fill value will be of considerable investment, PNGRB may confirm on whether the quoted rates should be with or without line-fill investment?	*The bidders are advised to consider all relevant financial parameters including line-fill value at the time of quoting tariff. No separate compensation other than tariff shall be allowed to be recovered by the authorized entity for the transportation of LPG through the proposed pipeline.*
(37)	As per regulation 2 (e) of authorization regulations "economic life of petroleum, petroleum products pipeline shall be a period of twenty five years commencing from the date of grant of authorization to the entity by the Board." Whereas, as per regulation 7 (1) (a) and (b) of authorization regulations fixed and variable unit pipeline tariff shall be bid for each of the ten years. After ten years the Board shall review and fix tariff on prospective basis. It is important to clarify the basis for fixation of	*The methodology for tariff fixation to be adopted by PNGRB after 10 years in case of bid out pipelines cannot be assumed at present, as the same will depend on several factors governing at that time. Section 22 (1) and 22(2) of the PNGRB Act, 2006 provides the provisions regarding fixation of transportation tariff including the manner of determining such tariffs. Further, Section 22(2) of the PNGRB Act, 2006 mandates that the consumer interest is safeguarded and at the same time*

	tariff, after ten years for remaining fifteen years to ensure predictability.	*ensures recovery of cost of transportation in a reasonable manner.* *Keeping above these mandates and other relevant provisions of the said Act, any Regulation for determining the transportation tariff petroleum and petroleum products pipeline shall be laid down after following detailed and wide public consultation process.*
(38)	All bidders should be aware of the methodology PNGRB plans to use for computing the tariff for balance 15 years of the operating period. Without the knowledge of the same, the risk/return on the investment being made by bidders cannot be ascertained. The absence of this vital information is creating difficulty in submitting a competitive bid. PNGRB is therefore once again to declare the tariff computation methodology for Year 11 onward before the bid submission date.	
(39)	As per clause 1.1 & 17.2.2 of the application-cum-bid document, the system capacity of at least 0.75 MMTPA during the entire economic life has been mentioned to be created. Clause 5(b)(viii)(d) of G.S.R. 476 (E) stipulates "*The annual capacity of pipeline system and sections shall be as per the operating days specified in the Access Code for respective systems*". Access code is yet to be notified. A bidder will consider total hours in a year minus the planned maintenance hours in a year as notified in draft for establishing system capacity. PNGRB to please confirm.	*Proposed draft Regulations on the Access Code for petroleum and petroleum products pipeline being formulated by the sub-committee constituted by PNGRB.* *However, in order to bring all bidders on the same platform, the planned maintenance period of ten days in case of LPG pipeline shall be assumed by the bidders.*
(40)	As per clause 6.0 (c) of the application-cum-bid document, the combined net worth of the entity along with its promoters to be considered for qualification for any bid shall be assessed in line with the clause (e) of sub-regulation 6 to regulation 5 and the combined net worth shall be in line with Regulation 5(6)(e). While as per G.S.R. 722(E), combined net worth is mentioned under clause 5(6)(d) and hence a bidder shall	*In clause no. 6.0(c) of the application-cum-bid document, "**clause (e)**" may now be read as "**clause (d)**".*

	submit combined net worth as per clause 5(6)(d).	
(41)	With respect to clause 9.1 of the application-cum-bid document, trust that there is no requirement to pay additional application fee. Please confirm.	*As per clause 9.1 of the application-cum-bid document, in case the bidder has already paid the application fee at the time of submission of Expression of Interest (EOI), the bidder shall not be required to pay the application fee, unless there is a requirement to pay additional application fee as required under relevant Regulations.*
(42)	As per clause 18.1(d) of the application-cum-bid document, are any other financial parameters other that P&L, B/S & Cash flow required to be submitted?	*Annexure-14 of the application-cum-bid document is self-explanatory.*
(43)	With respect to clause 17.4.1 of the application-cum-bid document, is there any format for giving the undertaking?	*Clause no. 4 in Annexure-2* of the *application-cum-bid document is self-explanatory regarding undertaking to be provided by the bidder.*
(44)	The bidders have not explicitly indicated whether they agree to build extra capacity in the petroleum and petroleum products pipeline as per requirement under Regulation 5 (6) (i) of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010.	*The bidders are advised to provide the confirmation that it agrees to build extra capacity in the proposed Mangalore-Hassan-Sollur-Mysore LPG pipeline as per requirement under Regulation 5 (6) (i) of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010.*
(45)	As required under clause no. 6.0 (e) of the application-cum-bid document, the bidder has not submitted an undertaking that minimum three technically qualified personnel shall be maintained during the operating phase of the project out of which two shall have a degree in engineering.	*In line with the requirement under clause no. 6.0 (e) of the application-cum-bid document, the bidders are advised to provide an undertaking that minimum three technically qualified personnel shall be maintained during the operating phase of the project out of which two shall have a degree in engineering as per requirement under clause no. 6.0 (e) of the application-cum-bid document.*
(46)	As required under clause no. 6.0 (a) of the application-cum-bid document, any entity which has been barred by the Central/State Government/Public Sector/	*In line with the requirement under clause no. 6.0 (a) of the application-cum-bid document, the bidders are advised to*

	PNGRB or any other statutory agency from participating in any project and the bar subsists as on date of Application would not be eligible to submit an Application-Cum Bid individually or as a member of consortium.	*provide an undertaking to that effect.*
Specific Queries raised during the pre-bid meeting for MHMSPL bid		
(47)	With reference to the clause no. 1.1 of the application-cum-bid document, PNGRB may specify the responsibility of tie-in lines from terminal to Despatch stations and from the pipeline to receiving stations. **Raised by -> M/s HPCL**	*Clarification provided at Sr. No. 4 above may be referred to.*
(48)	Clause no. 17.4.5 of the Application-cum-Bid document mentions about the facilities including stabilisation tanks. As the LPG pipeline is for single product transportation, no stabilisation tank is required. PNGRB to clarify the same. **Raised by -> M/s HPCL**	Clause no. 17.4.5 of the Application-cum-Bid document has been amended and may now be read as: *"The design of the proposed LPG pipeline shall be as such that the transporter must have all relevant and adequate pipelines and storage facilities for handling the LPG being transported by him".*
(49)	The bid documents states "bidders are allowed to deviate from the route of the pipeline including originating / terminating point of pipeline up to +/- 5% with respect to indicative route for the purpose of preparation of FR. However sub-regulation (3) of Regulation 13 allows re-routing of the Petroleum Product Pipeline length by not more than 10 percent of authorised length of the pipeline. PNGRB to clarify the percentage variation permissible. **Raised by -> M/s HPCL**	*Clause no. 17.4.6 of the Application-cum-Bid document allows pipeline route deviation of +/- 5% w.r.t. the indicative route mentioned in the bid document for the purpose of preparation of Feasibility Report at the time of bid submission.* *However, the provision of sub-regulation (3) of Regulation 13 of the PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010 allows re-routing of the pipeline up to 10% of the authorized length of the pipeline post-authorization.*
(50)	The existing LPG pipelines tariff has been benchmarked to 100% of railway base fares. Railways have been keeping base fare unchanged from 2006 to 2010; any increase in tariff has been done in increase in applicable surcharges. Assuming the present practice of benchmarking with	*Clarifications provided at Sr. Nos. 37 and 38 above may be referred to.*

	railway tariff is followed after 10 years, how will the entity get increase in tariff in successive years? **Raised by -> M/s ECIL**	
(51)	What is the maximum variation allowed in tariff rates for consecutive years? **Raised by -> M/s ECIL**	*Tariff is a biddable parameter and there is no condition of maximum or minimum year-wise variation which has been prescribed.*

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

Yours faithfully,

13/7/2012

(K. Rajeswara Rao)
OSD (R)