

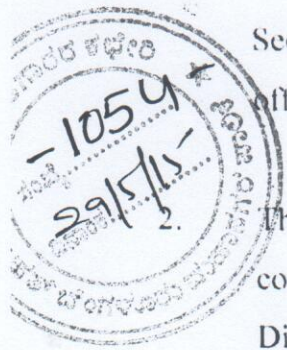
Proceedings of the High Level Committee Meeting regarding Development of City Gas Distribution in Bengaluru held on 19th May 2015 At 11.30 am in the Committee Room, Vidhana Soudha under the Chairmanship of the Chief Secretary to Government of Karnataka

MEMBERS PRESENT : As per annexure attached

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10:56am

1. The Principal Secretary, Infrastructure Development Dept welcomed the Chief Secretary, Development Commissioner, Additional Chief Secretaries, Principal Secretaries, CEO of GAIL Gas Limited and other officers present in the meeting and initiated the discussions.



The Principal Secretary, IDD informed that this meeting has been convened to discuss the timely implementation of the City Gas Distribution project, which is a priority project for Bangalore city, since the project envisages 24X7 availability of natural gas to various categories of consumers such as industrial, commercial, domestic households and transport sectors, besides bringing down the pollution level. She requested all the departments / agencies to extend full support by providing all the required clearances / approvals at the earliest, to ensure that the project is completed within the scheduled time frame.

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The General Manager, GAIL Gas Limited made a brief presentation on the project. The highlights of the project are :

- Total cost of the project : Rs. 1,270 crore
- Total number of pipeline connections : 2.40 lakh connections
- Total length of pipeline : 1350 km
- Time frame : Next Five years
- Jurisdiction covered: Bangalore Rural and Urban districts
- Performance given by GAIL Gas Ltd to PNGRB : Rs 5,200 crore

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Emphasising the need to implement the project within the time limit prescribed by the Petroleum and Natural Gas Regulatory Board



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[PNGRB], the CEO, GAIL Gas Ltd requested the State authorities to facilitate to complete the project within the scheduled period, citing the instances of Mumbai and Delhi, wherein certain incentives were provided by the authorities / Government for developing the gas infrastructure which included nominal charges as pipe laying charge during the initial period of City Gas Distribution.

5. Permission for laying pipeline in BBMP / BDA / BWSSB jurisdictions:

The details of applications made to BBMP and BDA for permission to lay the gas pipeline infrastructure in the respective jurisdictions was presented. The CEO, GAIL Gas Ltd requested for early grant of permissions, so that the work could be taken up and completed as per schedule. Considering the importance of the project, the authorities of BBMP and BDA agreed to accord all required permissions to project by 31.05.2015. // (E)

6. Permission & Restoration charges levied by BBMP & BDA:

CEO, GAIL Gas informed that the rates of gas pipeline laying charges levied by BBMP at Rs.3,600/running meter [excluding the road restoration charges] are very high and it is about **four times the actual pipe laying cost** itself. He informed that the gas pipeline will be laid on the service road / under footpath / under the shoulders; and while crossing the roads, the pipes will not be laid by the "Open Cut Method", but will be done by "Horizontal Direction Drilling (HDD)". Since it is an infrastructure project, he requested for the reduction in charges to make the project viable.

7. The Administrator and Commissioner of BBMP informed that the charges for pipe laying including road restoration would amount to Rs.6,000/running meter.

8. The CEO, GAIL Gas Ltd informed that considering the revised charges of Rs.6,000/running meter (including the restoration charges), the total cost for this alone would work out to about Rs.720 crore [about 57%] of the total project cost of Rs.1,270 crore. With this, the project cost would shoot up to about Rs. 2,000 crore.
9. Detailed discussions were held regarding the charges being levied by BBMP and BDA. The Chief Secretary said that as this is a project for development of good infrastructure in the city and will benefit different sectors of consumers including industry, domestic and transport sector, besides reducing the level of pollution, it is not justifiable for BBMP/BDA to rely upon such sources to boost its income. He felt that BBMP/BDA need to consider it as a **special case** and levy a reasonable rate for giving the permission & pipe laying charges. He further mentioned that the primary source of income for BBMP is through the house tax collection and augmentation of income cannot be loaded onto such infrastructure projects that are public in nature.
10. After detailed deliberations, the committee resolved that:
- a) BBMP & BDA to charge Rs.1,200/ per running meter as pipe laying and supervision charges for GAIL Gas project.
 - b) Road restoration work to be carried out by GAIL Gas Ltd as per the specifications provided by BBMP / BDA.
 - c) Road restoration to be completed within 15 days and no trench along any stretch of road should be left open or left without restoration for more than 15 days unless specially permitted by BBMP/BDA.
 - d) If there is delay in restoration or the quality of work is not maintained as per the specifications given by BBMP / BDA, then necessary

notice could be issued for compliance, failing which action could be initiated.

- e) Along the Tender Sure roads, GAIL Gas should utilize the provision made for gas pipeline in the utility chamber.

11. Implementation Plan for CNG:

CEO, GAIL Gas Ltd requested for allotment of land by BDA/ BBMP along the ORR for CNG Mother Stations / daughter stations. The representative of BDA informed that three sites were selected in HBR Layout area but they have been notified as lake land. The Chief Secretary suggested that alternate sites should be identified for CNG stations by BDA and BBMP immediately.

12. CEO, GAIL Gas Ltd requested for allotment of land near Dobbospet Industrial Area for setting up CNG Station/ware house and the Commissioner for Industrial Development and CEO & EM, KIADB agreed to examine the same on receipt of details from GAIL Gas.

13. Regarding connectivity to Dobbospet, etc., the Deputy Commissioners of Bengaluru (Urban & Rural) Districts agreed to extend all the assistance. In addition, they would also examine the availability of lands for the stations.

14. The Chief Secretary advised the Principal Secretary, IDD to convene a meeting with the officers of KIADB / BDA / BBMP for identification and allotment of land, on priority basis.

15. Introduction of CNG in Bangalore:

The CEO, GAIL Gas Ltd informed that they have applied to BMTC for allotting plots in three BMTC bus depots (i.e., Peenya, Sumanhalli and

Hennur) and that the same has been approved by the Board of BMTC; that GAIL Gas has already started laying of steel pipeline in Peenya and the detailed engineering for these three BMTC depots is in the advanced stage. Regarding induction of CNG buses into BMTC, the Additional Chief Secretary, Transport Department informed that conversion of the existing buses to CNG based buses (retrofitting) is not a feasible solution, based on the experience of Mumbai and Pune Transport services. Instead, new CNG buses would be better & economical.

16. He also informed that the cost of low floor level CNG buses is almost double the cost of similar diesel buses. Hence, fresh tenders have to be invited for normal floor level buses, wherein, the cost may be higher by Rs.3-5 lakhs/bus. It was also informed that the operation cost is about 10-15% more compared to the diesel buses. The Additional Chief Secretary, Transport Department also informed that the Board of BMTC has taken a decision to procure CNG based buses in a phased manner (50% annualised replacement) with the financial support from the State Government [for both CAPEX and OPEX].
17. The Additional Chief Secretary, Forest, Ecology & Environment informed that KSPCB and BMTC were present during the hearing held in the Hon'ble High Court on the pollution level in Bangalore, and that the Hon'ble High Court has directed BMTC for induction of CNG based buses, which has been agreed to, by BMTC.
18. The Chief Secretary felt that the essence of directions of the Hon'ble High Court is for bringing down the level of pollution in the city and that as CNG based buses have considerable financial implications, BMTC need to examine the BS-IV and BS-V models of diesel buses that have similar existing standards in comparison to CNG based buses.

19. **GAIL's REGIONAL GAS MANAGEMENT CENTRE (RGMC) at Bangalore:**

It was informed that the plot allotted to GAIL, at Rachenahalli (Manyata Tech Park) by BDA earlier is under litigation and has reached a stage of final arguments. The CEO, GAIL Gas Ltd requested to consider allotment of an alternate land. The Chief Secretary suggested that BDA should properly defend the case in the Hon'ble High Court and also examine allotting an alternate land / built up area to GAIL for establishing the RGMC at Bangalore.

20. **Allotment of Land for maintenance bases / valve stations:**

CEO, GAIL Gas Ltd requested for allotment of suitable land by BDA / BBMP / KSIIDC / KIADB for setting up the DRS stations / valve stations / maintenance base en-route the pipelines. The Chief Secretary enquired the size of plots required for these stations and the CEO informed that these are of small sizes. The Chief Secretary advised all concerned to identify such plots and inform GAIL Gas Ltd to examine their suitability.

21. **Formation of JV Company**

CEO, GAIL Gas informed that the revised Shareholders' Agreement has been submitted to KSIIDC for approval on 15.5.2015. He also mentioned that considering the huge capital investment and performance guarantee, this JVC proposes to hold only a minor equity in the main company that will be implementing CGD (GAIL Gas & its consortium members).

22. **Exemption / reduction of Entry tax/ VAT for CNG & PNG**

CEO, GAIL Gas Ltd requested to review the present rate of Entry Tax @ 5% and VAT @ 14.5% on CNG and Domestic PNG in line with that applicable in the State of Delhi (VAT : 0% on CNG and 5% on Domestic PNG; Entry Tax is 0%). The Principal Secretary, Finance Dept informed that the entry tax is getting merged with the GST and cannot be altered at

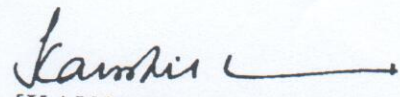
this stage. Regarding the VAT, GAIL Gas was asked to respond to the queries raised by the Finance Department and based on its reply, a decision would be taken favourably.

23. **Permission for Last Mile Connectivity Works:**

It was informed that various last mile connectivity issues are pending due to various reasons such as opposition from the local Gram Panchayats, BBMP etc. The Chief Secretary observed that guidelines framed by the High Level Committee in this meeting are applicable for all others also and they should be enforced by the concerned agencies.

24. Regarding the permission to the last mile connectivity works in ITPL, Hoskote, Dabbaspet, the Chief Secretary directed all the concerned (BBMP, BDA, NHAI, DCs including Gram Panchayat, etc) to endeavour for providing necessary clearances and approvals at the earliest. Further necessary help during the execution or implementation of the works need to be provided by all the agencies including Police Department.

The meeting ended with the thanks to the Chair.


[KAUSHIK MUKHERJEE]
Chief Secretary