

No: L-16016/3/2020-GP-I-Part(1) (E: 42577)

Government of India  
Ministry of Petroleum and Natural Gas  
(GP Division)

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Shastri Bhawan, New Delhi

Dated: 6<sup>th</sup> May, 2022

To,

CMD,  
GAIL, New Delhi

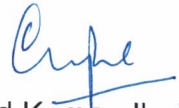
**Subject: Guidelines for domestic gas supply to Compressed Natural Gas (Transport) & Piped Natural Gas (Domestic) segments of City Gas Distribution networks.**

Sir,

Please find enclosed herewith the Policy Guidelines No. 1 of 2022-PNG/GP dated 06.05.2022 for domestic gas supply to Compressed Natural Gas (Transport) & Piped Natural Gas (Domestic) segments of City Gas Distribution networks.

2. The details of format and content of CA certification for reconciliation of unauthorized usage of allocated gas and the methodology for charging / penalizing for the same, shall be intimated in due course.

**Encl: As above**



(Anand Kumar Jha)

Deputy Secretary to the Government of India

Ph :011-2338-8764

**Copy to:** Director (NIC), MoP&NG for uploading the enclosed policy guidelines on MoP&NG's Website.

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Shastri Bhawan,  
New Delhi-110001  
Dated: 6<sup>th</sup> May, 2022

**Policy Guideline No. 1 of 2022 -PNG/GP**

**Subject: Guidelines for domestic gas supply to Compressed Natural Gas (Transport) & Piped Natural Gas (Domestic) segments of City Gas Distribution networks.**

City Gas Distribution entities have represented for increased allocation for CNG(T)/PNG(D) segment of CGD sector because of the rapid expansion of CGD network. They have also represented for quarterly revision of allocation for better estimation of consumption of natural gas.

2. Vide guidelines dated 03.02.2014, dated 20.08.2014 (as amended) and dated 09.04.2021 for allocation /supply of domestic natural gas to CGD entities for CNG(transport) and PNG (domestic) segment, this Ministry had mandated the procedures, conditions, etc. for allocation/ supply of domestic gas to this segment. It was also stated that while every effort will be made to meet 100% of CNG(T) and PNG (D) requirement from domestic gas, the requirement may need to be supplemented in future through RLNG, depending upon availability of domestic gas.

3. After due consideration and with the approval of the competent authority, in furtherance of Ministry's guidelines dated 03.02.2014, dated 20.08.2014 (as amended) and dated 09.04.2021, the following further guidelines/ amendments to the existing guidelines for allocation /supply of pooled natural gas to CGD entities for CNG(T) and PNG (D)) segment are issued:

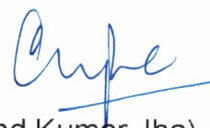
- i. Revision of allocation for supply of pooled natural gas to CGD entities for CNG(T) and PNG(D) segments will be done on quarterly basis for better representation of consumption.
- ii. To meet the growing demand of the sector, GAIL will supply pooled natural gas 2.5% over and above the 100% requirement of CNG(T) and PNG(D) segments of each GA in the quarterly allocation period, the 100% requirement being calculated on the basis

of consumption in the previous quarter. The calculation for requirement of pooled natural gas will be done for each GA separately.

- iii. The supply by GAIL to new GAs which are commissioned in a particular quarter (consumption upto 6000 SCMD) will be over and above the 2.5% additional supply by GAIL for growing demand of existing GAs as mentioned in point (ii) above.
- iv. To meet the shortfall in availability of domestic gas for supplies of pooled natural gas allocated at as per the above revised guidelines, GAIL will source domestic HPHT gas at ceiling price/ actual price whichever is lower, as per prevailing guidelines for mixing with available APM/ NAPM gas
- v. For any further requirement, GAIL will also source Long Term RLNG failing which Spot RLNG may be sourced for mixing with available APM/ NAPM gas. The sourcing will be done by GAIL within their procurement procedure and PPAC shall vet the procurement procedure during finalization of uniform base price. For the present quarter, in case long term RLNG is not available, GAIL may procure spot RLNG for mixing in the pool.
- vi. The pooled natural gas, including gas from sources mentioned at (iv) and (v) above will be supplied to CNG (T)/PNG(D) segment as per the respective allocation. Pooled natural gas will be supplied by GAIL to all CGD entities at a uniform base price arrived at in consultation with PPAC. GAIL will charge marketing margin as per the guidelines on supply of domestic pooled gas for CNG(T)/PNG(D) segment of CGD sector.
- vii. Since the supply of pooled natural gas to a GA is to be done based on the previous consumption of natural gas in CNG (T)/PNG(D) segment in that particular GA, no re-allocation or diversion of pooled natural gas allocated for supplies in a particular GA to a different GA of the same authorized entity shall be allowed to be done by the entity.
- viii. In order to verify the end use of pooled natural gas supplied for CNG(T)/PNG(D) purpose, all the CGD entities shall furnish the provisional consumption figures on monthly basis within 7 days of end of calendar month. Failure to submit provisional consumption figures by any CGD entity would result in reliance on data from the earlier quarter for allocation. Chartered Accountant certified consumption figures shall be furnished to PPAC within a month of the end of the quarter. Quarterly allocation would initially be made on unaudited consumption figures. In case audited consumption turns out to be less, then proportionate allocation reduction would be made during the quarter. In case of failure to submit CA certificate, the GA would be penalized @ 2.5% of allocation till such time the certification is submitted. After the submission of CA certified consumption data, no revision of the data of consumption of domestic gas in CNG/PNG segment will be allowed to be done by the entities in subsequent quarters.



- ix. Reconciliation of unauthorized usage by CGD entities will be done on quarterly basis by GAIL to avoid diversion of gas and to maintain system discipline. Any unauthorized usage shall not be considered a part of the allocation for CNG (T) / PNG(D) segment and will be suitably charged / penalized as per the methodology to be devised by the Ministry.
- x. CBG procurement by CGD entities under the synchronization scheme would be over and above the pooled natural gas allocation.
- xi. The above allocation methodology will be reviewed quarterly by the Ministry as per existing demand supply scenario of natural gas.
- xii. All other conditions in the guidelines dated 03.02.2014, dated 20.08.2014 (as amended) and dated 09.04.2021 shall continue to apply subject to the guidelines mentioned above.



(Anand Kumar Jha)

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