



## **PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA**

Sub: State Policy for the development of City Gas Distribution Network

- Read: 1. Letters dated 08.07.2021 & 02.10.2021 of Ministry of Petroleum and Natural Gas, Government of India.
2. Letters dated 15.09.2021 & 05.06.2023 from Petroleum and Natural Gas Regulatory Board, Government of India.
3. Notification No.IDD 127 DIA 2021, dated: 04.03.2022 - Setting up of Special desk in IDD.

### **Preamble:**

Government of India (GoI) and Petroleum & Natural Gas Regulatory Board (PNGRB) had awarded certain Geographical Areas (GAs) to various City Gas Distribution (CGD) Entities respectively to execute City Gas Distribution Projects, covering all the districts in Karnataka. Government of India has set a target of raising the share of natural gas in the country's primary energy basket to 15 percent by 2030, from 6.2 percent currently. Greater use of natural gas will cut fuel cost as well as bring down carbon emissions, helping the nation meet its COP-21 commitments.

The primary objective of the City Gas Distribution Project is to supply the natural gas through Piped Natural Gas (PNG) to Domestic Households, Commercial / Industrial Consumers and through Compressed Natural Gas (CNG). As it covers the entire State, it need to lay emphasis on the successful implementation of the same in each district with constant monitoring of the committed Minimum Work Programme (MWP) in each Geographical Area and to further extend the needed support to the CGD entities carrying out CGD project in the State. The City Gas Distribution Project is a public utility project and need to ensure that the intended benefit of this project reaches the common public.

Infrastructure Development, Ports and Inland Water Transport Department is the nodal department for all the Gas Pipeline Projects and City Gas Distribution Projects in the State of Karnataka. As per the advice of the Ministry of Petroleum and Natural Gas, the Government of Karnataka has set up a Special Desk in Infrastructure Development, Ports & Inland Water Transport Department for gas

pipeline infrastructure. The Special Desk co-ordinates with all entities carrying out Gas Pipeline Projects, City Gas Distribution (CGD) projects, Compressed Bio Gas (CBG) Projects etc. in the State of Karnataka. In the State of Karnataka there are eight (8) CGD Entities carrying out CGD related works in eighteen (18) Geographical Areas covering all the districts.

The Government of India vide letters read at (1) & (2) above has forwarded a draft CGD policy, with a request to the Government of Karnataka to give required support to the Entities doing CGD Projects in the State by formulating State CGD policy as per local conditions.

In view of the above, a decision has been taken by the Government to formulate a State CGD Policy in consultation with concerned departments viz Urban Development Department, Commerce & Industries Department, Water Resources Department, Public Works Department, Rural Development & Panchayat Raj Department, Finance Department, Forest, Ecology & Environment Department, Revenue Department, Home Department, Transport Department, Housing Department, Animal Husbandry & Fisheries Department.

Hence, the following Order;

**GOVERNMENT ORDER NO.IDD 67 ITS 2022,**

**BANGALORE DATED 7<sup>th</sup> November 2023**

Under the circumstances explained in the preamble, the Government is pleased to announce the State City Gas Distribution (CGD) Policy as detailed in **Annexure** to this order, for faster development of the CGD network and increase the use of natural gas as a fuel in the form of Piped Natural Gas (PNG) for domestic, commercial & industrial sectors and Compressed Natural Gas (CNG) for the transport sector.

2. The objectives of the policy for the development of CGD network in the state are:

- i) To ensure faster implementation of CGD infrastructure in the State by supporting the CGD entities to execute the Committed Work Programme.
- ii) To help CGD entities undertake safe operations and reliable/ uninterrupted supply of Natural Gas by maintaining Asset Integrity.
- iii) To make permissions / clearances / charges standardized and uniform in a time-bound manner by providing policy framework and necessary support.
- iv) To promote the adoption of Natural Gas in the States as a Green and Clean fuel and encourage the use of natural gas for industrial /commercial, transport, and household purposes, which will facilitate to meet India's COP-21 commitments for the reduction of carbon emissions.
- v) To encourage the CGD Entities to develop Compressed Bio-Gas (CBG) Plants along with the local bodies in their respective GA and promote Government's initiatives under Swachh Bharat Abhiyan.

3. The State CGD Policy shall come into effect from the date of issue of this Government Order and will be in force until further orders.

4. This order is issued with concurrence of Finance department vide endorsement no. FD 432 Exp-1/2022 dated 27.10.2022 and with the approval of Cabinet vide Subject No. C- 494/2023 dated 19.10.2023.

By order and in the name of the  
Governor of Karnataka



(Venkatesha M.K)

Under Secretary-1 to Government (I/c),  
Infrastructure Development, Ports and  
Inland Water Transport Department.

**To:**

The Compiler, Karnataka Gazette with a request to publish in the next Special Gazette and send 500 copies to Infrastructure Development Ports and Inland Water Transport Department, Room No. 08, Ground Floor, Vikasa Soudha, Bangalore.

**Copy to:**

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5. Chairman, Petroleum & Natural Gas Regulatory Board (PNGRB), New Delhi.
6. Additional Chief Secretary to Government and Development, Commissioner, Vidhana Soudha, Bangalore.
7. Additional Chief Secretary to Government Finance Department.
8. Additional Chief Secretary to Government Urban Development Department.
9. Additional Chief Secretary to Government, Home Department.
10. Additional Chief Secretary to Government Water Resource Department.
11. Additional Chief Secretary to Government Forest, Environment & Ecology Department.
12. Additional Chief Secretary to Government Rural Development & Panchayat Raj Department.
13. Principal Secretary to Government, Revenue Department.
14. Principal Secretary to Government, Public Works Department.
15. Principal Secretary to Government, Commerce & Industries Department.
16. Secretary to Government, Transport Department.
17. Chief Commissioner, Bruhat Bangalore Mahanagara Palike [BBMP], NR Square, Bangalore

18. Commissioner, Directorate of Urban Land Transport [DULT], BMTC TTMC, 'B' Block, 4th floor, KH Road, Shanthinagar, Bangalore.
19. Secretary to Government, Urban Development Department, Vikasa Soudha, Bengaluru.
20. Director, DMA, 9th Floor, Visveswaraya Main Tower, Dr Ambedkar Road, Bangalore
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25. Managing Director, Karnataka Road Development Corporation Ltd [KRDCL], Dr.Rajkumar road, Rajajinagar, Bangalore.
26. Managing Directors, All State Transport Undertakings, Karnataka.
27. Managing Director, Karnataka State Industrial & Infrastructure Development Corporation Ltd [KSIIDC], Khanija Bhavan, Bangalore
28. Chief Operating Officer, Karnataka Rural Road Development Agency, Ananda Rao Circle, Bangalore.
29. Managing Director, Karnataka Renewable Energy Development Ltd [KREDL], Head office #6/13/1, 10th Block, Marilingappa Extension, Nagarbhavi, Bangalore.
30. All Managing Directors of Smart City Limited Companies (SPVs).
31. All Deputy Commissioners of the State.
32. All Chief Executive Officers of Zilla Panchayats
33. All Commissioners of City Municipal Corporations
34. All Commissioners of Urban Development Authorities
35. Joint Secretary to Government [Cabinet Section], Vidhana Soudha, Bangalore.
36. PS to Hon'ble Minister for Large & Medium Industries and Infrastructure Development, Vidhana Soudha, Bengaluru
37. PS to Chief Secretary to Government, Government of Karnataka, Vidhana Soudha, Bengaluru.
38. PS to Additional Chief Secretary to Government, Infrastructure Development, Ports and Inland Water Transport Department, Vikasa Soudha, Bengaluru
39. Under Secretary-1 to Government, Infrastructure Development, Ports and Inland Water Transport Department, Vikasa Soudha, Bengaluru.
40. All Managing Directors / CEOs of CGD Entities in the State of Karnataka
41. Section Guard File / Spare Copies.



## STATE POLICY FOR THE DEVELOPMENT OF CITY GAS DISTRIBUTION NETWORK



INFRASTRUCTURE DEVELOPMENT, PORTS AND  
INLAND WATER TRANSPORT DEPARTMENT  
GOVERNMENT OF KARNATAKA.

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## **Chapter 1: Introduction**

### **1. Overview**

India is an emerging economy with the world's second-largest population and growing energy demands. To meet the energy demand, increasing the share of cleaner energy sources in its fuel mix is critical for having sustainable economic growth. In addition to renewable energy sources, Natural gas is an alternative cleaner fossil fuel and is going to play a significant role in providing solutions to environmental challenges along with meeting our growing energy demands in a sustainable manner. Globally, the use of natural gas as fuel for cooking, industrial use, and transport has resulted in significant changes in environmental conditions.

With impetus from the Government of India to promote renewable energy resources, natural gas is steadily emerging as the fuel of choice. The Government of India (GOI) has set a target to increase the share of natural gas in the country's primary energy mix from 6.2% to 15% by 2030. The Government of India through Petroleum & Natural Gas Regulatory Board (PNGRB) has authorized 295 Geographical Areas to various CGD Entities, covering about 98 % of India's population and 88% of the areas.

Under this, the City Gas Distribution (CGD) Entities have the obligation to develop the City Gas Distribution network to supply Piped Natural Gas (PNG) to domestic households, commercial & industrial segments and Compressed Natural Gas (CNG) as fuel to automobiles through CNG Stations. The City Gas Distribution Project has been categorized by Government of India as a public utility project. The CGD project is not only the means to bring the clean and green fuel for household cooking and as automobile fuel, but it is also the means for sustainable industrial growth in the state and impacting sustainable development.

### **1.2 Background:**

The Government of India notified the Petroleum & Natural Gas Regulatory Board (PNGRB) Act, 2006, which provides the legal framework for the development of the natural gas pipelines and city or local gas distribution networks. Under the Act, the Government of India has constituted the Petroleum & Natural Gas Regulatory Board

(PNGRB) which authorizes the Entities to lay gas pipelines and CGD networks in the country.

The Government of India, in public interest, notified on 20.12.2006, the Policy for Development of Natural Gas Pipelines and City or Local Natural Gas Distribution Networks. The objective was to develop regulatory reforms to permit and encourage market forces to enhance competition and produce a more competitive and efficient industry structure. The Natural gas pipelines infrastructure and city or local natural gas distribution networks fall under this category.

Natural gas sector is at the threshold of rapid growth in the country. With increased Oil & Gas exploration efforts under NELP, large-scale discoveries of gas in the East Coast, commissioning of the LNG import terminals and the Government's initiatives in natural gas through transnational pipelines, there was an imminent need to provide a policy framework for the future growth of the pipeline infrastructure in the country with a view to facilitating the evolution of a nation-wide gas grid and the growth of city or local gas distribution networks.

The objective of the GOI policy is to promote investment in natural gas pipelines and city or local natural gas distribution networks from the public as well as the private sector, to facilitate open access for all players to the pipeline network on a non-discriminatory basis, to promote competition among entities thereby avoiding any abuse of the dominant position by any entity, and secure the consumer interest in terms of gas availability and reasonable tariff for natural gas pipelines and city or local natural gas distribution networks.

The role of State Government as mentioned in the GOI Policy notified on 20.12.2006 is as below:

- (i) The State Governments have a paramount role in facilitating speedy and timely completion and operation of gas pipeline and city or local natural gas distribution network projects by ensuring various statutory and other clearances on a fast-track basis. The Central Government shall take up the matter with the State Governments accordingly.*
- (ii) The State Governments shall prepare their plans for developing the city or local gas distribution networks wherein they shall prioritize the cities or local areas to be taken up for setting up gas distribution networks. While prioritizing such cities*

*or local areas, they may be guided by environmental concerns, domestic & industrial fuel requirements, etc.*

### **1.3 Initiatives of the Government of India to promote CGD sector:**

Government of India (GOI) has set a target to increase the share of natural gas in the country's primary energy mix from 6.2% to 15% by 2030. This is with a vision to promote the expansion of City gas networks and enhance the usage of natural gas, Government has allocated domestically produced natural gas, which is cheaper than imported natural gas (Liquefied Natural Gas-LNG), to meet the entire requirement of Domestic (Piped Natural Gas) and Transport (Compressed Natural Gas) segments of CGD sector. This has been kept under the no cut category. Many other initiatives have been taken by the Government to increase gas consumption. The details of such initiatives are placed in **Annexure I**.

### **1.4 Recent Developments in CGD Sector:**

- i) Ministry of Petroleum and Natural Gas (MoP&NG) along with Petroleum and Natural Gas Regulatory Board (PNGRB) is focusing on the development of natural gas infrastructure across the country. The overall coverage of CGD networks (up to the 11<sup>th</sup> round of bidding) has been expanded to 295 Geographical Areas which has been authorized to various CGD Entities, covering about 98% of India's population and 88% of the areas.
- ii) In the State of Karnataka, CGD infrastructure is operational in 18 GAs covering all the districts of the State. The first GA was authorized in 2015 and the last GA was authorized in 2022. About 66,25,577 PNG (Domestic) connections and 1,022 CNG stations will be developed in the coming years as per commitment by various CGD entities. There is an investment potential of Rs.12,000 Crores and thousands of Employment generation opportunities due to the expansion of CGD infrastructure. Further, value-added services have an investment potential of Rs.2,400 Crores in the natural gas value chain.
- iii) PNGRB has notified relevant regulations related to CGD infrastructure development including service norms to provide new PNG connections under

PNGRB (Code of Practice and Quality of Service for CGD Networks) Regulations, 2010. Under the said regulations, CGD entities have obligations to provide new PNG connections within 90 days from the date of demand registration.

- iv) There is a need to facilitate the development of CGD infrastructure in various states. In general, permissions from Land owning Authorities /Civic Authorities /Municipal Corporation, District Magistrate / Police Commissioner (regarding No Objection Certificate for setting up CNG stations), Fire department, etc. are required. For obtaining permissions it requires lot of time and coordination with multiple departments causing delays in the execution of works and in the overall development of the natural gas value chain. There is an urgency to have a structured institutional mechanism to ensure easing the bottlenecks and facilitating in smooth implementation and expansion of CGD infrastructure across the State of Karnataka.
- v) It has been identified as a mandate that City / Town planning Masterplans should include the City Gas Distribution network and should have the provision of CNG stations. The Town Planning Departments / Municipalities / Corporations / City & Town Development Authorities / Panchayats, etc. should make necessary provisions to include PNG infrastructure while giving Building Plan approvals.

## Chapter 2 - Objectives of CGD Policy

The objectives of the policy for the development of CGD network in the state are:

- i)** To ensure faster implementation of CGD infrastructure in the State by supporting the CGD entities to execute the Committed Work Programme.
- ii)** To help CGD entities undertake safe operations and reliable/ uninterrupted supply of Natural Gas by maintaining Asset Integrity.
- iii)** To make permissions/clearances/charges, standardized and uniform in a time-bound manner by providing policy framework and necessary support.
- iv)** To promote the adoption of Natural Gas in the States as a Green and Clean fuel and encourage the use of natural gas for industrial /commercial, transport, and household purposes, which will facilitate to meet India's COP-21 commitments for the reduction of carbon emissions.
- v)** To encourage the CGD Entities develop Compressed Bio-Gas (CBG) Plants along with the local bodies in their respective GA and promote Government's initiatives under Swachh Bharat Abhiyan.

The State Government through the policy will endeavor for faster development of the CGD network and increase the use of natural gas as a fuel in the form of Piped Natural Gas (PNG) for Domestic, Commercial & Industrial sectors and Compressed natural gas (CNG) for the transport sector, and take necessary steps to increase the coverage of CGD infrastructure across the state along with benefits from value-added services and opportunities. It is primarily intended that the benefit of the CGD should reach the public at the earliest.

## **Chapter 3 - Institutional framework to support CGD.**

### **3.1 Organizational Setup:**

Infrastructure Development, Ports and Inland Water Transport Department is the nodal department for all the Gas Pipeline Projects and City Gas Distribution Projects in the State of Karnataka.

As per the advice of the Ministry of Petroleum and Natural Gas, the Government of Karnataka has set up a Special Desk in the Infrastructure Development Department vide notification No.IDD 127 DIA 2021 dated 04.03.2022, for gas pipeline infrastructure.

The Additional Chief Secretary (IDD) with the assistance of the Special Desk periodically reviews the progress of all CGD Entities and monitors the implementation of CGD projects. The Technical Advisor, Special Desk, coordinates with all entities carrying out Gas Pipeline Projects, City Gas Distribution (CGD) projects, Compressed Bio-Gas (CBG) projects, etc. in the State of Karnataka.

In addition, State Government may from time to time notify rules/regulations required for speedy implementation of CGD Network and value-added services and opportunities in the State.

### **3.2. State Level Apex Committee under Chairpersonship of Chief Secretary:**

A Committee shall be formed under the Chairpersonship of the Chief Secretary, Government of Karnataka to facilitate the creation of CGD infrastructure and value-added services by formulating policies and streamlining the processes for various permissions.

State-level Committee shall establish time-bound clearance mechanism in the State for the promotion and development of CGD infrastructure and facilitate ease of doing business. It will also make suitable mechanisms for time-bound permissions from state divisions of PESO, NHAI, Railways, MoUD, MoRTH, MoEF & CC, etc.

The composition of the State-level Apex Committee is given in **Annexure-II**. The committee will meet at least once a year or earlier as per the need for expeditious development of CGD network in the State.

The Apex Committee will suggest measures that may inter-alia, including the following:

- i) Development of CGD infrastructure in all parts of the state in alignment with various Government initiatives.
- ii) Consider matters for promotion of PNG and CNG through Conversion of intra-city State Transport Corporation buses to CNG and long-distance inter-city transport systems to CNG/LNG.
- iii) To suggest ways and means and promote PNG and CNG by all segments of consumers (including industrial and commercial) as a preferred fuel.
- iv) To address issues related to safe CGD operations and all interfaces with the Government for safe operations and emergency management.
- v) To deal with issues related to taxation, land rates, utility and infrastructure status, ease of rolling out CGD business in line with that of other utility programs such as telecom, electricity, water, etc.
- vi) To assign any additional tasks to Special Desk in the Infrastructure Development Department to coordinate with all local agencies/authorities and CGD entities for faster implementation of these policy objectives.

**3.3. Executive Committee under the Chairpersonship of Additional Chief Secretary, Infrastructure Development Department:**

The Additional Chief Secretary (IDD) with the assistance of the Special Desk will periodically review the progress of the CGD Entities and will monitor the implementation of CGD projects in their respective Geographical Areas. The Officials from Departments present in the Apex Committee, Deputy Commissioner of respective Districts, District Officials of various Departments, Commissioner Municipal Corporations, City/Town Development Authorities, District CEO Panchayat, District Fire officials, STUs officials, Police, etc. will be part of the Executive Committee.

**3.4. District-level monthly review under the Deputy Commissioner:**

At the district level, the Deputy Commissioners of the districts shall review the CGD project progress in the monthly meetings. Additional District Commissioners shall be appointed as Nodal Officers for dealing with the issues related to CGD Entity. Further, if there is any requirement, officials of other departments may be invited to the monthly meetings to resolve any issues related to CGD in the district.

## **Chapter 4 - Technical requirements for the Development of the CGD**

The basic technical requirements for the successful implementation of the City Gas Distribution network in any Geographical Area (GA) are as follows:

- i) The CGD entity requires connectivity with the National Gas Grid. This is the lifeline for any CGD project.
- ii) The CGD entity needs to have a City Gate Station (CGS) at the GA as receiving terminal.
- iii) The CGD needs to lay Steel and Medium Density Poly Ethylene (MDPE) gas pipeline infrastructure up to the burner of the domestic households and in case of Industries / Commercial establishments up to their premise. The grant of permission by any authority / agency / Board etc to lay gas pipeline network should be time-bound i.e. within 15 days.
- iv) In case of MDPE network, the CGD entity has to put up District Regulation Station (DRS) at regular intervals because it has limited radius of operation.
- v) The CGD Entity needs to have land for setting up of CNG stations at various prominent places along the road for making the fuel available to the public. They need to acquire land for the CGS and CNG station through KIADB for the purpose and acquisition timeline should be maximum 6 months.
- vi) All upcoming City / Town planning should invariably include the City Gas Distribution network and should have provision of CNG stations.
- vii) The Town Planning Departments / Municipalities /. Corporations / City and Town Development Authorities / Panchayats etc., should invariably include PNG infrastructure also while giving Building Plan approvals.

## **Chapter 5 - Initiatives and obligations of authorities of State Government under the policy**

### **5.1. Standardized Permission Charges and permission processing time throughout the State:**

- i)** CGD network is a public utility and natural gas supply to domestic, commercial, industries, and transport sector is its prime civic service and hence permissions for laying gas pipeline is required to be provided at affordable rates. The permission and supervision charges for laying of gas pipeline along the roads shall be Rs.1000/- per kilometer. The permission and supervision charges will be uniformly applicable to all the roads under Public Works Department areas, Mahanagara Palike areas, City Municipal Corporations areas, City Development Authority areas, Panchayat areas, Water Resources Department area (including water body crossings), KIADB & other Industrial areas, etc. The permission and supervision charges for laying of gas pipeline across stream / canal / river shall be Rs.1000 per stream / canal / river crossing.
- ii)** After laying the gas pipeline the CGD entity has to restore excavated portion to the original condition as per MORTH specification at their cost. Generally, if it is laid through open trench method, the trench is 1.2-meter depth and 0.5 meter wide. In case of canal / river crossing the gas pipeline shall be laid at minimum of 2.5 meter or as per the design below the natural ground level if hard strata is met at bed level of stream / canal / river. Any deviation to the alignment of gas pipeline for any reason whatsoever either by way of natural calamity or otherwise, rectification of the same will be the responsibility of the CGD Entity. In case of canal crossing, the gas pipeline shall be laid above the bund level. Further the permission granting authority will not be responsible for any damage to gas pipeline during any breaches or cavity of canal. Further, the CGD entities will have to submit a Bank Guarantee of amount equal to 50% of the total permission length as Security Deposit against restoration. The Entity shall ensure that the excavated portion / unrestored portion shall not exceed the 30% of the total length at any given time. The entities shall put proper barricading along the excavated portion during execution of work. The

barricading should have name and contact detail of the entity project execution in-charge and name of the CGD entity.

- iii) Further, all the permission requests of the CGD entity shall be processed within 15 days from the date of application by concerned local agencies/ authorities. If any road is newly asphalted, then there will be a general ban on the road cutting for one year, the permission to lay gas pipelines in such cases will be granted to the CGD entity after completion of one year from the date of asphaltting.
- iv) For obtaining the permissions for laying gas pipeline within the forest land, the CDG entities will have to follow the due procedure as required under Forest Protection Act 1980.

## **5.2 Safety of gas pipeline network:**

- i) The District Authorities shall prepare the Emergency Response & Disaster Management Plans (ERDMP) with CGD entities in their respective GA and shall conduct mock drills annually to prepare for any future eventualities in case of gas pipeline leakage / damage.
- ii) All the other utilities being laid after the gas pipeline network been established in a road, shall lay the same at safe distance from the gas pipeline with necessary safeguards as per the norms. In case, the other utilities are already present before the gas pipelines are laid, then the CGD entity shall lay the gas pipeline with adequate safety precautions with necessary safeguards as per the norms.
- iii) If any unauthorized person/entity damages the gas pipeline/installations, then based on the CGD entity's written complaint the Police will immediately file the case as mandated under the relevant Acts related to gas pipelines and their safety.
- iv) The Emergency Response Vehicles used by the CGD Entities for responding to the gas pipeline leakage/damage, etc. will be given the status of Emergency

Vehicles by the Transport Department so that they can reach the spot without any delay.

### **5.3 Providing land for the CGD project:**

CGD project due to technical reasons requires land parcels for the successful implementation of gas pipeline network in the districts. The CGD entity can approach the Revenue Department, City Development Authority, Mahanagara Palike, City Municipal Corporations, KIADB, etc. for the Civic Amenities lands required for establishment of City Gate Stations, District Regulation Stations, CNG Dispensing Stations, etc.

The concerned authorities will process such requests on priority and grant Civic Amenities land as per the respective department norms / rules and rates applicable for the Public Utilities. The development authorities shall earmark land/plot for the development of CNG Stations at the planning stage of town/city and same may also be specified at the time of preparation/revision of the Master Plans.

### **5.4 Earmarking of land for development of CNG Stations at the planning stage of town / city in the Master Plan:**

The Development Authorities while preparing their City / Town master plans shall invariably include provisions for the PNG network and provision for CNG stations. The CGD entity shall approach the respective authorities under their respective Geographical Areas for the same and work jointly with the concerned authorities for this purpose.

### **5.5 Inclusion of Gas Pipeline infrastructure in the Road Infrastructure Projects of Urban Local Bodies:**

The ULB Authorities while executing road infrastructure projects including projects under Small City and Tender Sure, shall invariably include provisions for the gas pipeline infrastructure along with other utilities.

## **5.6 Provisions for inclusion of PNG pipelines/networks by the local bodies at time of approval of building plan:**

The Town & Country Planning Department, Department of Housing, etc. shall make necessary amendments in the by-laws for providing gas pipeline infrastructure in residential & commercial buildings at the plan approval stage. All the Government Quarters, Guest Houses, and Office buildings should have the provisions of PNG connectivity.

## **5.7 Adoption of CNG / LNG as preferred Transport Fuel :**

With a view to promote the usage of clean and green fuel in the transportation sector, policy thrust is required to make CNG/LNG as a preferred transportation fuel in Public Transportation. In this regard, the following steps can be taken by various departments:

- i) State Transport Corporations will reserve about 40% for CNG/LNG buses while purchasing new buses and retrofitting the present alternate fuel fleet (which is viable), to actively promote the usage of CNG/LNG in public transport.
- ii) Efforts will be taken to convert about 40% of vehicles (Cars, Buses, Delivery Vans, Goods Carrier, Garbage Collection Vehicles, etc.) being utilized/engaged/purchased in Government Departments, Municipalities, Corporations, etc. to CNG vehicles wherever CNG infrastructure is available.
- iii) In ecologically sensitive areas like coastal port areas, Mining areas, etc. the CNG transport vehicles may be promoted as an initiative to improve the environment. Heavy diesel machinery being used in these areas can be converted to CNG / LNG.
- iv) In Coastal and River areas that are also ecologically sensitive, the CNG/LNG boats, vessels, machinery, etc. may be promoted. In the coastal areas, government may promote LNG/CNG boats and provide subsidies for such boats.
- v) To promote CNG vehicles in the grants given to the underprivileged to purchase taxis / commercial vehicles under existing Government schemes.

### **5.8 Conversion of Diesel Generators in Telecom Service Towers, Apartments, Commercial Buildings and Industrial areas in the Authorized area with Natural Gas Generators:**

Telecom Service Towers, Apartments, and Commercial Buildings draw backup energy from the conventional source of the Diesel Generator. Diesel Generator sets are polluting sources of power backup and leave a carbon footprint. With the expansion of CGD network, a readily available alternative is to switch over from diesel-based generators to natural gas-based generators, especially in urban areas, which provide an environment-friendly alternative, at a lower cost. State Level Apex Committee shall take necessary steps to facilitate the conversion of Diesel sets to CNG generators by bringing in appropriate rules / regulations.

### **5.9 Banning of polluting fuels in the Industrial areas connected with gas pipeline network:**

The industrial areas must be encouraged to be connected by the gas pipeline network. In the industrial areas where gas pipeline connectivity has been developed, all the polluting fuels may be banned. Further, a list of approved fuels in line with Delhi NCR area may be adopted. The greater use of natural gas will bring down carbon emissions helping the nation meet its COP-26 commitments.

### **5.10 Reduction of Tax on PNG & CNG and new CNG / LNG vehicles in the state:**

In order to provide user-friendly clean and green fuel CNG & PNG to the general public at affordable and reasonable rates, the Karnataka Sales Tax (KST) rates may be reviewed and rationalized to a uniform rate with a ceiling of 5% or below. Further, to promote the usage of CNG / LNG in the transport sector, state policy thrust will be given by rationalizing road tax for factory-fitted CNG / LNG vehicles and making them at par with Electric Vehicles (EVs).

### **5.11 Freedom to do marketing and awareness campaign:**

CGD entity will have the right to approach customers to create awareness among the public about the benefits of PNG and CNG through awareness campaigns and to do customer registrations in their respective authorized Geographical Areas.

### **5.12 Institutional framework to support the CGD Projects:**

As envisaged in the Chapter 3 of the Policy, the Committees will be formed to support the CGD Projects in the State. Further, Special Desk, Infrastructure Development Department will be strengthened for proper monitoring and for giving support to these CGD Projects.

## **Chapter 6 - Obligations of the CGD Entities:**

- i) The CGD entity will develop the CGD network in their respective Geographical Areas in time bound manner as per the terms of the authorization.
- ii) The CGD Entity will put up the gas pipeline markers as per the government safety regulations/norms all along the gas pipeline routes and the same shall be maintained annually by them.
- iii) The CGD entities shall regularly carry out mega publicity campaigns through media for generating awareness in the public about the benefits of PNG and CNG.
- iv) The CGD entity shall carry out regular periodic safety awareness camp/newspaper campaigns with all Local Authorities and Utility Providers to sensitize about safety aspects related with gas pipeline networks. Familiarization / awareness sessions shall be organized to promote understanding of PNG/CNG, the CGD network and regarding gas pipeline safety. The CGD Entity should prepare Emergency Response & Disaster Management Plan (ERDMP) in consultation with District Authorities and other concerned departments for their respective GA. The CGD Entity shall approach District Authorities for carrying out annual ERDMP drill and conducting awareness campaigns on a regular basis.
- v) The CGD entity shall sign MoU with the District Fire Department for their respective GA for mutual aid and coordination for dealing emergencies.
- vi) The CGD Entities will develop Compressed Bio Gas (CBG) Plants along with the local bodies in their respective Geographical Areas to promote government initiatives under Swachh Bharat Abhiyan.
- vii) The CGD Entities will submit the monthly progress report of their respective Geographical Areas to Special Desk of the Infrastructure Development Department, Government of Karnataka by the 5<sup>th</sup> of every month. Further, the entities shall comply to the government guidelines issued to them in public interest.
- viii) The CGD Entity shall take all precautionary measures for safety of the gas pipelines along the roads during the operation period or during maintenance. Similarly, they should take all the precautionary measures for safety of the structure / crossing of river or canal.
- ix) The CGD Entities should create awareness to the CNG customers at their CNG filling stations that they should use only the standard CNG kits in their vehicles fitted through Government authorized retro-fitment centers only. Further, they

should also insist customers for cylinder testing certificates as per Government norms.

- x) CGD Entities should annually train youths under Apprentice Training Program as suggested by the State Government.
- xi) All the benefits extended by the State Government for the CGD Entities in Chapter No.5 of this policy are subjected to the condition that CGD Entities should carry-out the committed Minimum Work Programme (MWP) as per the yearly schedule and wherever the MWP is already achieved, the CGD Entities shall carry-out Additional Work Programme given by the State Government. The annual work progress will be reviewed by the State Government accordingly. In case of non-completion of the MWP / Additional Work Programme, the benefits extended will be withheld to the CGD Entities until the completion or until the State Government is convinced by the reasons for non-completion provided by the CGD Entities.
- xii) The CGD Entities will pass on the benefit of reduction in the gas pipeline laying permission charges to the public, w.r.t. PNG & CNG price, in their respective Geographical Area.

**Measures taken by various Ministries of the Government of India to promote CGD sector**

1. Domestically produced natural gas, which is cheaper than imported natural gas (Liquefied Natural Gas - LNG), has been allocated to meet the entire requirement of Domestic (Piped Natural Gas) and Transport (Compressed Natural Gas) segments of CGD sector and it has been kept by Ministry of Petroleum and Natural Gas under no cut category.
2. The CGD projects have been accorded “Public Utility Status” by the Ministry of Labour and Employment.
3. Ministry of Defence has issued guidelines for use of PNG in its residential complexes.
4. Department of Public Enterprises has issued guidelines to Public Sector Enterprises (PSEs) to have provisions for PNG connectivity in their respective residential complexes.
5. Ministry of Housing and Urban Affairs has issued an advisory to State Governments on the following aspects:
  - 5.1 Standardizing the Road Restoration/permission charges along with time-bound permission in accordance with the local conditions.
  - 5.2 Earmarking of land/plot for development of CNG Stations at the planning stage of town/city and same being specified in the revised Master Plan.
  - 5.3 Modifying relevant building by-laws for providing gas pipeline infrastructure in residential & commercial buildings at the architectural design stage.
6. Further, the Ministry of Housing and Urban Affairs has directed Central Public Works Department & National Building Construction Corporation to have provisions of PNG in all Government Residential complexes.
7. Department for Promotion of Industry and Internal Trade (DPIIT) (Earlier DIPP) has notified Gas Cylinder (Second amendment) Rules, 2018 to ease out the process for setting up CNG dispensing facilities at existing Retail Outlets for Petrol & Diesel.
8. Ministry of Petroleum and Natural Gas facilitated Distribution of Natural Gas by allocation of domestic Gas through Swapping of Natural Gas and transportation by LNG tankers and Cascades.

**Composition of State Level Apex Committee for CGD Development**

- Chief Secretary to the Government - **Chairperson.**
- Addl. Chief Secretary to Government – Infrastructure Development, Ports & Inland Water Transport Department, Nodal department, will be the **convener** of the Committee.
- Addl. Chief Secretary to Government - Finance Department.
- Addl. Chief Secretary to Government - Home Department.
- Addl. Chief Secretary to Government - Urban Development Department.
- Addl. Chief Secretary to Government - Commerce & Industries
- Addl. Chief Secretary to Government - Water Resource Department.
- Addl. Chief Secretary to Government - Forest, Environment & Ecology Department
- Addl. Chief Secretary to Government - Public Works Department.
- Addl. Chief Secretary to Government - Rural Development & Panchayat Raj Department.
- Addl. Chief Secretary to Government - Revenue Department.
- Principal Secretary to Government - Transport Department.
- Representatives of Authorized CGD entities.

**Definitions / Abbreviations**

- a) “*Compressed Natural Gas or CNG*” means natural gas used as fuel for vehicles, typically compressed to a pressure ranging from 200 to 250 bars in a gaseous state;
- b) “*CGD Entity*” means an entity authorized by Government of India / PNGRB Board to lay, build, operate or expand a city or local natural gas distribution network.
- c) “*CNG station*” means filling station where one or more dispensing units are provided for the sale of compressed natural gas;
- d) “*City Gas Distribution network*” means an interconnected network of gas pipelines and associated equipment used for transporting natural gas from a bulk supply high-pressure transmission main to the medium pressure distribution grid and subsequently to the service pipes, supplying Piped Natural Gas (PNG) to domestic, industrial or commercial premises and Compressed Natural Gas (CNG) to vehicles through CNG stations situated in specified geographical area;
- e) “*Development of CGD network*” means laying, building, operating, or expanding a city or local natural gas distribution network;
- f) “*Entity*” means a person, association of persons, firm, company, or cooperative society, by whatsoever name called or referred to, other than a dealer or distributor, and engaged or intending to be engaged in refining, processing, storage, transportation, distribution, marketing, import and export of petroleum, petroleum products, and natural gas including laying of pipelines for transportation of petroleum, petroleum products, and natural gas, or laying, building, operating or expanding city or local natural gas distribution network or establishing and operating a liquefied natural gas terminal;
- g) “*GA*” means the specified Geographical Area for a city or local natural gas distribution network (hereinafter referred to as CGD network) authorized under these regulations for laying, building, operating, or expanding the CGD network which may comprise the following categories, either individually or in any combination thereof, depending upon the criteria of economic viability and contiguity as stated in Schedule A, namely:- (i) geographic area, in its entirety or in part thereof, within a municipal corporation or municipality, any other urban

area notified by the Central or the State Government, village, block, tehsil, sub-division or district or any combination thereof;

- h) "*Piped Natural Gas or PNG*" means natural gas transported through pipelines or cascades or any other permitted mode in a CGD network for consumption by any customer in domestic, commercial, or industrial segments and includes natural gas supplied to an online CNG station before its compression;
- i) "*LNG*" means Liquefied Natural Gas. The Liquefied Natural Gas (LNG) is natural gas that has been cooled down to liquid form for ease and safety of non-pressurized storage or transport. It takes up about 1/600th the volume of natural gas in the gaseous state (at standard conditions for temperature and pressure).
- j) "*Natural Gas*" means gas obtained from bore-holes and consisting primarily of hydrocarbons and includes- (i) gas in liquid state, namely, liquefied natural gas and de-gasified liquefied natural gas, (ii) compressed natural gas, (iii) gas imported through transnational pipelines, including CNG or liquefied natural gas, (iv) gas recovered from gas hydrates as natural gas, (v) methane obtained from coal seams, namely, coal bed methane, but does not include helium occurring in association with such hydrocarbons;
- k) "*PNGRB Act*" means Petroleum and Natural Gas Regulatory Board Act, 2006;
- l) "*PNGRB Board*" means the Petroleum and Natural Gas Regulatory Board established under sub-section (1) of section 3 of the Act;
- m) "*Work Programme*", until issuance of authorization letter, means the number of domestic PNG connections, number of CNG stations, and Inch-kilometer of steel pipeline network as quoted by the bidder in the bid, and after such issuance means the number of domestic PNG connections, number of CNG stations and Inch-kilometer of steel pipeline network as mentioned in the authorization letter as per Schedule-D of CGD Authorization Regulations.