

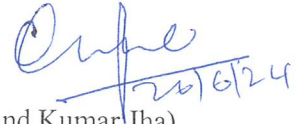
**OFFICE MEMORANDUM**

**Subject: "Scheme Guideline for Development of Pipeline Infrastructure (DPI) for injection of Compressed Bio Gas (CBG) in City Gas Distribution (CGD) network".- reg.**

The Government of India has approved the Scheme guidelines for Development of Pipeline Infrastructure (DPI) for injection of Compressed Bio Gas (CBG) in City Gas Distribution (CGD) network with a total financial outlay of Rs. 994.50 crore during the period of FY 2024-25 to FY 2025-26.

2. The Guideline of the aforesaid scheme is enclosed.
3. This issues with the approval of Hon'ble Minister of Petroleum and Natural Gas.

Encl: Scheme Guideline.



(Anand Kumar Jha)

Director to the Government of India  
Tel.No.011- 2338-8764

**To,**

- i. CEO, NITI Aayog, Parliament Street, New Delhi-110001.
- ii. Secretary, Department of Expenditure, Ministry of Finance, North Block, New Delhi-110001.
- iii. Secretary, Department of Agriculture & Farmers Welfare, Ministry of Agriculture & Farmers Welfare, Krishi Bhawan, New Delhi-110001.
- iv. Secretary, Ministry of Environment, Forest and Climate Change, Indira Paryavaran Bhawan, Jor Bagh Road, New Delhi, 110003.
- v. Secretary, Ministry of New & Renewable Energy, Atal Akshay Urja Bhawan, CGO Complex, CGO Complex, Lodhi Road, New Delhi, 110003.
- vi. Secretary, Department of Fertilizers, Ministry of Chemicals and Fertilizers, Shastri Bhawan, New Delhi - 110001
- vii. Secretary, Department of Drinking Water and Sanitation, Pandit Deendayal Antyodaya Bhawan, CGO Complex, Lodhi Road, New Delhi, Delhi 110003
- viii. Secretary, PNGRB.
- ix. Executive Director, CHT.
- x. All CGD entities.
- xi. All Divisions of MoPNG.

**Copy for information to:**

- i. PS to Hon'ble Minister of PNG.
- ii. PS to Hon'ble Minister of State for PNG.
- iii. Sr. PPS to Secretary, PNG.
- iv. Sr. PPS to Additional Secretary & Financial Adviser, MoPNG.
- v. Sr. PPS to Additional Secretary, MoPNG.
- vi. Sr. PPS to Joint Secretary, GP
- vii. NIC for web hosting on MoPNG's website.

## **Scheme Guideline for Development of Pipeline Infrastructure (DPI) for injection of Compressed Bio Gas (CBG) in City Gas Distribution (CGD) network.**

### **1. Introduction**

1.1 The government is encouraging the production and use of Compressed Biogas (CBG) because of its numerous advantages for the economy, society, and environment. Pipeline transportation provides an environmentally friendly solution for optimal transportation of CBG and for avoiding flaring of CBG.

### **2. Objective**

2.1 The primary objective of the scheme is to ensure full offtake of CBG through cost-effective pipeline transportation of CBG from production facilities to consumption centers and ensure maximum utilization of CBG produced. Its key aims include addressing financial barriers in pipeline infrastructure development, establishing a robust supply network in CBG-producing regions, and significantly reducing carbon footprints.

### **3. Scheme Execution**

#### 3.1 Steering Committee:

The scheme will be supervised by a Steering Committee (SC), comprised of the following members:

<b>S.No.</b>	<b>Composition</b>
1.	Secretary, PNG (Chairman)
2.	Secretary, Ministry of Housing and Urban Affairs or representative
3.	Secretary, Department of Drinking Water and Sanitation or representative
4.	Secretary, Ministry of New and Renewable Energy or representative

SC may co-opt any other member, as appropriate.

#### 3.1.1 The Terms of Reference (ToR) of the Steering Committee will be as follows:

- i. Preparation of detailed scheme guidelines for approval of Hon'ble Minister, P&NG;
- ii. Provide overall direction for scheme implementation, monitoring and review of its progress;
- iii. Necessary amendment of scheme design to overcome operational difficulties, if so felt, during course of scheme implementation within the overall budget of the scheme.

iv. Any other relevant matter.

3.1.2 SC will meet at least once in three months.

3.2 Project Approval Board: Project Approval Board (PAB) shall consider the projects recommended by Project Appraisal Committee (PAC). Approval of PAB shall constitute sanction for further action by Project Management Agency (PMA). PAB shall be chaired by Secretary, PNG and shall consist of Additional Secretary, PNG, Financial Advisor, PNG, Joint Secretary (GP), Director-in-charge of CBG, IOCL, GAIL and Head, PMA. PAB will approve the detailed matrix of parameters for evaluation of proposal on recommendation of Project Appraisal Committee.

3.3 Project Appraisal Committee: The scheme shall have a Project Appraisal Committee (PAC) for appraisal of proposals and recommending projects under the scheme and for effective planning and implementation of the scheme. The EC shall have the following composition:

<b>S.No.</b>	<b>Composition</b>
1.	Additional /Joint Secretary, PNG (Chairman)
2.	Joint Secretary, Ministry of New and Renewable Energy or representative
3.	Joint Secretary, Department of Drinking Water and Sanitation or representative
4.	Joint Secretary, Ministry of Housing and Urban Affairs
5.	Representatives from Oil and Gas Marketing Companies

PAC may co-opt other members (domain experts), as appropriate.

3.3.1 The Terms of Reference (ToR) of the PAC will be as follows:

- i. Appraisal of the proposals and recommending projects under the scheme to PAB;
- ii. Effective planning and implementation of the scheme;
- iii. Assisting SC in monitoring of scheme and providing a quarterly progress report to the SC;
- iv. Recommend the detailed matrix of parameters for evaluation of proposal developed by the PMA;
- v. Recommend necessary amendment of scheme design to overcome operational difficulties, if so felt, during course of scheme implementation;

- vi. Provide necessary guidance to Project Management Agency (PMA) for scheme implementation.
- vii. Any other relevant matter.

### **3.4 Project Management Agency (PMA)**

#### **3.4.1 The responsibilities of PMA include:**

- a. PMA will implement and monitor the scheme, including the development of the dedicated portal.
- b. PMA will evaluate the applications received from beneficiaries (CGD entities/ CBG producers). For this purpose, PMA shall develop a detailed matrix of evaluation which will be approved by the PAB.
- c. PMA will examine the CBG-CGD pipeline(s) configuration to ensure the optimum utilization of resources.
- d. PMA shall appraise and recommend suitable applications for appraisal of PAC which shall further recommend the projects for approval of PAB.
- e. After approval of PAB, PMA shall inform the beneficiaries regarding approval of application. It shall also convey the sanction to Central Nodal Agency (CNA).
- f. PMA will conduct verification of the utilization of pipeline capacity. PMA shall submit its recommendations for release of financial assistance.
- g. PMA will extensively deploy information and communication technology to ensure transparent implementation and efficient monitoring, enhancing the scheme's overall effectiveness.
- h. Any other activity as may be decided by SC.

## **4. Funding Pattern**

**4.1 Standard Financial Assistance (SFA) pattern:** Standard pattern of financial assistance is as follows:

4.1.1 Cost of laying of connecting pipeline may vary from location to location, capacity, material used, plant size etc .The cost of pipeline is assumed as ~ Rs. 1 crore per km. for steel pipe line and ~ Rs. 0.15 crore for MDPE Pipeline for the purpose of calculation of financial assistance.

4.1.2 Financial Assistance for laying of pipeline (Steel/MDPE) up to 50 Km would be provided @ 50% of the project cost or Rs. 0.5 crore per km whichever is less. In case of connectivity where only MDPE pipeline is used the FA shall be restricted to 50% of project cost or 0.075 crores per kms whichever is lower.

4.1.3 FA for Pipelines above 50 km would be provided @ 50% of the additional cost of laying pipeline between 50-75 km or Rs. 0.15 crore per km whichever is less. In case of

connectivity where only MDPE pipeline is used the FA shall be restricted to 50% of project cost or 0.075 crores per kms whichever is lower.

4.1.4 FA would be allowed for pipelines up to 75 Km. (Steel/ MDPE) and upper ceiling for FA for pipeline would be Rs. 28.75 crore per project.

4.1.5 FA would not be provided for any pipeline length beyond 75 km. However, beneficiary can lay the pipeline beyond 75 km at its own expenses.

4.1.6 CGD entities that connect to multiple CBG plants, would take care to ensure most optimal configuration of pipelines, including synergy with the existing network or upcoming network expansion. In case more than one CBG plant is desired to be connected through a single pipeline network to the same CGD network, the limit of FA as described in the scheme shall apply separately to each sector of the pipeline.

## **5. Procedure For Application For Financial Assistance**

**5.1. Eligibility criteria for a pipeline connectivity:** Financial support shall be provided for establishing pipeline connectivity with those CBG plants which fulfil the following criteria-

- i. Plants have an installed CBG production capacity of at least 2 tonnes per day (TPD) and are registered on the GOBARDhan portal.
- ii. CBG projects above 5 TPD installed production capacity would be given preference under the scheme.
- iii. All the existing and upcoming CBG projects should have gas supply/ gas transportation agreement with CGD entity for supply or transportation of CBG through the CGD network. The agreement should ensure minimum 50% take or pay as well as supply or pay arrangement of the average CBG volume produced.
- iv. Under construction CBG projects with at least 25% of physical progress as per DPR shall be considered eligible to apply for FA.
- v. CBG project proponent seeking to connect his plant with the CGD network or the concerned CGD entity shall bilaterally consider the proposal for connectivity and mutually agree on the design specifications/ capacity based on the gas supply agreement.
- vi. SC reserves the right to review the eligibility criteria.
- vii. OGMCS would not be eligible for this financial assistance.

## **5.2. Process for approval of application for financial assistance for pipeline connectivity:**

- i. The application for grant of approval of financial assistance for the pipeline connectivity will be accepted through designated portal.
- ii. The last date for submitting the applications under these guidelines shall be 30.09.2025 or as extended from time to time.
- iii. Incomplete proposal in any form and without requisite approvals/documents will be rejected. The rejection of the proposal will be intimated preferably within 60 days of submission of the proposal in the designated portal. However, fresh proposal complete in all aspects may be resubmitted.
- iv. PMA shall evaluate the proposals on the basis of the CBG project DPR/ estimates provided by beneficiary (CGD entity/ CBG producer) and / or physical verification. The scrutiny and processing of the applications received shall be completed within 3 weeks of the end of cut off date. The evaluation shall be done based on matrix approved by PAB and comprising of parameters, including, Financial closure status, commissioning/ construction status, monetisation potential, etc.
- v. PMA shall forward the consolidated eligible proposals with its advise to the PAC for further recommending the proposals to PAB on monthly basis. If required, PAB and PAC may request PMA or CBG producer/ CGD entity for further explanation or justification of the proposal.
- vi. The PAC shall appraise/ recommend approval of the financial assistance to PAB.
- vii. Approval of PAB shall be issued within 2 months of the receipt of application.

## **5.3. Procedure after approval of application**

5.3.1 Approval of application will be conveyed to selected beneficiaries. The beneficiary shall take necessary statutory approvals for laying of pipeline and lay the pipeline.

5.3.2 Beneficiary has to lay the pipeline within one year from the date of approval of application. In case of delay for reasons not attributable to the beneficiary, a suitable extension of time over the original period may be granted by PAC based on recommendation of PMA. An application in this regard maybe made by the beneficiary to PMA 30 days before the end of time period prescribed in the approval of application along with supporting documents (justifications).

5.3.3 After laying of pipeline the beneficiary will upload a commissioning report along with CA certified copy of expenses incurred on laying of pipeline and seek time of PMA for physical verifications.

5.3.4 FA will be released after confirmation of utilization of the pipeline capacity (percentage utilization- at least 50 % of the quantity committed in commercial agreement for a period of three months)

5.3.5 After performance assessment PMA will submit the proposal along with recommendation for release of FA to the Ministry.

5.3.6 Ministry shall process the proposal and, after due approval, release the funds to the CNA which shall release the financial assistance within two weeks of receipt of funds in beneficiary's account.

5.3.7 If desired PAC will constitute a team of verifying officers comprising of one officer each from MoPNG, MoHUA and DDWS for audit of a fixed percentage, as determined by PAC, of verification reports and proposal for release of FA.

## **6. Criteria for Selection of beneficiary**

6.1 CGD entity laying the pipeline would be the beneficiary of the scheme.

6.2 In case of inability of CGD entity to lay the pipeline, the CBG producer may get the pipeline laid on its own or through any other interested entity. In such cases, the producer shall be the eligible beneficiary of the scheme.

6.3 Proposals submitted shall be selected for approval on monthly basis. Subject to the availability of budget, about 50 proposals would be approved in each FY-2024-25 and FY 2025-26.

6.4 Capacity of the commissioned plants - CBG projects above 5 TPD will be given preference.

6.5 In case of unavailability of above 5 TPD Projects till the end of every month, CBG plants below 5 TPD capacity (but more than 2 TPD capacity) may also put up for consideration of PAC.

6.6 After receiving applications, beneficiaries will be selected till the approved budget of that FY is exhausted. Remaining applicants shall be put in a waitlist.

6.7 Financial support to the beneficiary approved by the PAB but not released in the current FY shall be considered in the next FY.

## **7. Responsibility of beneficiary:**

7.1 The beneficiary shall be responsible for maintenance, upkeep, security and safe operation of the pipeline.

7.2 Pipeline laid under the scheme shall be utilized only for supply of Biogas by CBG producer(s). The CBG producer shall be free to sell the Biogas volume produced beyond the committed quantity as Biogas/CBG to other customers. The supply through CGD network shall be subject to the extant exclusivity regulation framed by PNGRB regarding supply of natural gas to customers in the respective geographical Area.

7.3 The CGD entity or CBG producer whosoever has applied for FA to PMA and has invested for rest of cost of the project shall be considered as the owner of the pipeline.

7.4 The beneficiary shall abide by all regulatory compliances related to hook up of pipeline to CGD network, technical safety standards, open access, transportation tariff, etc. as mandated by the regulator.

7.5 If a beneficiary fails in fulfilling its responsibilities, written notice will be issued starting with a onetime warning. For subsequent failure, the PAC may recommend to recover the financial assistance amount from the beneficiary.

## **8. REGULATIONS:**

8.1 Regulation shall be framed regarding network connectivity that include gas quality, gas odoration and gas pressure requirements.

8.2 Suitable monitoring of hook up facility of CBG pipeline with CGD network, open access, transportation tariff and compliance with safety and technical standards CGD entities shall be done by regulator.

8.3 Regulator shall require CGD entities to publish the connection tariffs to connect gas from CBG plant based on objective, transparent and non-discriminatory criteria.

8.4 For calculation of tariff to the concerned CGD entity, the subsidy /grant component given under the scheme shall not be considered.

## **9. Scheme Monitoring**

9.1 The Scheme envisages a coordinated approach for monitoring and evaluation with active involvement of PMA, beneficiary and other stakeholders.

9.2 A combination of periodic desk review, field visits and web-based mechanism will be adopted by MoPNG for monitoring physical and financial progress and achievement of proposed outcomes of the scheme.

9.3 Mid-term evaluation and end of scheme evaluation will be conducted through a suitably chosen third party. The funds towards evaluation will be used from within administrative expenses earmarked in the scheme budget.

\*\*\*\*\*