

TENDER DOCUMENT

Sub: Hiring/Engaging a Technical Consultant by Oil Industry Development Board (OIDB) to carry out study for establishment of a Natural Gas Trading Hub/Exchange in the country.

Background

The Government of India has envisaged ushering a Gas Based economy by increasing the share of natural gas in primary energy mix of the country from current level to 15% in coming years. Accordingly, the Government through the Ministry of Petroleum & Natural Gas (MoP&NG) has put thrust in increasing the availability of natural gas by enhancing the domestic gas production, encouraging the import of Liquefied Natural Gas (LNG), completion of national gas grid and speedier roll out of City Gas Distribution network in the country. In order to further boost the consumption of natural gas in the country, Government is considering the establishment of a Gas Trading Hub/Exchange where natural gas can be traded, and natural gas can be supplied through a market based mechanism.

2. The Oil Industry Development Board (OIDB) proposes to hire a technical consultancy firm to provide assistance in carrying out a detailed study on the current state of Indian Gas sector, Government's priorities and to recommend further course of action for successful establishment of Gas Trading Hub/Exchange in the country. The details of scope of work, bidders' eligibility criteria, method of selection, and timelines for study etc. are given below:

Scope of Work:

3. The scope of the assignment will include but not limited to:
- I. **Assessing the current state of Indian Gas Sector including following aspects –**
 - i. Scenario on current and future gas demand and supply (domestic & imported sources) in country.
 - ii. Domestic and imported gas pricing regime
 - iii. Estimates on new gas demand with sectorial Price sensitivity analysis
 - iv. Availability of Gas Infrastructure including Regas Terminals, Pipelines and City Gas Distribution (CGD) to match up existing and future gas demand
 - v. Current form of gas trade with contractual regime i.e. key elements of gas sales and transportation contracts
 - vi. Analysis on ease of accessibility of gas infrastructure including terminal and pipeline networks etc.
 - vii. Regulatory (including tax structure) framework in gas sector.
 - viii. Comparative analysis (region-wise) covering aspects related to Accessibility, Availability, Affordability and Environmental impact etc. between natural gas and alternate fuels in the country.
 - ix. Any other aspect which is critical to be analyzed for achieving the envisaged goal of the Government to usher into a Gas Based economy.

On the basis of above assessment and keeping in view of Government priorities, the consultant should identify the key challenges/ impediment for expansion of gas markets and establishment of the Gas Trading Hub/Exchange in the country.

II. Study of global experience for development of gas trading hubs/exchanges–

Identify global gas markets having gas trading hubs/exchange and analyze their critical success factors including policy, regulatory, market and institutional dimensions to draw specific learnings for India. This may include aspects such as –

- i. Broad policy and regulatory framework including Industry structure
- ii. supply and demand scenario
- iii. Gas Infrastructure including Pipeline Infrastructure – interconnectivity, third party access, model for grid operations, tariff model, separation of sales and transportation services
- iv. Form of gas trade with contractual regime i.e. key elements of gas sales and transportation contracts
- v. Elements which facilitated in gas pricing and marketing freedom
- vi. Evolution of Gas Trading Hub/Exchange and its ownership
- vii. Market design and structure including the hub design (virtual or physical), products, market rules, settlement mechanism, role of market and system operators, etc.
- viii. Liquidity of gas volumes to trade and churn rates
- ix. Pricing index/ benchmark / reference
- x. Identify various key enablers and successful models of trading hubs and draw specific learnings for India
- xi. Assisting Government/Industry to have interaction visits to the selected few global trading hubs viz. NBP(UK), HH(USA) etc. to understand the above aspects including the technology/ process aspects of implementing and operating a gas trading hub/exchange in the country.

III. Identification of various trading hub concepts/models:

On the basis of the international learnings and the analysis of the Indian gas markets, the consultant shall develop various models for the trading hub that are implementable in the Indian gas market and facilitate in increasing the natural gas share in primary energy mix in the country. Consultant shall identify and undertake a comparative analysis of all the identified models. All key aspects of the trading hub need to be analyzed including –

- i. Market structure - Role of various players involved in exchange trade (transporter, seller, buyers, etc.)
- ii. Recommended model to establish a gas trading hub/exchange
- iii. Various pre-requisites/ enablers for successful implementation of trading exchange.
- iv. Hub structure including possible hub locations with rationale
- v. Assessment on resources (capital, technical and human) including infrastructure requirements to establish and operate a gas trading hub/exchange
- vi. Funding mechanism for the establishment of gas trading hub/exchange
- vii. Possible revenue models for sustainable operations of the gas trading hub/exchange ecosystem.
- viii. Time schedule for establishment of gas trading hub/exchange in the country.

Based on the analysis of various models, the consultant would assess their viability with the possible impacts (pros and cons) in the context of Indian Gas sector.

- IV. **Consultations with relevant industry stakeholders:** The consultant would undertake consultations with all relevant industry stakeholders including various Ministries and Departments in the Government, Regulatory Bodies, industry players, consumers, etc. to understand the key challenges and enablers for implementation of gas trading Hub/Exchange.

Required working experience as Bidders Eligibility Criteria (BEC)

4. The prospective bidders i.e. consultant/consortium (having international repute in the area of establishment and operation of trading exchange) for this work should fulfill any of the following eligibility criteria:

(i) The Bidder should have prepared at least one consulting report for one or more Multinational Companies (MNCs) in Hydro-Carbon sector in the preceding 03 (Three) years prior to the due date of submission of bid.

Or

(ii) The Bidder should have prepared at least one consulting report for Government(s)/Regulator(s) of one or more countries in Hydro-Carbon sector in the preceding 03 (Three) years prior to the due date of submission of bid.

Or

(iii) The Bidder should have presence in at least 05 (Five) countries abroad having its own/hired offices in those countries and should have prepared at least one consulting report in Hydro-Carbon sector of those countries in the preceding 03 (Three) years prior to the due date of submission of bid.

5. In case, a bidder has part or no past experience in Hydro-Carbon sector, they can also participate in tender provided their Parent/Holding/Subsidiary/Affiliate Company(ies) (together defined as "Group Entity(ies)") independently or jointly meet the eligibility criteria as stated above. In such a situation, the bidder and their Parent/Holding/Affiliate Company(ies) (as the case may be), shall be jointly and severally liable for the performance of the contract and an Authenticated Declaration to this effect duly signed & stamped by the members shall be submitted along with the bid and the same shall be made a part of the Contract (in the event of award).

6. Documents to be submitted by the bidders: The Bidder/Group Entity(ies) shall furnish the following documentary evidences along with the bid to establish experience for meeting BEC:

(i) Copy of Completion Certificate issued by the Client for each of the Assignment stating the scope of work/ proof of completion of each of the assignment / job showing reference of work order no., date, completion date etc. for each of the assignment / job.

OR

(ii) Copy of registration having offices in at least 05(five) countries with copy of completion certificate issued by the clients in those countries stating the scope of work/services, date of completion etc.

7. Experience acquired by the Bidder/Group Entity(ies) as a sub-contractor can also be considered for qualifying the BEC provided the Bidder/Group Entity furnish the following documents in support of meeting the BEC:

- i) Copy of Assignment(s) issued by Main Consultant(s) to the Bidder/Group Entity(ies) showing the scope of work / services in the area of establishment and operation of trading hub/exchange
- ii) Copy of Completion certificate(s) issued by the end User / Owner and also from the Main Consultant / Client in favour of Bidder/Group Entity(ies) in the area of establishment and operation of trading hub/exchange. The Completion Certificate(s) shall have details like work order no., date, brief scope of work / services, completion date, etc.

8. A job executed by a Bidder for its own project/study cannot be considered as experience for the purpose of meeting the requirement of BEC of the tender. However, jobs executed for any Group Entity (ies)/ Government(s)/ Regulator(s) will be considered as experience for the purpose of meeting BEC subject to submission of tax paid invoice(s) duly certified by statutory auditor of the Bidder / Group Entity towards payments of statutory taxes in support of the job executed for the Group Entity (ies)/ Government(s)/ Regulator(s). Such Bidder should submit these documents in addition to the documents specified in the bidding document to meet BEC.

Method of Selection:

9. **Two Bid System (Technical Bid & Price Bid) would be followed:**

- i. Opening of Technical Bids by a Committee appointed by the competent Authority. The Technical Bids shall be opened in the presence of Bidder, or his authorized representative, who choose to attend.
- ii. The Price Bids of those Bidders, whose Technical Bids are found to be acceptable, will be opened on a fixed date, time & venue, which shall be communicated to the technically acceptable Bidders.

Timelines

10. The services are expected to be carried out tentatively over the duration of ten (10) weeks.

Deliverable:

11. The consultant will submit following-

- i. 1st interim report before the end of 3rd week (covering the assessment on current state of Indian Gas sector)
- ii. 2nd interim report before the end of 6th week (covering the assessment on current state of Indian Gas sector & global experience on development of gas trading hubs/exchanges)
- iii. Before submitting the Final Report, the Consultant has to give a presentation for review/suggestions to OADB/MoP&NG. The Final Report will include the outcome of study undertaken as laid down in Scope of Work with suggestions made during the presentation.
- iv. Final report (5 copies) before the end of contract period.

12. Liquidated damages (LD) for default in timely completion :

Timely completion of this project is essential. In the event of the Contractor's default in completion of scope of work from commencement date under the contract, the Contractor will be liable to pay liquidated damages at the rate of ½% of Contract value per week or part thereof, but not exceeding 7½%. Part thereof means that part of the week will be treated as full week, e.g. a delay of one week and one or two days and so on will be treated as delay of two weeks (not for one week and one or two days) and LD will be levied accordingly.

Earnest Money Deposit:

13. Rs.4,00,000/- may be taken as a deposit along with bid through demand draft drawn in favour of 'Oil Industry Development Board' payable at New Delhi by the bidders. The EMD shall not attract any interest.

Payment Terms:

14. The consultant will be paid for its services as per following payment schedule-

- i. 10% on award of the contract,
- ii. 20% on submission of 1st interim report,
- iii. 20% on submission of 2nd interim report,
- iv. 10% on submission of making presentation on final report,
- v. 30% on submission of the final draft report,
- vi. 10% on acceptance of the report by the competent authority.

15. Submission of Bids:

Technical Bid: Technical Bid for hiring of technical consultancy firm to provide assistance in carrying out a detailed study on the current state of Indian Gas sector, Government's priorities and to recommend further course of action for successful establishment of Gas Trading Hub/Exchange in the country should be submitted in the prescribed format (Annexure I) in a sealed envelope superscribed "Technical bid".

Financial Bid: The Financial Bid should be submitted in the prescribed format (Annexure II).

16. Bids should be addressed to Shri Rajesh Saini, Dy. Chief Finance & Accounts Officer, Oil Industry Development Board, OIIB Bhawan, Sector-73, NOIDA-201301. The bids are to be dropped in the Tender Box placed at OIIB Office/ or reach this office on or before 27th December 2017 by 2.00 PM. The technical Bids will be opened on the same day at 3.00 PM in the presence of the bidders or their authorised representative who wish to remain present.

17. Amendment of Bid Document:

At any time prior to the deadline for submission of bids, OIIB may at its own discretion and for any reason what so ever whether at its own initiative or in response to a clarification requested by a bidder modify the Bid Documents by notifying any such amendment as may be drafted/incorporated to the original bid documents. The amendment will be communicated in writing by Fax and/or courier to all bidders who had originally received the said Bid Documents. In order to allow the bidders reasonable time to take the amendment into account in preparing

their bids, the OADB may at its discretion, extend the deadline for the submission of Bids and any such extension will be conveyed to all the bidders.

18. Bid Prices: Prices quoted by the successful bidder shall be held firm during its performance of the contract and will not be subject to variation on any account. A bid submitted with an adjustable price quotation will be treated as non-responsive and will be liable to be rejected. Price quotations are to be strictly in accordance with price bid. Conditional bid is liable to be rejected.

19. Period of validity of bids: Bids shall remain valid for 60 days after the bid closing date. A bid valid for a shorter period will be considered as non-responsive and be liable to be rejected by the OADB.

20. Award of Work: The bidders are required to quote lump sum amount for the entire work as described under the Scope of Work. The L1 party shall be decided with respect to the total lump sum quoted. In case of tie, the selection will be made on the basis of the experience of the bidders.

21. OADB'S right to accept or reject bid: The OADB reserves the absolute right to accept to reject any or all Bids, at any time, prior to the award of Contract, without assigning any reason

22. Termination for Unsatisfactory Performance: If OADB considers that the performance of the contractor is unsatisfactory, or not up to the expected standards, OADB shall notify the contractor in writing and specify in details the cause of the dissatisfaction. OADB shall have the option to terminate the contract by giving 15 days' notice in writing to the contractor or if the contractor fails to comply with the requisitions contained in the said written notice issued by OADB.

23. Disputes and Differences: Any dispute or difference arising out of or in connection with this tender shall be referred to Secretary, OADB or his nominee for Arbitration and the provisions of the Arbitration & Conciliation Act, 1996 or any statutory modification of or re-enactment thereof and the rules made there under and for the time being in force shall apply to the same. The Courts in the city of New Delhi/Delhi shall have jurisdiction to entertain, any application or other proceedings in respect of anything arising under this Agreement and any award or awards made by the sole arbitrator hereunder shall be filed in the concerned courts in the city of New Delhi/Delhi only.

(Rajesh Saini)
Dy. Chief Finance & Accounts Officer

OIL INDUSTRY DEVELOPMENT BOARD

TECHNICAL BID

Sl. No.	Particulars [whether submitted/agreed]	
1.	Name of the Company	
2.	Address of the Company	
3.	Contact Person name and Address of Communication.	
4.	Date of inception of Firm/Company	
5.	Financial position of the firm as per tender conditions	Attach documents
6.	Experience required as per tender conditions	Attach work orders/completion certificates
7.	Details of services provided by the Company	Attach supporting documents
8.	Whether the firm is blacklisted by any Govt. Department or any criminal case is registered against the bidder.	
9.	Attested copy of PAN and GST Registration	Attach documents.
10.	Number of persons who are proposed to be associated for executing the assignment with name including that of the Team Leader.	Attach CV duly certified by the Authorised person of the bidder.
11.	To accept all the T&C of the tender document.	

All above enclosures must be valid.

Date:

Signature & Seal

FINANCIAL BID

The Dy. Chief Finance & Accounts Officer,
Oil Industry Development Board,
OIDB Bhawan, Plot No2, Sector73,
NOIDA-201203.

Sir,

With reference to OIBD Tender Enquiry No.10/2/2017-OIBD dated _____ for hiring of technical consultancy firm to provide assistance in carrying out a detailed study on the current state of Indian Gas sector, Government's priorities and to recommend further course of action for successful establishment of Gas Trading Hub/Exchange in the country -

	Parameter	Amount in INR
1.	Lump sum Professional Fee for entire scope of work and deliverables as detailed in Scope of Work. The taxes as applicable shall be paid extra.	

Date:

Signature & Seal