

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:3423
ANSWERED ON:16.04.2010
SUPPLY OF NATURAL GAS IN POWER PROJECTS
Mahant Dr. Charan Das

Will the Minister of POWER be pleased to state:

- (a) whether the National Thermal Power Corporation Limited (NTPC) had called for the International Competitive Bids (ICB) in the year 2002 for the supply of natural gas for the expansion of Kawas and Gandhar power plants in Gujarat and Kayamkulam in Kerala;
- (b) if so, whether the terms of ICB were same for both the projects;
- (c) if so, the details thereof and if not, the reasons therefor;
- (d) the names of companies which expressed their interest for each of the project;
- (e) whether the Government has enquired the reasons for failure of ICB for Kayamkulam and poor response for Kawas and Gandhar;
- (f) if so, the details thereof and if not, the reasons therefor; and
- (g) the total expenses incurred by the NTPC for conducting such bids?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF POWER (SHRI BHARATSINH SOLANKI)

(a): NTPC had invited the bids on ICB basis for procurement of fuel (LNG / Natural Gas) for Kawas and Gandhar Expansion Projects in Gujarat on 01.10.2002 and for Kayamkulam Project in Kerala on 09.04.2003.

(b) & (c): The terms of bidding documents in both the Projects were based on the same principle except some differences which were Project specific. Further in Kayamkulam an additional route for supply of Regasified Liquid Natural Gas (RLNG) at the Power Plant boundary on single point responsibility basis was also created which was not there in the bid for Kawas and Gandhar Expansion Projects. The major differences in the bidding documents of these two Projects are brought out at Annex-I.

(d): (i) For Kawas and Gandhar Expansion Projects Against the ICB, Seven Bidders in all submitted their Techno Commercial proposals and three Bidders in all submitted final Price offer as per the details given below:

Techno-Commercial Bid Response

LNG Supply at Indian port Services (towards Re- Supply of Natural
gassification and Gas at Plant
transportation) boundary

1.PETRONAS, Malaysia 1) Petronet LNG, New Delhi RIL, New Delhi

2.YEMEN LNG, France 2)Shell Hazira, Ahmedabad

3.SHELL EASTERN, 3)Hazira LNG, Ahmedabad
Singapore

Price Bid Response

LNG Supply at Indian Port Services (towards Re- Supply of Natural
gassification and Gas at Plant
transportation) boundary

PETRONAS, Malaysia Petronet LNG Ltd, (PPL) New RIL, New Delhi
Delhi

(ii) For Kayamkulam Project – Against the ICB, three Bidders in all submitted their Techno Commercial proposals. However, only one Bidder for Services towards Regassification and transportation submitted final Price offer as per the details given below:

Techno - Commercial Bid Response

LNG supply at Indian Port Services (towards Re- Supply of Natural Gas
gassification and at Plant boundary
transportation

GAIL, New Delhi 1) PLL CONSORTIUM, New Delhi No Bid received
2) GAIL, New Delhi

Price Bid Response

LNG supply at Indian Port Services (towards Re- Supply of Natural Gas at
gassification and Plant boundary
transportation

No Bid received 1. PLLCONSORTIUM, New Delhi No Bid received

(e) & (f): (i) Kawas and Gandhar Expansion Projects

As informed by NTPC, the Techno Commercial proposal along with Financial proposal were submitted by seven bidders. Since all the bidders had sought number of deviations from the bid documents, NTPC had protracted discussions with the participating bidders to address various issues raised by them before finalizing the final draft agreements and amendments were issued. Thereafter three bidders submitted their final price. Accordingly, NTPC placed Letter of Intend (LOI) to the lowest bidder namely, Reliance Industries Limited (RIL) for supply of gas at US \$2.34 / Million Metric British Thermal Unit (MMBTU) for 17 years. RIL acknowledged and confirmed the LOI on 17.06.2004 resulting in concluded contract. Subsequently, RIL sought major changes in Gas Sale and Purchase Agreement (GSPA) and RIL did not sign GSPA. Therefore, NTPC filed a suit against M/s RIL in Bombay High Court on 20.12.2005 for specific performance of the contract. The matter is presently sub-judice.

(ii) Kayamkulam Project

Two stage bid process was followed. In stage-I Bidders were required to submit the Techno-commercial bid and in Stage-II the financial bid.

In stage-I, one bid was received from GAIL for supply of LNG at Indian Port and two bids one from GAIL and another from PLL Consortium were received for Services towards Re-gasification and Transportation.

In stage-II, for Supply of LNG, GAIL did not submit the financial bid and sought unduly long extension which was not acceded to. The financial proposal was received only from one bidder (viz. PLL Consortium) for Services towards Re-gasification and Transportation. Since the offer for supply of LNG was not available, the supply chain was not complete. Accordingly, a decision was taken by NTPC to annul the bid process.

(g): NTPC appointed Commercial / Legal Consultant, Port Consultants and Gas Consultants during the bid process. The total value of Consultancy Contracts as awarded was approx. Rs. 3,77,65,790/- + USD 4,50,725/- .