

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:5121

ANSWERED ON:27.08.2010

SUPPLY OF GAS

Lingam Shri P.;Panda Shri Prabodh;Yadav Shri Om Prakash

Will the Minister of POWER be pleased to state:

(a) whether the National Thermal Power Corporation Limited (NTPC) has a contract with the Reliance Industries Limited (RIL) to purchase gas at 2.34 dollars per mm Blu:

(b) if so, whether this contract is valid in the light of the Supreme Court Judgment on the RIL-Reliance Natural Resources Limited case giving control of gas pricing and supply to the Government; and

(c) if so, the details thereof?

Answer

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

(a) to (c) : NTPC Ltd. invited bids under International Competitive Bidding (ICB) for procurement of natural gas @ 132 Trillion British Thermal Unit (Tbtu) per annum for a period of 17 years for Kawas and Gandhar expansion projects (1300 MW each). RIL was selected as lowest evaluated bidder and an LOI (Letter of Intent) was issued to them on 16.06.2004 for supply of gas @ US\$ 2.34 per mmbtu (landfall price at Kakinada), which was dully acknowledged by RIL. Subsequent to LOI, RIL was required to sign Gas Sale Purchase Agreement (GSPA). However, instead of signing GSPA, RIL sought major changes in terms of contract, which could not be accepted. When all efforts to persuade RIL to sign GSPA failed, NTPC in December, 2005 moved against RIL in Bombay High Court seeking a decree for declaration that there is a valid and concluded contract between NTPC and RIL and a decree for specific performance of the contract. The case is still pending before the aforesaid Court for final hearing.