

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:596

ANSWERED ON:15.03.2012

SALE OF NATURAL GAS

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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the public sector oil and gas producing companies have been given freedom to select consumers for sale of natural gas in the country;
- (b) if so, the details thereof alongwith the maximum quantum of natural gas permitted to be sold under the consumer selection freedom and the likely increase in revenue of the companies as a result thereof;
- (c) whether natural gas is being sold at different rates in various parts of the country;
- (d) if so, the details of variation thereof alongwith the maximum and minimum rates at which it is being sold by private and Government companies; and
- (e) the reasons for variation in selling price of natural gas between private and Government companies?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI R.P.N SINGH)

(a) & (b): Natural Gas is presently allocated by the Government as per the Gas Utilization Policy in the following order of priority:

1. Gas-based fertilizers plants
2. Gas-based LPG plants
3. Gas-based power plants
4. City Gas Distribution (CGD) entities for supply to domestic & transport sectors
5. Other sector such as Steel plants (only for feedstock & not for captive power requirement), Petrochemicals plants (only for feedstock & not for captive power requirement), Refineries, CGD entities for supply to commercial & industrial sector customers consuming up to 50,000 scmd (standard cubic meters per day), Captive power plants etc.

However, in respect of small and isolated fields (less than 0.1 mmcmd) under nominated blocks of national oil companies, the gas allocation can be made by these companies in accordance with the "Guidelines for Selection of Customers for Domestic Gas Available From Small/Isolated Fields" notified by the Government on 16.01.2012.

(c), (d) & (e) The consumer price of gas from different gas sources is annexed. At present, there are broadly two pricing regimes for gas in the country – gas priced under Administrative Pricing Mechanism (APM) and non-APM. The price of APM gas is set by the Government. As regards non-APM gas, this could also be broadly divided into two categories, namely, (i) imported Liquefied Natural Gas (LNG), and (ii) domestically produced gas from New Exploration Policy (NELP) and pre-NELP fields. While the price of LNG imported under term contracts is governed by the Sale & Purchase Agreement (SPA) between the LNG seller and the buyer, the spot cargoes are purchased on mutually agreeable commercial terms. As regards NELP & pre-NELP gas, its pricing is governed in terms of the Production Sharing Contract (PSC) signed between the Government & the Contractor. These rates are determined from time to time as per provisions of Production Sharing Contract (PSC).