

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:4612  
ANSWERED ON:04.05.2012  
SUPPLY OF GAS TO POWER PLANTS  
Bais Shri Ramesh;Mohan Shri P. C.

**Will the Minister of POWER be pleased to state:**

- (a) whether the gas is supplied on subsidised rates/concessional rates to various power plants in the country;
- (b) if so, the details thereof;
- (c) whether there are several commercial companies which are supplied gas at subsidised rates but sell electricity at market rates and earn profit;
- (d) if so, the details thereof;
- (e) whether the Government propose to formulate any policy for not supplying gas to the said profit earning companies at the subsidised rates; and
- (f) if so, the details thereof?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF POWER (SHRI K.C. VENUGOPAL)

- (a) & (b): Yes, Madam. Ministry of Petroleum & Natural Gas (MOP&NG) has informed that Administrative Price Mechanism (APM) Gas is being supplied to North-East Region @ 60% of the price of APM gas as compared to the rest of the country.
- (c) & (d): Central Electricity Authority (CEA) has informed that at present all the existing gas based power plants which are supplied domestic gas, are selling electricity to the DISCOMS as per the Power Purchase Agreements (PPAs) at rates approved by Regulatory Commission.
- (e) & (f): The Empowered Group of Ministers (EGoM) in its meeting held on 24.02.2012 has directed that the existing and future allocations of New Exploration Licensing Policy (NELP) gas to power plants be subject to the condition that the entire electricity produced from the allocated gas shall only be sold to the Distribution Licensees at tariffs determined or adopted (in case of bidding) by the Tariff Regulator of the power plant. The gas will be supplied only for the duration of the PPA and supply of gas will start only after the signing of PPA. The PPA may initially be for one year (short term PPA) during which electricity shall be sold at the tariff determined by the Regulator and the subsequent PPA should be for medium term or long term. The EGoM also authorized the MoP&NG to cancel the current allocation of any power plant(s) not complying with the aforesaid conditions.