

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:5963
ANSWERED ON:11.05.2012
NTPC AGREEMENT FOR SUPPLY OF GAS
Natarajan Shri P.R.

Will the Minister of POWER be pleased to state:

- (a) whether the National Thermal Power Corporation Limited (NTPC) had entered into Gas Sale and Purchase Agreement (GSPA) with a private company for supply of gas to Kawas-II and Gandhar-II power projects in the past;
- (b) if so, the details thereof;
- (c) whether the private company has fulfilled all the conditionalities as per the agreement including the required production of gas on date;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor and the reaction of the Government thereto?

Answer

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

(a) to (e) : No, Madam. However, NTPC has informed that they invited bids under International Competitive Bidding for procurement of natural gas @ 132 TBtu (trillion British thermal units) per annum for a period of 17 years for Kawas-II & Gandhar-II power projects (1300 MW each). RIL was selected as lowest evaluated bidder and a Letter of Intent (LOI) was issued to them on 16.06.2004. On 17.06.2004, RIL acknowledged the LOI. Subsequent to LOI, RIL was required to sign Gas Sale Purchase Agreement (GSPA), the draft of which was accepted by RIL during the bidding process. 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, inter alia, praying to declare that a valid, concluded and binding contract exists between the parties and specific performance thereof. The matter is presently sub-judice in High Court of Mumbai.