

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

UNSTARRED QUESTION NO:4168
ANSWERED ON:22.03.2013
ALLOCATION OF GAS BY GAIL
Biswal Shri Hemanand

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

- (a) the procedure regarding allocation of natural gas priced under the Administered Price Mechanism (APM) method;
- (b) whether the Gas Authority of India Limited (GAIL) has been supplying APM gas to ineligible customers who generate and supply electricity to their consumers at commercial rates;
- (c) the list of companies to which gas was supplied by the GAIL and total loss incurred as a result thereof;
- (d) whether the Government has taken any penal action against responsible parties;
- (e) if so, the details thereof and if not, the reasons therefor; and
- (f) whether the GAIL proposes to pay any liquidated damages for supplying gas to ineligible customers and causing under recoveries in the gas pool account and if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SMT. PANABAAKA LAKSHMI)

(a) APM gas was allocated by Gas Linkage Committee (GLC) to various entities till it was dismantled in 2005.

(b) to (e) GAIL supplied gas to consumers at APM price, based on APM allocations by Ministry of Petroleum and Natural Gas on the recommendations of Gas Linkage Committee (GLC). Seven Power consumers namely M/s MMS Steel, M/s Sai Regency, M/s Arkay Energy (Rameswaram) Ltd, M/s Coromandel Electric Co. Ltd, M/s OPG Energy Pvt. Ltd, M/s Saheli Exports Pvt. Ltd. and M/s Kaveri gas Power Ltd in Tamil Nadu & two Power consumers namely M/s Andhra Pradesh Gas Power Corpn. Ltd (APGPCL) and M/s Andhra Fuels Private Limited (AFL) in Andhra Pradesh were getting gas at APM rate and the power produced was not sold to grid for distribution to the consumers through public utilities/licensed distribution companies. Thus, APM gas supplied is now being charged at market price since 16.11.2011 and debit notes for the price differential for the past have also been raised. However, consumers have approached court and simultaneously have invoked arbitration against the action taken by GAIL and the matter is now sub-judice.

With Regard to M/S APGPCL a debit note for the difference of Gas price for the past period from 01.07.2005 to 31.12.2012 was raised. Subsequently M/s APGPCL has approached Hon'ble Delhi High Court against the action taken by GAIL. The Hon'ble Court has granted stay on the GAIL's communication till next date of hearing. Accordingly, at present the gas price is being charged at APM rate based on the interim Court order.

Further a debit note for the difference of Gas price was raised on AFL for the past period from 01.07.2005 to 15.02.2013. AFL has also approached Hon'ble Delhi High Court against the action taken by GAIL. Consequently, the matter was heard on 06.03.2013 and operation of GAIL's letter was stayed till next date of hearing. In view of above, at present Gas price is being charged at APM rate till further Court orders.

(f) GAIL is taking corrective measures to realize the dues; and the matter is now sub-judice. The amount shall be credited to the Gas Pool Account after recovery from the consumers for the past period as well as the current period and subject to judicial pronouncements in this regard.