

**GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA**

UNSTARRED QUESTION NO:2986
ANSWERED ON:27.08.2013
SUPPLY OF GAS TO NFL PLANTS
Haque Shri Sk. Saidul

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether some of the units of the National Fertilizers Limited (NFL) recently converted from FO/Naphtha to Natural Gas were forced to run on spot Liquefied Natural Gas (LNG) due to non-availability of natural gas under Administered Price Mechanism;
- (b) if so, the details thereof and the reasons therefor along with the remedial measures taken in this regard indicating the price paid by the NFL for spot LNG;
- (c) whether the viability of these plants has been adversely affected due to payment of higher price for spot LNG; and
- (d) if so, the details thereof and the corrective steps taken in this regard?

Answer

MINSITER OF STATE (INDEPENDENT CHARGE) IN THE IN THE MINISTRY OF CHEMICALS & FERTILIZERS AND MINISTER OF STATE (IC) IN THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION (SHRI SRIKANT KUMAR JENA)

- (a): NFL has converted its three FO based units at Nangal, Bathinda & Panipat to Natural Gas. Panipat and Bathinda units were commissioned in January, 2013 and Nangal unit was commissioned in April, 2013. In the absence of allocation of domestic gas for these projects, these plants are being run on spot RLNG.
- (b): In the absence of allocation of domestic gas, NFL has tied up spot RLNG from M/s.GAIL for its Nangal and Bathinda Units and from M/s.IOCL for Panipat Unit, for commissioning and operation after changeover. The present price of spot gas on delivered basis at the three converted units ranges between USD 19-22/MMBTU.
- (c): The project viability of three FO based units of the company converting to Gas was approved by Government of India considering delivered Gas price of USD 8/MMBTU and FO/LSHS price of around USD 14.5/MMBTU. At present with delivered price of spot LNG, running of plants after conversion from FO/LSHS to Gas is not viable, as the projected energy saving accruing to the Government because of the price differential of USD 6.5/MMBTU (USD 14.5 - 8/MMBTU), between FO/LSHS and delivered gas is not achievable. At present the differential cost between spot Gas price (USD 19.22/MMBTU) and present FO/LSHS (delivered price of USD 22-23/MMBTU) is only USD 1-2/MMBTU against envisaged price differential of USD 6.5/MMBTU.
- (d): Gas cost is a pass through in terms of pricing policy of Urea and higher price of spot Gas is not adversely impacting the operations of FO units converted to Gas.

However, due to higher price of spot Gas, the savings projected in the subsidy has not started accruing. The saving in subsidy shall accrue once domestic gas is allocated to these FO based units converted to Gas.