

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

UNSTARRED QUESTION NO:4341

ANSWERED ON:20.04.2015

DEMAND AND SUPPLY OF NATURAL GAS .

Bhamre Dr. Subhash Ramrao;Chinnaraj Shri Gopalakrishnan;Dubey Shri Nishikant ;Gandhi Shri Feroze Varun;Gutha Shri Sukender Reddy;Kamaraaj Dr. K.;Misra Shri Ajay (Teni);Patel Shri Dilip;Patel Shri Mahad Singh;Patil Shri Chandrakant Raghunath;Patil Shri Kapil Moreshwar;Ram Mohan Naidu Shri Kinjarapu;Sonker Smt. Neelam

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

(a) the details of demand and supply of natural gas in the country along with the quantum of gas and crude oil imported during the last three years and the current year and steps taken to find out new destination to import natural gas/Re-gasification LNG and crude oil, country-wise including United States of America, Qatar, Iran and other Middle East countries;

(b) the concrete steps taken by the Government to reduce domestically produced natural gas/Re-gasification and imported LNG price to supply all fertilizers/power units at uniform/pooled price rates across the country;

(c) whether the Government has fixed priority in allocation of gas including gas produced from D-6 and prices of gas to various sectors of economy particularly power/fertilizer and Small and Medium Enterprises (SME);

(d) if so, the details of gas produced by public/private sector companies including D-6 oil blocks and allocated to various priority/non-priority sectors along with its prices offered by the Government, sector/oilfield/State/UT-wise including southern State;

(e) the details of capacity/requirement of gas-based power generating stations, fertilizer plants and SME in the country and quantum of natural gas/RLNG available and supply to power/fertilizer and SME sectors in various States along with the steps taken by the Government to adopt flexible approach in allocation of gas to power/fertilizers/SME sector as per their requirement, Sector/State/UT-wise; and

(f) whether the gas based SME/power/fertilizers industries are badly affected and on the verge of closure due to short supply of gas in various States and if so, the details thereof along with any request from Maharashtra and Uttar Pradesh received by the Government for sufficient supply of natural gas to the said sectors and follow-up action taken in this regard, State/UT-wise?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DHARMENDRA PRADHAN)

(a). The details of demand and supply of natural gas to various sectors during 2014-15 are as under:

Sector Projected Demand during 2014-15 as per Working Group Report - 12th Five Year Plan (in MMSCMD) Supply (domestic and RLNG) during April to September 2014 (in MMSCMD)

Power	171	28.80
Fertilizer	113	41.82
City Gas	24	16.52
Petrochemicals/Refineries/		
Internal consumption	67	20.57
Steel	8	2.62
Others	22	9.02

However, actual demand is price sensitive and total utilization during 2014-15 (April to September 2014) was only 119.35 MMSCMD (Domestic-74.79 mmscmd and RLNG-44.55 mmscmd).

Due to less demand of imported LNG, out of 62.10 MMSCMD of total re-gasification capacity, 17.55 MMSCMD remained unutilized.

In power and fertilizer sector, installed capacity is much less than the demand projected by Working Group.

The quantum of natural gas and crude oil imported during last three years and current year is as under:

Period	Quantity of LNG imported (in MMTPA)	Quantity of crude Oil Imported (Million Metric Ton)
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2011-12	13.343	171.73
2012-13	13.421	184.80
2013-14	13.083	189.24
2014-15	8.15#	172.79

(upto February, 2015) (upto February, 2015)

Quantity of LNG imported by GAIL and PLL.

In order to provide long-term security, Oil PSUs are endeavoring to secure LNG supplies from diversified sources to mitigate geo-political risks, pricing risks etc. GAIL has executed three long-term LNG contracts for cumulative 8.3 MMTPA supply over 20 years' horizon (5.8 MMTPA from US, 2.5 MMTPA from Russia). Further, GAIL is in discussions with various suppliers/portfolio players to source LNG on Medium/long term basis from projects located in Qatar, Algeria, Mozambique, US and also portfolio suppliers etc. Further, import of natural gas through transnational pipelines is also being envisaged.

(b) to (d): The price of domestic natural gas is determined in accordance with the new Domestic Natural Gas Pricing Guidelines, 2014. However, the delivered price of the domestic natural gas may change from State-to-State depending upon transportation charges, State and Local Taxes and levies etc.

The rate of imported Re-gasified Liquefied Natural Gas (RLNG) is market determined and is settled mutually between the buyer and the seller.

Government on 31.3.2015 has approved the proposal of pooling of gas in Fertilizer (Urea) sector which will ensure supply of gas at uniform delivered price to all natural gas grid connected urea plants as per their individual requirement. Earlier Government on 25.03.2015 has also approved the policy to revive and improve utilization of the stranded gas based power generation capacity in the country for the year 2015-16 & 2016-17. In pursuance of this decision, Ministry of Power has notified the scheme for utilization of Gas

based power generation capacity on 27.03.2015 which envisages supply of imported spot R- LNG to stranded gas based plants as well as the plants receiving domestic gas, up to the target Plant Load Factor (PLF) selected through a reverse e-bidding process.

Government broadly follows the following order of priority in the matter of allocation of domestic gas including Gas from KG-D6:

(i) City Gas Distribution (CGD) network for domestic and transport sectors

(ii) Existing gas-based urea plants

(iii) Existing gas-based LPG plants

(iv) Existing grid connected and gas-based power plants

(v) Steel, petrochemicals and refineries for feedstock purposes, CGD networks for industrial and commercial customers, other gas-based fertilizer plants and captive power plants.

The domestic gas produced during April to September, 2014 was 91.77 MMSCMD including 67.49 MMSCMD produced by Public Sector Companies and 24.28 MMSCMD produced by private operators. The sector wise allocation of various domestic gases is as under:

(MMSCMD)

Firm Fall Back Total

Fertilizers	55.83	3.09	58.92
Power	90.60	18.09	108.69
LPG	10.54	0.04	10.58
CGD#	9.43	2.34	11.77
Small Consumers	0.50	2.42	2.92
Petrochemicals	11.92	0.81	12.73
Refineries	8.98	6.00	14.98
Court Mandated	1.10	0.00	1.10
Internal Consumption	1.55	0.00	1.55
Others	2.21	10.96	13.17
Steel	8.40	1.55	9.95
Total	201.06	45.29	246.35

(e) & (f): The details of the projected requirement (demand) alongwith quantum of RLNG available and supplied to various sectors is given in reply to part (a) of the Question.

Keeping in view the limited availability of domestic gas, Govt, has been following the policy of sectoral priority in the matter of allocation of domestic gas broadly following the priority listed out in reply to parts (b) to (d) of the Question.

Further, to protect the interest of small consumers having allocation of domestic gas upto 50,000 scmd, Government has enhanced the protection limit of supply of domestic gas to small consumers from 5000 scmd to 20000 scmd from the application of pro-rata cuts for meeting the full requirement of CGD entities for CNG and PNG (domestic) segments in compliance with guidelines dated 3.2.2014 and 20.8.2014.