

Fourteenth Loksabha

Session : 8

Date : 02-08-2006

Participants : [Handique Shri Bijoy Krishna](#)

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Title : Statement regarding Gas supply to the proposed Dadri Power Plants of NTPC and Reliance Energy Limited.

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI BIJOY HANDIQUE): Sir, the attention of this august House has been drawn by the hon. Member of Parliament, Shri Mohan Singh regarding non-supply of gas for the two proposed power generation projects of NTPC and Reliance Energy Limited at Dadri in Uttar Pradesh.

The hon. Member has expressed anguish over delays caused by the Minister of Petroleum and Natural Gas in approving gas price/formula for supply of gas by Reliance Industries Limited (RIL) to the above mentioned two power projects of Uttar Pradesh. The gas price relates to the likely supplies of gas from the block KG-DWN-98/3 (also known as D-6 block) located in Krishna-Godavari deepwater off the coast of Andhra Pradesh which was awarded to the consortium of Reliance Industries Limited and Niko Resources Limited under the first round of New Exploration Licensing Policy (NELP[s98]).

It may be mentioned that NELP, which was formulated by the Government in 1997 and operationalised in 1999, provides for stable fiscal terms to the companies and *inter alia* freedom to the contractors to market oil and gas in India. This was an incentive offered under NELP to attract investment and technologies especially for more challenging areas such as deep waters. The Production Sharing Contract, PSC sets out in detail, rights and obligations of each party to the contract.

*Placed in Library see No. L.T. 4557/2006

The specific issue raised with regard to the approval of the price formula by this Ministry relates to the proposal dated 14th April, 2006 received from RIL for approval of the formula for determining gas price for the purpose of computing cost petroleum, profit petroleum and royalty and for other purposes under the contract.

RIL had sought approval for the formula as agreed between them and Reliance Natural Resources Limited, RNRL on 12.1.2006.

17.56 hrs.

(Shri Varkala Radhakrishnan *in the Chair*)

The proposal was examined in accordance with the contract provisions. The provisions of the PSC provide for valuation of natural gas on the basis of competitive arms-length sales and enjoin upon the contractor to sell all natural gas to the benefit of the parties to the contract. It may be mentioned that a significant share of the surplus generated under the PSC flows to the Government in the form of profit petroleum, royalty, etc. These have direct relation to the gas price adopted for valuation under the contract. Therefore, for the purpose of the contract, the Government is required to approve the gas price formula for valuation of cost petroleum, profit petroleum and royalty, etc. However, the Government is not a party to the Gas Sales Agreement, GSA arrived between the seller and the buyer.

It may be noted that the transaction between RIL and RNRL is a part of their demerger agreement and does not meet the PSC criteria of 'arms-length sales.' The Government, after seeking certain clarifications and examination of the proposal, conveyed its decision to RIL on 26th July, 2006. Therefore, it would be incorrect to say that the Government took almost a year to convey its decision on the proposal. It may be added that it is the duty of this Ministry to encourage the contractors under the PSC to expeditiously bring the discoveries to production. In this, there has been no delay on the part of this Ministry. The time taken by the Government to convey its decision regarding the gas price formula approval has no bearing on the likely production date of the fields.

To our knowledge, NTPC has no contract with RIL for the supply of gas to its Dadri Project in Uttar Pradesh. Therefore, this Ministry has no role to play in approving any gas formula for NTPC's Dadri Project from RIL.

I wish to assure the hon. Member and the House that the decision of the Government on gas price formula is strictly in accordance with the terms of the PSC and at the same time, follows the principle of minimal intervention in day-to-day commercial operations of the investor companies. The Government is also committed to ensuring that there is no revenue loss to the public exchequer while approving the gas price formula in the PSC regime.

... (*Interruptions*)

श्री रवि प्रकाश वर्मा (खीरी) : सभापति जी, यह राष्ट्रीय महत्व का प्रोजेक्ट है। ... (व्यवधान) वक्तव्य में बहुत सी बातों को छिपाया गया है।... (व्यवधान)

MR. CHAIRMAN : No discussion is permissible without notice. He made the statement and there ends the matter. We shall go to the next item.

... (*Interruptions*)

MR. CHAIRMAN: No. I am sorry.

... (*Interruptions*[V99])

MR. CHAIRMAN : The Minister has made a Statement and there ends the matter. If you want any discussion, you may give notice and the matter can be discussed. There can be no further discussion.

... (Interruptions)

18.00 hrs.

(At this stage Shri Shailendra Kumar and some other Hon. Members came and stood on the floor near the Table)

MR. CHAIRMAN: As per rule, there can be no discussion.

... (Interruptions)

MR. CHAIRMAN: You may listen to the Minister. The Minister of Parliamentary Affairs wants to speak.

18.01 hrs.

(At this stage Shri Shailendra Kumar and some other Hon. Members went back to their seats)

THE MINISTER OF PARLIAMENTARY AFFAIRS AND MINISTER OF INFORMATION AND BROADCASTING (SHRI PRIYA RANJAN DASMUNSI): Sir, I assure the hon. Member, Shri Mohan Singh, who had raised this issue on which the Minister has made a Statement, that if the Member is not satisfied and wants to raise more queries, I would request him, through you, to give a Calling Attention Notice. I will make the Minister agreeable to respond to his queries.

MR. CHAIRMAN: Yes, you may give a Calling Attention Notice.

श्री गिरधारी लाल भार्गव (जयपुर) : महोदय, छह बज रहे हैं। अब जीरो आवर लेना चाहिए।... (व्यवधान)

श्री प्रिय रंजन दासमुंशी : हमें जुवेनाइल जस्टिस विाय पर चर्चा शुरू करनी है। हमें रात आठ बजे तक बैठना है।... (व्यवधान)

श्री गिरधारी लाल भार्गव : आप पहले जीरो आवर ले लीजिए। उसके बाद अगली कार्यवाही कर लीजिएगा। ... (व्यवधान) आप मंत्री हैं। आपकी मर्जी है। ... (व्यवधान)

MR. CHAIRMAN: Rule does not permit it.

... (Interruptions)

SHRI PRIYA RANJAN DASMUNSI: The hon. Speaker has decided, it was announced also, that we shall sit up to 8.00 p.m. from 1st August to 18th August.

Secondly, the Juvenile Justice Amendment Bill has already been placed before the House. The Minister has also mentioned its preamble and now the discussion will start. If there are many speakers, the discussion may continue and if not, it will be passed and then we can take up 'Zero Hour'.

श्री गिरधारी लाल भार्गव : मेरी प्रार्थना है कि आप पहले जीरो आवर ले लें। उसके बाद अगली कार्यवाही करें। आप दूसरे माननीय सदस्यों से पूछ लें कि वे किसके पक्ष में हैं। उसके बाद अगली कार्यवाही करें। रोजाना की परम्परा होनी चाहिए। आपको पहले जीरो आवर ले लेना चाहिए।...
(व्यवधान)

MR. CHAIRMAN: The time fixed for the House, not only for today but every day, is 8.00 p.m. A Bulletin has also been issued extending the time of the House up to 8.00 p.m. every day, to compensate for the days on which we have decided not to sit.

We have passed on to the Juvenile Justice Bill. Madam, you can speak on the Bill.

... (Interruptions)

श्री गिरधारी लाल भार्गव (जयपुर) : पहले जीरो आवर ले लीजिए। उसके बाद हाउस चलाइए। सारा सदन जीरो आवर की बात कर रहा है।...
(व्यवधान)

MR. CHAIRMAN: As per the Agenda, the left out item is Juvenile Justice Bill. You may give a Calling Attention Notice. Certainly, the hon. Speaker will admit it.

... (Interruptions)

श्री गिरधारी लाल भार्गव (जयपुर) : मैं जीरो आवर की बात कर रहा हूँ। ... (व्यवधान)

MR. CHAIRMAN: I will not be a party against the rule.

... (Interruptions)

MR. CHAIRMAN: I will go strictly as per the rules [\[R100\]](#).

... (Interruptions)

MR. CHAIRMAN : In the morning, the hon. Speaker allowed the Members to raise this issue. All the Members connected with the issue rose in their respective seats. Then the Minister of Parliamentary Affairs told that the Minister will be making a statement. Accordingly, the Minister has made a statement. Now further discussion

can be held only as per the rules. You can either give a notice for a Calling Attention or you can follow some other procedure. Now we will have a discussion on the Bill.

... (*Interruptions*)

SHRI KHARABELA SWAIN (BALASORE): Sir, the concerned Minister is not here. Who will reply to the debate?... (*Interruptions*)

SHRI PRIYA RANJAN DASMUNSI : Sir, the hon. lady Minister moved the Bill and she will respond to the debate. She will be back in five minutes. I would note down the points raised by the Members. She would reply to them in her reply. This is the practice which is being followed always... (*Interruptions*). There is official business of the House. So, I cannot agree to the suggestion for postponing the Government business for 'Zero Hour'. It is not possible... (*Interruptions*)

MR. CHAIRMAN: Now Madam Sumitra Mahajan to speak and that alone will go on record.

(*Interruptions*)*

MR. CHAIRMAN: The Minister made a statement. Now, there can be no discussion on 'Zero Hour' matter. We will be creating a very bad precedent.

... (*Interruptions*)

श्री शैलेन्द्र कुमार (चायल) : इस समय जीरो आवर लेने के लिए आपने सुबह कहा था। ...(ब्यवधान)

श्री प्रियरंजन दासमुंशी: अभी जीरो आवर नहीं होगा।

*Not Recorded.