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Title : The Minister of Petroleum and Natural Gas made a statement regarding issue of supply of gas to Dadri Plant in Uttar Pradesh and Government's intervention in the appeal in Supreme Court in a case between two companies.

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA): Madam Speaker, on 29th July, 2009, hon. Member, Shri Mulayam Singhji raised some points in the House, including the issue of supply of gas to Dadri Plant in Uttar Pradesh, discrimination against Uttar Pradesh in matters of gas allocation, NTPC incurring losses and also that the Government had not taken up the matter in the hon. High Court of Bombay, while it has approached the hon. Supreme Court and, finally, Government's intervention in the appeal in the hon. Supreme Court in a case between two Companies.

श्री रेवती रमन सिंह (इलाहाबाद): माननीय मंत्री जी, आपकी आवाज नहीं आ रही है।...(व्यवधान)

श्री मुरली देवरा: मैं जोर से पढ़ देता हूँ।...(व्यवधान)

Madam Speaker, I would like to place the entire matter in a proper perspective on the floor of this august House. The reference, I presume, is to the allocation of gas from KG D-6 gas field.

MADAM SPEAKER: Hon. Minister, would you like to lay the Statement on the Table of the House?

...(Interruptions)

श्री मुलायम सिंह यादव (मैनपुरी): मंत्री महोदय को इसे पढ़ना होगा क्योंकि यह स्टेटमेंट है। पटल पर कैसे रख देंगे?...(व्यवधान)

अध्यक्ष महोदय : मुलायम सिंह जी, आपके कहने पर स्टेटमेंट दे रहे हैं। आप शांत रहिए।

â€¦(व्यवधान)

SHRI MURLI DEORA: According to the Production Sharing Contract (PSC) signed in 2000 between the Government and the Contractor, gas to be produced from KG D-6 fields is to be utilized in accordance with the Gas Utilization Policy to be approved by the Government. The Government has decided at the level of an Empowered Group of Ministers (EGoM) constituted in this regard, by way of a Gas Utilization Policy, that out of the initial production, 15 mmscmd will go to existing urea plants, 18 mmscmd to existing power plants, 3 mmscmd to existing LPG plants and remaining 5 mmscmd for City Gas Distribution projects.

...(Interruptions)

SHRI ANANTHA VENKATARAMI REDDY (ANANTAPUR): What about the share of Andhra Pradesh?...(Interruptions)

THE MINISTER OF PARLIAMENTARY AFFAIRS AND MINISTER OF WATER RESOURCES (SHRI PAWAN KUMAR BANSAL): It has nothing to do with Andhra Pradesh...(Interruptions) It t is a different matter.

SHRI MURLI DEORA: The EGoM has further decided that, if any gas remains unutilized against this allocation, it will be allocated to existing gas-based steel plants and existing gas-based power plants, including captive power plants.

Madam, Speaker, the gas production began on 1st April 2009. Presently, around 31 mmscmd of gas is being produced. Within a year, it is expected to go up to 80 mmscmd. As far as power sector is concerned, 18 mmscmd has been allocated to various existing plants to improve their Plant Load Factor (PLF). It may be noted that no gas has been allocated to any plant, which is not existing or functional. I repeat, as far as NTPC is concerned, Government has been allocated gas to it. Out of 18 mmscmd for power sector, 2.67 mmscmd gas has been allocated to NTPC plants. Another 2.7 mmscmd has been allocated to RGPPL in which NTPC has 28 per cent stake. Gas is a scarce commodity and we would like to give gas to as many plants as possible. But, obviously, the first priority will be to supply gas to existing power plants, which are not operating at all or are operating sub-optimally because of non-availability of gas.

There has been no discrimination against Uttar Pradesh. I would like to place on record that the NTPC Plant in Dadri has been allocated 0.45 mmscmd of gas as it is covered under the criteria evolved by the EGoM. Out of a total of 15 existing gas-based urea plants in the whole country, five plants happen to be in Uttar Pradesh, namely, Aonla, Phulpur, Shahjahanpur, Babrala and Jagdishpur and all of them have been given gas. All the five fertilizer plants in Uttar Pradesh have been given gas. Details of the allocations to power plants and fertilizer plants are placed at Annexe to my Statement.

As far as RNRL's Dadri power plant is concerned, the case was considered by the EGoM. This plant is neither installed nor functional. There are many other plants which are in the process of being set up in different parts of the country. The decision of EGoM dated 8.1.2009 in this regard says, and I quote:

"Subject to the availability of gas, necessary allocations from RIL's KG D-6 fields will be made to these projects in the pipeline, including Dadri power project, as and when they are ready to commence production. This will be without prejudice to the decision of the court cases."

DR. K.S. RAO (ELURU): What about Andhra Pradesh?...(*Interruptions*)

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): Madam, Speaker, this is not a fresh Statement about gas allocation. This is a Statement arising out of a reference which was made by a hon. Member, Shri Mulayam Singh Yadav. He is only responding to the points which Shri Mulayam Singh Yadav referred to on the floor of the House and if the hon. Members bring the entire Gas Distribution Policy, then it is not the scope of the Statement.

SHRI MURLI DEORA: Hence, the intention of the Government is very clear. We will allocate gas to Dadri plant subject to availability and that Dadri plant will be treated on the same footing as other similar plants placed under similar circumstances.

Madam Speaker, it is not correct to say that the Government did not present its case before the Honourable High Court of Bombay. The Government had intervened in the RIL-RNRL dispute in the Honourable Bombay High Court. The Government placed before the Honourable Court its submissions indicating its rights under the PSC, including *inter alia* the Gas Utilisation Policy. The Government requested the Honourable Court to lift the injunction on creation of third party interests by RIL, which would enable RIL to supply gas to customers subject to Government policy. The plea of the Government was accepted and, as a result of the interim order, gas production has started and gas supply is being made to priority sectors as per the Gas Utilisation Policy approved by the EGoM. In the fertiliser sector, it is estimated that the supply of 15 mmscmd gas would result, on an annual basis, in saving of subsidy of Rs. 3000 crore. I repeat that it would save a subsidy of Rs. 3000 crore. I am happy to state that since the gas production started from 1st April, 2009, about 4000 MW of additional power is being generated as 18 mmscmd gas has been allotted to power sector. An additional about 25 mmscmd of gas needs to be supplied to the power sector to enable optimum operation of existing power plants and power plants to be commissioned in 2009-10, which would lead to additional generation of over 5000 MW of power. It needs to be mentioned that the present cost of assets, which are lying idle/underutilised in the power sector due to non-availability of gas prior to the commencement of KG D-6 production, is around Rs. 36,000 crore. Assets worth Rs. 36,000 crore are lying underutilised. Further, 3 mmscmd gas has been allotted to LPG sector, which would lead to an additional production of about one million tonne of LPG which is presently being imported in the country.

Madam Speaker, however, the final order dated 15.06.2009 of the Division Bench of the Honourable Bombay High Court has implications on the Government's rights to formulate and implement the Gas Utilisation policy under the Production Sharing Contract (PSC). Notwithstanding Government policies and the provisions of the PSC, the order observes that the provisions of the MoU are binding on the parties. The MoU, as per the judgement, provides that 12 mmscmd will be given to NTPC, 28 mmscmd will be given to RNRL and the remaining, at the option of ADAG, will be shared between RIL and RNRL in the ratio of 60:40. The MoU also stipulates that this share of gas will be applicable to gas not only from reserves of KG D-6 field, but also from other fields to be explored and operated by RIL, even consequent to future bidding by RIL. Under the circumstances, it was necessary to file an SLP in the Honourable Supreme Court and accordingly, action has been taken. I would not like to dwell further on the subject, as the matter is sub judice.

Madam Speaker, we have nothing to do with the private dispute of two industries or individuals. However, we have everything to do with protecting the interests of the Government and public interest; this is our constitutional and legal obligation. We will make all endeavours to protect Government's legal rights to regulate the utilisation of gas and its allocation. ...(*Interruptions*)

MADAM SPEAKER: Item No. 9, Shri Kapil Sibal.

...(*Interruptions*)

MADAM SPEAKER: Please sit down.

...(*Interruptions*)

12.14 hrs.

(*At this stage, Shri Shailendra Kumar and some other hon. Members*

came and stood on the floor near the Table.)

...(Interruptions)
