



CNG Prices Likely to Rise by About ₹1.25/Kg

Our Bureau

New Delhi: The rates of compressed natural gas (CNG) likely to rise by about ₹1.25 per kg and domestic piped gas by about 70-80 paise per standard cubic meters (SCM) in Delhi following a 10% rise in domestic natural gas price in the six-monthly revision on Monday, according to people familiar with the matter. Other cities too will see similar price increases.

Indraprastha Gas Ltd (IGL), the city gas distributor in Delhi and its satellite cities, is expected to shortly announce new prices. The rate for Noida in Uttar Pradesh will be slightly less due to lower taxes. Mahanagar Gas, Gail Gas and other city gas distributors too are in the process of raising rates in their respective license areas.

Higher prices mean costlier drive

for CNG vehicle owners and increased kitchen fuel bills.

City gas distributors depend on cheaply priced domestic gas for supply to vehicles and homes but source expensive liquefied natural gas (LNG) for their commercial and industrial clients.

Domestic gas price, which is revised twice a year and announced at the end of March

and September, is calculated by a government-set formula that takes average rates from international trading hubs.

Domestic gas price has risen to \$3.69 per million metric British thermal unit (mmBtu) from \$3.36

per mmBtu. The new price will be applicable for April-September period.

The maximum price producers can charge for gas from difficult fields has risen to to \$9.32 per mmBtu from \$7.67 per mmBtu, much higher than the spot liquefied natural gas (LNG) rates that are around \$6.5 per mmBtu. Spot rates are subdued these days mainly due to oversupply in the Asian region and weaker demand. The pri-

ce ceiling, linked to alternative fuels, is based on the average of preceding 12 months. The ceiling has jumped 40% since it was introduced in April-September 2016.

The gas price jump will boost earnings at ONGC, Oil India, RIL and Vedanta but would hurt consumers. The input cost will also rise for power, fertiliser, petrochemicals, refineries and other factories using natural gas as fuel or feedstock.