

# Total picks up 50% stake in Dhamra LNG Terminal

French major's first deal after announcing a partnership with Adani Group last year

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French oil and gas giant Total SA has taken a 50 per cent stake in Dhamra LNG Terminal Pvt Ltd (DLTPL), a unit of Adani Ports and Special Economic Zone Ltd (APSEZ), which is constructing a 12-million-tonne-per-annum LNG re-gasification terminal at its port located at Dhamra in Odisha's Bhadrak district.

*BusinessLine* could not ascertain the value of the deal, the first after the New York Stock Exchange-listed French multinational and the world's second biggest private LNG firm announced a joint venture in October 2018 with the Adani Group to develop multi-energy offerings for the Indian market, including LNG and fuel retailing, multiple sources said.

Total could not be reached immediately for comment, while a

comment from APSEZ is awaited.

The LNG terminal at Dhamra is being built with an investment of ₹5,200 crore. APSEZ-owned Dhamra Port Co Ltd has applied to the expert appraisal committee (EAC) attached to the Ministry of Environment, Forest and Climate Change, to transfer the environment and coastal regulation zone clearances for the 12 mtpa terminal in favour of the LNG terminal company, according to documents reviewed by *BusinessLine*.

The LNG terminal is set to start operations by mid-2021. Apart from meeting local demand for gas, the terminal is of strategic importance for gas supply to neighbouring Bangladesh, Myanmar and Nepal.

The Dhamra terminal can supply Bangladesh 3-5 mtpa (Dhamra to Bangladesh is less than 300 nautical miles by sea



Dhamra LNG Terminal Pvt Ltd, a unit of Adani Ports and Special Economic Zone Ltd, is constructing a 12-million-tonne-per-annum LNG re-gasification terminal at its port

and the distance by road to eastern Bangladesh is under 500 km).

## **IOC-GAIL pact**

India's biggest oil refiner, Indian Oil Corporation, and the country's largest natural gas firm, GAIL (India) Ltd, have separately signed long-term offtake agreements with Dhamra LNG Terminal for re-gasified LNG.

IOC has booked 3 mtpa re-gasification capacity for 20 years at

the Dhamra facility on a use or pay basis, helping the state-run oil refiner supply gas to its refineries in Paradip, Haldia and Barauni.

GAIL India has booked 1.5 mtpa re-gasification capacity for 20 years on a use or pay basis. GAIL plans to supply the gas to its customers located in the eastern region and along the Jagdishpur-Haldia gas grid, which is under development.

Initially, the terminal will

have two full containment type tanks of 180,000 cubic metre capacity each.

The LNG terminal will have an 18-metre draft jetty capable of handling a wide range of LNG supply vessels, including the largest Q-max (266,000 cubic metre) fleet from Qatar, thereby optimising sea transportation. The terminal will be capable of reloading LNG to service proximate markets via the marine route and will also have truck loading gantries to help grow the nascent LNG by truck market. India is seeking to cut its carbon emissions rate by a third by 2030, partly by boosting the use of cleaner fuels such as LNG. The shift to cleaner fuels such as LNG is also aimed at honouring India's commitment to the Paris accord on climate change.

#### **Gas-based economy**

By expanding the use of LNG, India is also looking to change course to a gas-based economy. It is seeking to raise gas share to

15 per cent in the primary energy mix, from 6 per cent by 2022. India currently has four LNG terminals and imports around 20 mtpa LNG, which it plans to increase to 70 mtpa by 2025.

This shift has positive implications not only from a climate change point of view, but also from a fiscal stand point, given India's huge crude import bill.

The cost advantages of LNG are such that for a 4 per cent replacement of crude imports with LNG, India will save \$1 billion in foreign exchange annually.

India's LNG imports are estimated to rise in the face of declining domestic production of gas, rendering LNG import and regasification terminals such as the one being constructed at Dhamra a necessity.

Assuming domestic gas production at 123-138 mmscmd, India's LNG imports is estimated to touch about 250 mmscmd or nearly 70 MTPA by 2025.