



THE RISE AND RISE OF NATURAL GAS

The demand for natural gas continues to rise in India. And if all goes well, it may garner 15 per cent share of India's energy mix in the next 10 years

COMING: OPEN GAS MARKET

In his keynote address, **Tarun Kapoor, Secretary, Ministry of Petroleum and Natural Gas**, pointed out a trunk network is needed in the entire country to meet the rising demand for natural gas. "We already have 17,000 km of trunk lines installed and working. Work is on to add similar capacity. So, the entire country will be connected in the next five years," he said. While PNGRB has already given out tenders to enable the infrastructure for this growth, the bigger point Kapoor made was that the gas market would be freed from monopolies, so that people can buy and transport gas per their needs. "We are looking at all sorts of reforms so that we have an absolutely open market in the country," said Kapoor.

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India's natural gas sector is abuzz with activity. There is increasing attention on infrastructure – pipelines, LNG import terminals, CGD network – and decongestion of LNG terminals on the west coast. The idea is to increase the share of natural gas from 6 per cent currently to 15 per cent by 2030, for a cleaner energy future. That would also enable it to reach 70 per cent of the population in 10 years. To make this happen, the government has rolled out a slew of reforms to ensure easy access for industry, commercial establishments, households and the transport sector.

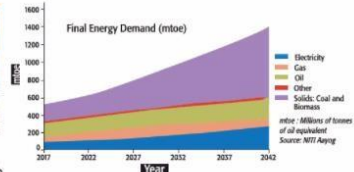
"The government is playing a critical role to propel the gas sector towards a bigger play in the economy, be it in aligning market prices, the CGD bidding or its adoption," said V.K. Mishra of Petronet LNG in a virtual panel discussion organised by The Economic Times. "There was no access to North-East India but now the Jagdishpur-Haldia pipeline is coming up, which will cover the entire eastern region." With subdued gas prices, it is perhaps the right time to revive gas-based power plants that are lying idle. "Right now, the consumption of natural gas in the power sector is just 30 mmscmd; this can double in the next few years," added Mishra.

The last few years have been critical for natural gas. The 9th and 10th CGD bidding rounds saw the first steps towards access to this fuel. "Today, we have 230 Geographical Areas (GA) covering more than 400 districts of India. This covers 71 per cent of our population and 53 per cent of area, an increase from 20 per cent and 18 per cent, respectively, in 2018-19," said Satpal Garg of PNGRB. But challenges persist. "There are 37 Gas; we are handling 17 directly, and 20 in JVs. We know the kind of regulatory hurdles in expanding CGD networks that involve states and local municipal bodies. Another challenge is, since natural gas is not under GST, there is double taxation," said A.K. Singh of BPCL.



As the gas exchange has become operational, all government policies are focused on opening up the gas market. "There is a need for complete management of and legal unbundling of marketing and distribution activities to allow competitive forces to establish a fair market assessed price to pass on the benefits of natural gas to customers," said S.M. Vaidya of IOCL, adding that the per capita consumption of natural gas in India is one-third the global average. "So, there is space for everyone and competition will bring out the best in us." Given the prospects, expanding a company's footprint in the gas sector is a priority for most. "We are planning to have

Ethane import facility at Dahej, setting up FSRU in East Coast in Odisha, foray in to renewables and international expansion in South Asian countries catering to their LNG and related infrastructure requirements such as Sri Lanka, Maldives, Bangladesh, Myanmar among others," said Manoj Pawa, ED, business development at Petronet LNG. Recent cooling of global LNG prices had a positive effect on natural gas offtake by India – a rise of 18 per cent imports in 2019-20. Although the pandemic played spoilsport, leaders of the industry are hopeful of a sharp pick-up. "COVID saw complete crash in



demand in the first weeks of the nationwide lockdown. But by September, we have seen demand for natural gas come back to pre-COVID levels. While we are seeing muted demand from MSMEs and for city-gas, but there are newer areas like power and fertiliser pick up, given the prospect of a bumper crop," said E.S. Ranganathan of GAIL.

Given India's dependence on imports, volatility of gas price could be a spot of bother as policymakers position natural gas as the bridge fuel for 10-15 years before moving to sustainable fuel sources. "We should have a judicious mix of long-term and short-term con-

tracts. Maybe a 70:30 mix that would provide good hedging strategy," said Garg. But the future lies in strategic reserves beyond LNG terminals, like those for crude oil. The BP Global Energy Outlook shows how Asia, including India, will lead hydrocarbon demand in the future. It predicts that India's demand for oil is likely to double by 2050 to 10 million barrels a day. So, despite the transition to renewable energy, fossil fuels will have a role to play. Therefore, all panellists shared Vaidya's optimism when he said: "The appetite of this country for fuel is phenomenal. So, all sources of fuel will have a role to play."



The gas requirement in India is so big that unless private players come in, we will not be able to fulfil our target of gas having a 15% share in our energy mix by 2030. And for this natural gas needs to be deregulated and brought under GST
SM VAIDYA, Chairman, Indian Oil Corporation Limited

Currently the city-gas consumption is around 28 mmscmd which we saw last year and this will double in the 7-8 years. After completion of the city-gas pipelines it will reach everyone and will tap latent demand that is not tapped due to lack of infrastructure
VINOD KUMAR MISHRA, Director (Finance) and additional charge of MD & CEO, Petronet LNG

We are transitioning through a golden era where a lot of players are competing with each other and progressing very fast. A lot of past challenges have been resolved. Earlier, this sector meant long-term capital-intensive commitment. But with spot volumes increasing risk can now be distributed. Some issues in expanding CGD networks remain but that's part of the game
ARUN KUMAR SINGH, Director (Marketing) & Additional Charge Director (Refineries), Bharat Petroleum Corporation Limited

According to projections by NITI Aayog for the next 20 years we see that LNG import is likely to come down with domestic capacity additions coming in, and the major consumption will be from power and fertilizer sector with CGD being a big growth driver
ES RANGANATHAN, Director (Marketing), GAIL India

To spur the sector, government has stepped in with VGF in two pipelines: Jagdishpur-Haldia and NE gas grid. The pipelines which were not economically viable have been made so by this funding intervention. The central government has also intervened in getting states to clear setting up trunk networks
SATPAL GARG, Member (C&M), Petroleum and Natural Gas Regulatory Board



तेल कंपनियों के लिए बनेगा वेब पोर्टल

नई दिल्ली। प्रधानमंत्री के आत्मनिर्भर भारत के दृष्टिकोण से प्रेरित होकर पेट्रोलियम, प्राकृतिक गैस और इस्पात मंत्री धर्मेन्द्र प्रधान के मार्गदर्शन में सभी तेल कंपनियों की रखरखाव, मरम्मत और ओवरहाल से संबंधित जरूरतों के लिए एक विश्वसनीय पोर्टल शुरू किया गया है। यह अन्य हितधारकों के लिए निर्णय लेने की सुविधा के लिए ग्राफ और चार्ट के रूप में दृश्य संकेतक के साथ वास्तविक समय डाटा प्रदान करेगा। इसके लिए पेट्रोलियम व प्राकृतिक गैस मंत्रालय के सचिव तरुण कपूर के नेतृत्व में एक विशेष कार्यबल का गठन किया गया है। इसमें सार्वजनिक उपक्रमों इंडियन ऑयल, ईआईएल, ओएनजीसी, गेल, बीपीसीएल, एचपीसीएल के साथ ही निजी रिफाइनरियों के अध्यक्ष भी शामिल हैं।