

Need to Unbundle Natgas Marketing and Transportation, says IGX CEO

India needs an independent system operator to ensure fair access to full capacity of natural gas pipelines for all market players, says Indian Gas Exchange (IGX) CEO Rajesh Kumar Mediratta. In an interview with **Sanjeev Choudhary**, Mediratta called for splitting of gas companies engaged in both marketing and transportation to end the advantage bundled entities enjoy over standalone marketers. Edited excerpts:

What are some of the measures the government can take to develop domestic natgas market?

If we want to develop our natural gas market, we need to bring best practices with a level playing. Bundled and unbundled marketers should have equal access to information and the same imbalance or ship-or-pay charge mechanism.

The absence of transparent and non-discriminatory access to gas grid impedes competition and, ultimately, stifles the growth of the gas market. The solution is to split bundled entities into two - one to look after marketing function and other for transportation. Until then, the two functions should work at an arm's length, with tough ring-fencing regulations.

Do we need an independent system operator?

We need an independent system



ET Q&A

We need an independent system operator to ensure fair access to the full capacity of pipelines for all market players

Rajesh Kumar Mediratta
CEO, Indian Gas Exchange

operator to ensure fair access to the full capacity of pipelines for all market players. The scheduling, nomination, imbalance management for all pipeline capacity may be done on a non-discriminate and neutral basis. This will help boost participants' confidence in the gas market and encourage customers to shift to gas.

How crucial is it to bring gas under

goods and services tax (GST)?

The gas trading market is currently fragmented due to the route-based and counterparty-dependent pipeline tariff collection and different state taxes. To address this, it is essential to rationalise the system to a counterparty-independent and route-agnostic mechanism, such as the 'entry-exit' or one common tariff. The government should consider bringing natural gas into the ambit of GST.

What else can enhance liquidity?

The government should mandate local gas producers to sell a minimum specified share of their output through the exchange. This would help boost liquidity and result in efficient price discovery.

How important is it to allow open access in city gas licence areas?

Open access in city gas areas, where exclusivity has expired, needs to be enabled. This will allow a wide range of industries to benefit from increased supplier choice and sourcing at competitive prices from the market.

What can help increase utilisation at gas-fired power plants?

The pipeline capacity booking mechanism and regulations need to be overhauled to enable prompt intra-day and day-ahead capacity bookings. This will assist power plants in sourcing gas and enable other players to balance their gas portfolios.



OIL marginally gains as US crude inventories fall



OIL PRICES WERE up slightly on Wednesday after a larger-than-expected decline in US crude stocks, but thin trading ahead of the US Independence Day holiday and concerns about rising global inventories limited any rise in crude prices. Brent crude futures edged up 5 cents to \$86.29 a barrel by 11:42 a.m. EDT (1542 GMT). US West Texas Intermediate crude futures gained 1 cent to \$82.81.

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