

Rs 40,000-crore investment in gas sector projected

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The petroleum ministry's sub-group on natural gas has projected a Rs 40,000-crore investment in the gas sector, besides a five-fold increase in imports of LNG to 25 million tonne per annum from the existing 5-6 mtpa.

Alongside, a sharp increase in the domestic gas supplies have also been projected during the 11th Five-Year Plan period from 70.54 mmscmd in 2007-08 to 192 mmscmd by 2011-12. This follows huge gas discoveries by Reliance Industries, Gujarat State Petroleum Company (GSPC) and Cairn Energy.

On increase in LNG supplies, the report noted that 5 million tonne of LNG is already flowing every year to Petronet LNG Limited's (PLL's) re-gassification terminal at Dahej, which is all set to expand to 10 mtpa by 2010-11. Besides, Kochi LNG terminal with a capacity of 2.5 mtpa is expected to expand to 5 mtpa by 2011-12. The 2.5-mtpa LNG terminal of Shell is also operational, but has not been able to stabilise. It has, therefore, been assumed that Shell terminal would operate at 2.5 mtpa capacity during the 11th Plan.

The 5-mtpa Dabhol LNG terminal would be operational from 2007-08. To begin with, the report said 1.2 mtpa LNG supplies would come to Dabhol, going up to 2.1 mtpa by 2009-10. After taking into account the 1.25 capacity at Mangalore, the LNG supply in the country would reach a level of 23.75 mtpa by 2011-12, it said.

Given the huge prospects of increased supplies from both domestic and international sources, the 11th Plan will witness a huge inflow of investments in building gas

infrastructure in the country. Domestic gas supplies, the report said, would be primarily driven from the KG basin by RIL in 2008-09 as the supplies projected by ONGC in the Plan period are expected to fall from 47.28 mmscmd to 41.08 mmscmd in 2011-12.

"The increase from private players is primarily due to the 40 mmscmd gas supply addition from RIL from 2008-09 onwards. The DGH has projected expected additional supplies of 20, 30, and 40 mmscmd from RIL fields in 2009-10, 2010-11 and 2011-12 besides 54 mmscmd from GSPC in each of these years. How much of these supplies would actually fructify would actually determine the prospects of the domestic supply scenario and would have a profound influence on the overall demand-supply balance, the report said.

Giving details of the Rs 40,000-crore investments in the gas sector, the report said on the LNG front, the expansions planned by PLL besides some greenfield projects would translate into a total investment of Rs 9,220 crore.

This includes the expansion of PLL's Dahej terminal to 7.5 mtpa by 2009-10 and 10 mtpa by 2010-11; the capacity build up at Dabhol LNG terminal from 1.2 mtpa and 2.1 mtpa in 2007-08 and 2008-09 respectively; investments in Kochi LNG terminal of PLL with a 2.5 mtpa capacity by 2010-11 going up to 5 mtpa by the end of 11th Plan along with the 1.25 mtpa regassification capacity coming up at Mangalore.

Investments in pipeline projects planned by GAIL by the end of the 11th Plan stand at Rs 21,000 crore, which after taking into account the city gas distribution networks already planned in 10 cities would go up to Rs 30,000 crore.

Significant increase in Indian Gas supply and consumption projected, with increased imports of LNG, major upturns in domestic discoveries and a predicted Rs 40,000 crore (approx. AUD \$11.5 billion)