

Sale of gas to city distribution companies

3300. SHRI B.S. GNANADESIKAN: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that Government has decided to sell gas to city distribution companies like IGL, MGL, at APM price of Rs. 3,840 per Standard Cubic Meter;

(b) if so, why these companies are selling CNG/PNG at a large mark-up of Rs. 22 per kg equivalent to Rs. 22,000 per Standard Cubic Meter, *i.e.* almost 300 per cent of the price at which the gas bought by these companies; and

(c) the details of role of the downstream regulator established in fixing natural gas prices?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI JITIN PRASADA): (a) The Government had increased the APM price of natural gas to City Gas Distribution (CGD) Companies to Rs.3,840 per thousand standard cubic meters (mscm) from 06.06.2006). The APM price of natural gas to CGD companies in North East was increased to Rs.2304 per mscm.

(b) CNG price of Rs.22 per kg is not equivalent to Rs.22,000 per mscm.

Further, CGD Companies are not Central Public Sector Undertakings. As such, approval of the Government is not required for fixation of price of Compressed Natural Gas and Piped Natural Gas sold by these Companies.

CGD Companies are supplied gas at APM rates. However, over a period of time, requirement of gas has increased in some cities and these Companies have to source other costlier gas as well. Further, consumer price of gas also includes transportation tariff, taxes, operational costs, etc.

(c) Petroleum and Natural Gas Regulatory Board (PNGRB) does not regulate the price of natural gas under the provision of PNGRB Act, 2006. However, CGD entities are otherwise governed by the provisions of PNGRB Act, 2006 and the Regulations formed therein.

Authority for distribution and price of Natural Gas

3301. SHRI DHARAM PAL SABHARWAL:

SHRI N.R. GOVINDARAJAR:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether ultimate power regarding distribution and price of natural gas vests with Government, as per Gas Utilization Policy (GUP) and Production Sharing Contract (PSC);

(b) if so, the details in this regard;

(c) whether there are inherent weakness and flaws in Reliance Natural Resource Gas Ltd. (RNRL)'s claim seeking gas at a price 40 per cent lower than fixed by Government; and