

In all established cases of irregularities, action has been taken against the erring distributors as per provisions of Marketing Discipline Guidelines (MDG).

**Notification of new gas pricing norms**

2596. SHRI DEVENDER GOUD T.: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether it is a fact that recently the Ministry has notified new gas pricing norms as per the recommendation of Rangarajan Committee;
- (b) if so, whether all the recommendations of the Committee relating to gas pricing have been accepted;
- (c) if not, the details of recommendations not accepted and the reasons therefor;
- (d) the justification in increasing the prices of natural gas; and
- (e) how the new pricing formula is different from the existing one?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRIMATI PANABAKA LAKSHMI): (a) Yes Sir. The Government has issued the Notification regarding **Domestic Natural Gas Pricing Guidelines, 2014** on 10.01.2014, based on recommendations of the Rangarajan Committee and after thorough consultation with all the stakeholders. The same has been published in the Gazette of India [(Extra-Ordinary) Part I, Section 1] on 17.01.2014. The said Notification is available on MoP&NG's website, i.e., <http://petroleum.nic.in> and it is also available on <http://www.egazette.nic.in>.

(b) and (c) All the recommendations of the Committee have been accepted except that the Rangarajan Committee Report recommends gas prices to be notified on a monthly basis. However, gas pricing data from all sources such as Indian importers and various industry sources, including international agencies, become available in open domain with different time lags of few days to 1/2 months. If the prices are to be notified every month, as recommended in the Report, the Government may have to rely only on limited sources for computation of gas prices. Thus, to accommodate and reconcile the Data from multiple sources and account for data time lags, it has been proposed in this Note to notify the gas prices on quarterly basis. This will also dampen volatility in gas prices.

These guidelines will be applicable to all natural gas produced domestically, irrespective of the source, whether conventional, shale, CBM etc.; the Guidelines will not be applicable on the pricing of natural gas from small/isolated fields in the nomination blocks of NOCs. Pricing of gas in respect of these small/isolated fields will be governed by the extant policy in respect of these blocks issued on 8th July, 2013.

Pricing of gas in respect of small/isolated fields had also not been recommended by Rangarajan Committee. A separate policy measure was conceived in respect of pricing of gas from these small/isolated fields and it was not incorporated in the CCEA Note for other domestically produced natural gas, which was approved by CCEA on 27th June, 2013. The extant pricing policy in respect of gas from small/isolated fields in nomination blocks was announced through separate policy on 8th July, 2013.

(d) The extant gas pricing policy under New Exploration Licensing Policy (NELP) was earlier approved by the Government for five years commencing from April, 2009 and is due for revision with effect from April, 2014.

(e) The pricing of natural gas produced domestically shall be based on the methodology, derived from the international gas market:

First, the netback price of all Indian imports at the wellhead of the exporting countries will be estimated. Since there may be several sources of gas imports, the weighted average of such netback of import prices at the wellheads would represent the average global price for Indian LNG imports.

Secondly, weighted average of prices prevailing at trading points of transactions - *i.e.*, the hubs or balancing points of the major global markets will be estimated. For this, (a) the hub price (at the Henry Hub) in the US (for North America), (b) the price at the National Balancing Point of the UK (for Europe), and (c) the netback wellhead price at the sources of supply for Japan will be taken as the average price for producers at their supply points across continents.

Finally, the simple average of the prices arrived at through the aforementioned two methods will be determined as the price for domestically produced natural gas in India.

Domestic Gas prices shall be notified in advance on a quarterly basis using the data for four quarters, with a lag of one quarter.