
EGoM to finalize more buyers for KG gas

Wednesday, 28 Oct, 2009

It is reported that the new empowered group of ministers on KG basin gas is likely to finalize consumers for an additional 20 million metric standard cubic metres of gas a day from the D6 block of Reliance Industries Ltd including some for the latter's own refineries and petrochemical plants.

The EGoM in its first meeting is also expected to consider allocating another 30 mmscmd of gas on a fallback basis to various sectors.

The Union government has the power to decide who will get gas from any source and the price, too. The latter was fixed in 2007 for five years.

While the power sector will get over half of the 20 mmscmd for which firm allocation will be made, the rest is expected to be distributed among other consumers. The ministry of petroleum and natural gas' proposal for a total of 19.64 mmscmd gas for RIL plants is the highest one for any single company.

A senior government official said that "Production from the basin can be ramped up to 60 mmscmd very soon from the current 40 mmscmd and it will eventually go up to 80 mmscmd. While the previous EGoM has already allocated buyers for the first 40 mmscmd, it is now expected to make firm allocations for the next 20 mmscmd. Beyond 60 mmscmd, allocations are likely to be made on a fallback basis for 30 mmscmd."

Sources said the total proposed allotment of D-6 gas for the power sector on a firm basis would be raised to 30.08 mmscmd from the existing 18 mmscmd implying an increase of 12.08 mmscmd. Over and above this, power plants, including those to be commissioned in the current financial year, may be allocated an additional 11.99 mmscmd on a fallback basis.

(Sourced from Business Standards)

For more news visit at www.steelguru.com