

GOVERNMENT OF INDIA

MINISTRY OF POWER

RAJYA SABHA

QUESTION NO 21.12.2009

ANSWERED ON

PER UNIT COST OF GAS PRODUCTION .

3521

SHRI PENUMALLI MADHU

Will the Minister of COALCOALPOWER be pleased to state :-

(a) whether it is a fact that the Reliance Industries Ltd. participated in an international bid floated by NTPC for supply of gas at \$2.34 per MMBTU;

(b) if so, the details thereof and the reasons behind fixing a higher price;

(c) whether gas developer companies are required to disclose their unit production costs to the Director General of Hydrocarbons and his Ministry;

(d) if so, whether RIL and other gas developers have declared the unit cost of production; and

(e) if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF POWER

(SHRI BHARATSINH SOLANKI)

(a) & (b) :NTPC had invited bids under International Competitive Bidding for procurement of natural gas @ 132 Trillion British Thermal Unit (TBtu) per annum for Kawas-II and Gandhar-II Expansion projects for a period of 17 years. M/s Reliance Industries Limited (RIL) was evaluated the lowest techno-commercially acceptable bidder and was issued a Letter of Intent (LOI) on 16.06.2004 resulting into a binding contract. However, RIL did not sign the Gas Sale Purchase Agreement (GSPA). Accordingly, NTPC filed a suit in the High Court of Bombay in Dec`05 against RIL for specific performance of the said contract. The matter is presently sub-judice in High Court of Bombay. As per the aforesaid contract, the gas commodity price is US\$ 2.34 MMBTU (landfall price at Kakinada). The price of \$2.34 is discovered through International Competitive Bidding.

(c) to (e) :No, Sir. However, Contractors for Exploration & Production of oil & gas under Production Sharing Contract (PSC) regime are required to submit annual work programme, annual budget & audited annual accounts to Director General of Hydrocarbons (DGH) under various provisions laid down in the PSC.