

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM & NATURAL GAS
RAJYA SABHA
UNSTARRED QUESTION NO.470
ANSWERED ON 24th JULY, 2023

ENCOURAGEMENT TO DOMESTIC GAS PRODUCTION

470 DR. SUDHANSHU TRIVEDI:

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

- (a) the steps being taken to bring down prices of PNG for households and CNG for transport and industry;
- (b) whether Government would consider giving incentives to the industry for increasing domestic gas production; and
- (c) the measures which are being taken to ensure that the share of natural gas in the primary energy mix increases from the current 6.5 per cent to 15 per cent by 2030 and the target determined in this regard?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS

(SHRI RAMESWAR TELI)

(a) The government has approved the revised domestic natural gas pricing guidelines vide gazette notification dated 07.04.2023 for gas produced from nomination fields of ONGC/OIL, New Exploration Licensing Policy (NELP) blocks and pre-NELP blocks, where Production Sharing Contract (PSC) provides for Government's approval of prices. The price of such natural gas shall be 10% of the monthly average of Indian Crude Basket and shall be notified on a monthly basis. For the gas produced by ONGC & OIL from their nomination blocks, the Administered Price Mechanism (APM) price shall be subject to a floor and a ceiling. Gas produced from new wells or well interventions in the nomination fields of ONGC & OIL, would be allowed a premium of 20% over the APM price. The reforms have led to significant decrease in prices of Piped Natural Gas (PNG) for households and Compressed Natural Gas (CNG) for transport.

(b) For increasing domestic gas production, Government of India has notified Hydrocarbon Exploration and Licensing Policy (HELP) on 30th March 2016 for the award of exploration acreages shifting from Production Sharing mechanism to Revenue Sharing mechanism. Government further notified the policy reforms on 28th February 2019, where many of the processes and approvals were relaxed to promote "Ease of Doing Business", Revenue Share from Category II & III type of basins were removed, except for windfall gains, 7 years Royalty Holiday for Deep & Ultra-deep blocks, concessional Royalty Rates- 3.5 % for Deepwater and 1.4 % for ultra-deep water blocks, and fiscal incentives have been provided for early monetization of fields along with Marketing and Pricing freedom for natural gas.

(c) The Government has set a target to raise the share of natural gas in energy mix to 15% in 2030 from about 6.7% now. Various steps taken by the Government in this direction include expansion of National Gas Grid Pipeline, expansion of City Gas Distribution (CGD) network, setting up of Liquefied Natural Gas (LNG) Terminals, allocation of domestic gas to Compressed Natural Gas (Transport) / Piped Natural Gas (Domestic) CNG(T)/PNG(D) in no cut category, allowing marketing and pricing freedom to gas produced from high pressure/high temperature areas, deep water & ultra-deep water and from coal seams, Sustainable Alternative Towards Affordable Transportation (SATAT) initiatives to promote Bio-CNG, etc.
