LOK SABHA
UNSTARRED QUESTION No. 4661
TO BE ANSWERED ON 21ST August, 2025

DOMESTIC GAS ALLOCATION POLICY

†4661. DR. ALOK SHARMA:
SHRI BHARATSINHJI SHANKARJI DABHI:
SHRI MANOJ TIWARI:
SHRI JANARDAN MISHRA:
SHRI KHAGEN MURMU:
DR. LATA WANKHEDE:

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

(a) whether the Government has recently amended the methodology of allocation of domestically produced natural gas to the City Gas Distribution (CGD) entities;
(b) if so, the details of the new gas allocation mechanism and the manner in which the same differs from the earlier system;
(c) whether any provision for advance allocation of natural gas to CGD areas has been made under the new policy and if so, the details thereof; and
(d) the steps being taken to ensure affordability and supply predictability for the urban and semi-urban consumers under the new policy framework?

ANSWER
पेट्रोलियम और प्राकृतिक गैस मंत्रालय में राज्यमंत्री
(श्री सुरेश गोपी)

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SURESH GOPI)

(a) to (d) The Government reviews its policy from time to time for allocation of domestically produced natural gas to City Gas Distribution (CGD) entities.

Under the revised framework, effective from the first quarter of FY 2025–26, allocations for CNG (T) and PNG (D) segments are provisionally made on a two-quarter advance basis as against the earlier practice of allocating on a single-quarter basis. The scope of allocation now includesboth Administered Pricing Mechanism (APM)/ Non Administered Pricing Mechanism (NAPM) gas and New Well Gas (NWG) from nomination fields of Oil and Natural Gas Corporation Limited (ONGC).The earlier auction-based allocation for NWG has been replaced with a quarterly pro-rata allocation by GAIL (India) Limited to CGD entities in proportion to their requirements, in accordance with prevailing guidelines of the Ministry of Petroleum and Natural Gas. This ensures better demand forecasting, efficient supply management, and enhanced supply predictability for CGD entities.

Further, in order to minimize the impact of rising Natural Gas prices, 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 the Production Sharing Contract (PSC) provides for Government approval of prices. Under the revised guidelines, the price of such natural gas is determined as 10% of the monthly average of the Indian Crude Basket and is notified on a monthly basis. For gas produced by ONGC and OIL from their nomination blocks, the Administered Price Mechanism (APM) price is subject to a floor of $4.0/Metric Million British Thermal Unit (MMBTU) and a ceiling of $6.5/MMBTU. The ceiling would be maintained for the two financial years (2023-24 and 2024-25) and then increased by $0.25/MMBTU each year. This has led to price stability for consumers.

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