



## **Gail, IGL bid at \$11/mn Btu to corner most of Reliance gas**

State-owned gas utility Gail (India) and the nation's largest city gas operator Indraprastha Gas (IGL) have walked away with most of the coal seam gas that Reliance Industries auctioned, sources said. The auction saw Gail and IGL walk away with most of the gas, offering as much as \$11 per million British thermal unit price. GAIL won 0.63 mmscmd of gas in the auction while IGL picked up 0.14 mmscmd, sources said.

**PTI**

# GAIL, IGL dominate Reliance's coal seam gas e-auction

Press Trust of India

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**NEW DELHI:** State-owned gas utility GAIL (India) Ltd and the nation's largest city gas operator Indraprastha Gas Ltd have walked away with most of the coal seam gas that Reliance Industries Ltd auctioned, sources said.

Reliance earlier this month conducted an e-auction for sale of 0.90 million standard cubic metres per day of gas it will produce from coal-bed methane (CBM) block SP (West)-CBM-2001/1 in Madhya Pradesh.

Users have been asked to quote a premium they are willing to pay over and above 12.67% of the dated Brent crude oil price, according to a tender floated by the company.

The auction saw GAIL and IGL walk away with most of the gas, offering as much as \$11 per million British thermal unit price, two sources with direct knowledge of the matter said.

GAIL won 0.63 mmscmd of gas in the auction while IGL picked up 0.14 mmscmd, they said.

In the auction, the gas price was set as higher of 12.67% of dated Brent plus premium 'V'; or the government-declared monthly price for conventional gas. The government-mandated price for January is \$7.85 per mmBtu.

While Reliance had set the starting bid price of 'V' at \$0.50 per mmBtu, bidders quoted \$0.78 to walk away with the coal bed gas, they said.

At the current Brent crude oil price of \$80 per barrel, the gas price comes to \$11 per mmBtu (12.67 per cent of \$80 is \$10.1 per mmBtu. Added to this is the bid value of 'V' of \$0.78, which takes the gas price to \$10.9 per mmBtu).

The e-auction happened on February 2.

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tract is for 1 to 2 years beginning April 1.

The pricing Reliance is seeking is modified from the March 2022 auction.

In that auction, it had sought bids at a premium over the base of 13.2% of Brent crude oil price.

In March 2022, Reliance sold 0.65 mmscmd of CBM at a \$8.28 per mmBtu premium over the prevailing Brent crude oil price. Brent oil was trading above \$115 per barrel at that time. It has now slipped to \$78 a barrel.

Last month, state-owned Oil and Natural Gas Corporation (ONGC) sought a premium over the government-dictated gas price of \$7.82 per mmBtu for the gas it plans to produce from a CBM block in Jharkhand.

ONGC sought bids from users for the sale of 0.05 mmscmd of gas from the North Karanpura coal-bed methane (CBM) block in Jharkhand for three years. Users were asked to quote a premium they are willing to pay over and above the monthly domestic natural gas price that the oil ministry's Petroleum Planning and Analysis Cell (PPAC) notifies, the tender document showed.



## GAIL, IGL secure RIL coal seam gas

**S**tate-owned gas utility GAIL (India) Ltd and the nation's largest city gas operator Indraprastha Gas Ltd (IGL) have walked away with most of the coal seam gas that Reliance Industries Ltd (RIL) auctioned, people in the know said.

Reliance earlier this month conducted an e-auction for sale of 0.90 million standard cubic metres per day of gas it will produce from coal-bed methane (CBM) block SP (West)-CBM-2001/1 in Madhya Pradesh.

Users have been asked to quote a premium they are willing to pay over and above 12.67% of the dated Brent crude oil price, according to a tender floated by the company. The auction saw GAIL and IGL walk away with most of the gas, offering as much as \$11 per million British thermal unit price, two people with direct knowledge of the matter said. In the auction, the gas price was set as higher of 12.67% of dated Brent plus premium 'V'; or the government-declared monthly price for conventional gas. **PTI**

# GAIL, IGL walk away with most of RIL gas, bid at \$11 per mn BTU

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## OUR CORRESPONDENT

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The e-auction happened on February 2.

The gas supply in the contract is for 1 to 2 years beginning April 1.

The pricing Reliance is seeking is modified from the March 2022 auction. In that auction, it had sought bids at a premium over the base of 13.2 per cent of Brent crude oil price.

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## Highlights

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PPAC every month declares a price for the majority of domestically produced natural gas. This price is 10 per cent of the monthly average of the basket of crude oil that India imports. For the month of February, this price comes to \$7.85 per million British thermal units.

This price in the ONGC tender was marked as a reserve gas price.

While the government sets prices for two-thirds of the gas produced in the country, CBM gas enjoys pricing freedom where sellers are allowed to discover the market rate.

Gas extracted from below ground is used to produce electricity, make fertilisers or turned into CNG for sale to automobiles and piped to household kitchens for cooking purposes.

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PTI / New Delhi

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# IGL eyes diversification in CGD, renewables sectors

ARUNIMA BHARADWAJ  
New Delhi, February 13

**INDRAPRASTHA GAS (IGL)**, a state-run natural gas distribution company, is confident of meeting the government's mandated target of 5% compressed biogas blending with piped natural gas to households and compressed natural gas for the transportation sector, according to MD Kamal Kishore Chatiwal. The company is further looking for diversification in the renewables and CGD spaces.

"Whatever obligation is till 2030, we will prepare for it five years in advance," he said. "As a producer, I'm assured 12-15% return and as a user I get the cheapest gas. That is the area we are focusing on."

The government had last year announced a mandatory blending of CBG in CNG and PNG starting FY26. The blending percentage is kept at 1% for FY26 while for FY27 and FY28, it will be 3% and 4% respectively. From FY29 onwards, the CBO is mandated to be at 5%.

IGL is also aiming at diversifying its portfolio in other sectors, including renewables, and may look for acquisition of assets in the same. "Some consolidation among the group companies of BPCL, GAIL may happen, but nothing on the table right now," Chatiwal said. "We will be look-

ing at proposals in the long-term."

He said that solar, CGD (city gas distribution), biogas and LNG will be the core sectors where IGL will weigh its options for a possible acquisition. "An acquisition in the renewables space will also help achieve our net-

zero targets," the MD said.

The company will maintain its capex target at ₹1,500-1,600 crore for the next financial year, starting April 1 as well.

IGL will also be setting up ten new LNG stations, of which one has already been commissioned and another four are expected to be completed in the next six to eight months. It is also in the process of finalising land for another five stations for which it has received an expression of interest.

It is also aiming to enter into the LNG bus segment. "Going forward, we will look for LNG buses also. Right now, Maharashtra has announced 5,000 LNG buses. Bombay has the advantage of a port where they can source LNG. In Delhi, we have a challenge. So, if we can bring in gas form and then liquify it, that challenge is solved. This is CNG to LNG," Chatiwal said.

The company is also confident that its gas volumes will continue to see sustained growth even as the penetration of electric vehicles increases. "Right now, whatever is the dip in the Delhi transport sector, we are able to make up from new additions. Whatever growth we have had in the passenger vehicle segment, that is able to offset that volume. Going forward the new gas volume should come," Chatiwal said.

**KAMAL KISHORE CHATIWAL,**  
MD, INDRAPRASTHA GAS

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