DC Date : 18.01.2014

Kakinada LNG project expedited

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KAKINADA, JAN. 17

With power shortage looming large in the state, the government is planning to fast track the process of setting up an LNG project at Kakinada Port to provide gas to industries. The project may take off in the last week of February.

According to M.T. Krishna Babu, principal secretary to investment and infrastructure department, the project may begin after receiving the legal opinion Solicitor General Mohan Parasaran in February, on whether Shell can issued 30 per cent stake in the Floating Storage Regasification Unit.

The project, which will have a capacity of 3.5 million tonnes, was originally proposed with 50:50 share of AP Gas Development Corp and GAIL.

Subsequently, GDF Suez joined the consortium with 26 per cent stake. Now, the Shell wants to take up 30 per cent stake in the project.

The AP government has set up a high powered committee led by chief secretary to study the proposal.

The proposal was also referred to solicitor general Mohan Parasaran for the legal opinion.

The gas demand is projected at 19 million tonnes in the region at a price of $17 per mmbtu. In the future, the capacity of Kakinada Project will be increased to 5 million tones and that of the Gangavaram project to 10 million tones, he said.

The secretary said that a gas pipeline would be laid from Srikakulam to Kakinada and it would be linked to the AP Gas Grid.

It would facilitate supply of gas to industries in the region between Srikakulam and Kakinada.