

Proposed gas pipeline hits roadblock

DC CORRESPONDENT
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The proposed Vijayawada-Nellore natural gas pipeline, part of Andhra Pradesh's gas grid including the city gas distribution network for the proposed capital, has hit a roadblock as the Indian Oil Corporation and Gujarat State Petronet Limited have filed objections with the Petroleum and Natural Gas Regulatory Board of Centre stating that the pipeline should start at Kakinada instead of Vijayawada for better connectivity.

The pipeline originating at Vijayawada will burden consumers as tariff will have to be paid to private-owned gas pipelines that bring gas from Kakinada to Vijayawada.

The AP Gas Distribution Corporation had recently filed an expression of interest for the 355-km long natural gas pipeline from Vijayawada to Nellore to complete the AP gas grid, in order to supply gas to power projects. The pipeline starts at Boddanapalle in Agiripalli of Krishna district and traverses through Guntur and Prakasam districts to terminate at Nellore. It is estimated that 2.67 Million Metric Standard Cubic Meter Per Day of gas will be transported.

GSPL general manager, Ravindra Agarwal, said, "The proposed arrangement does not ensure optimal utilisation of the Vijayawada-Nellore pipeline as it is not connected with all sources of natural gas in the vicinity."

In the objection filed with PNGRB, he said that GSPC and Reliance Industries have onshore gas terminals located at Mallavaram and Gadimoga, respectively, for their offshore blocks



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— RAVINDRA AGARWAL
GSPL, general manager

at KG Basin, which are in close proximity of the proposed pipeline. "They are 200 km from the proposed origin point of the Vijayawada-Nellore pipeline," Mr Ravindra said.

APGDC is proposing that natural gas from Kakinada LNG terminal be transported through the RIL owned East West Gas Pipeline up to Boddanapalle in Krishna district.

"The proposed pipelines would always be dependent on the EWPL pipeline. To create a level playing field, the proposed pipeline should ideally originate from Kakinada where all existing and proposed gas sources are located," stated Mr Ravindra.

IOCL has also agreed stating that the pipeline from Kakinada would benefit the customers as the transportation charges of EWPL need not be paid.

OBJECTIONS RAISED

- Proposed pipeline will originate from Vijayawada and terminate in Nellore
- Major gas units are located 200 km away from the pipeline's point of origin.
- Two major gas corporations have said the pipeline should ideally originate from Kakinada, which is closer to their off-shore gas blocks

No big gas networks in TS

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HYDERABAD, OCT. 21

Several towns in Telangana State districts like Nalgonda, Khammam, Medak and Ranga Reddy have been notified for city gas distribution bidding and CNG station bidding.

However, with no industries, it is unlikely that huge gas distribution networks, like those in AP, will be developed. TS acts as consumption centre as well as a transit corridor with two major gas grids passing through the state, said officials.

An AP Gas Distribution Centre official said, "We have business plans for TS as well. Reliance-owned East West Pipeline and MBVBPL, owned by Gujarat State Petronet Limited, pass through TS. We are working on city gas distribution projects."

Fertiliser, power, petrochemicals, ceramics and glass industries are major consumers of natural gas and there are fewer such projects in TS when compared to AP.

Rakesh Jain, associate director of a consultancy firm, said, "For any liquefied natural gas project, big consumption industries are required. Anchor loads like power sector, fertilisers and refineries are not there in TS. It's challenge to build up a network. It is not viable to have city gas distribution network from Hyderabad to Karimnagar and Warangal at present pricing."

Up domestic gas production: Experts

DC CORRESPONDENT
HYDERABAD, OCT. 21

- AP has a shortfall of 13.6 Million Metric Standard Cubic Meter Per Day of natural gas.

Due to the drastic reduction in domestic gas production, some experts fear that the huge investments made by power plants, fertiliser units and other industries may become non-performing assets in Andhra Pradesh.

AP has a shortfall of 13.6 Million Metric Standard Cubic Meter Per Day of natural gas, and has an additional prospective demand in existing plants of up to 12.4 MMSCMD. Following the Gail pipeline blast in Nagaram, the situation has worsened.

The state government plans to have gas distribution networks and CNG stations in all major cities with imported gas. However, experts say this will be a burden on the customers, unless domestic production increases.

The proposed gas grid by the state government will

cover all 13 districts of AP with an investment of ₹4,200 crore. The state is banking on large hydrocarbon reserves in the Krishna-Godavari basin and exploration of oil and gas by ONGC, Reliance and others. Getting the initial capital is going to be a Herculean task for the fund-starved government.

Rakesh Jain, associate director of a consultancy firm, said, "The Petroleum and Natural Gas Board awards the pipeline project based on competitive bidding. Gas pricing is a major problem. Currently, imported LNG costs \$12 to \$15 per one million British thermal units (MMBtu). The power generated based on this price will be costly. Domestic gas production and connectivity must be increased."