

# IOC gets regulator's nod for Ennore LNG pipeline

Natural gas to be available to fuel industry and homes in Tamil Nadu by mid-2018

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The proposed ₹5,150-crore Ennore LNG Terminal project has crossed a key milestone with the promoter Indian Oil Corporation getting the authorisation to lay the Ennore-Tuticorin pipeline for the project.

The Petroleum and Natural Gas Regulatory Board has authorised IOC to lay the 1,170-km pipeline linking the terminal to come up at Ennore to important consumption centres.

The pipeline will link Ennore-Thiruvallur-Bengaluru-Puducherry-Nagapattinam-Madurai-Tuticorin. The pipeline is a ₹2,800-crore project to be implemented by

IOC. This is a crucial stage in IOC making available natural gas to fuel industry and houses in Tamil Nadu by mid-2018 using LNG imported at the proposed Ennore Terminal.

The public sector oil company is confident of having the infrastructure to supply the fuel in the State by mid-2018, according to the company officials.

At a recent meeting with industry representatives from chemical and petrochemical industries in Chennai, an IOC official said that the five-million-tonne-a-year natural gas terminal coming up to the north of Chennai is on schedule for completion in mid-2018. Natural gas will be available up to

50 km on either side of the trunk line.

## Survey, tariff

The oil company has called for bids to carry out a Right-of-User survey for the pipeline and this is likely to be awarded within a month. IOC has the Right-of-Use for the Madurai-Tiruchi section which will run along an existing route for a petroleum products pipeline.

The pipeline tariff will be at an aggressive ₹6.40 per million British Thermal Unit which is among the cheapest, according to the official.

## Shift to natural gas

Availability of LNG as fuel for industry has emerged a critical factor. Industries that use furnace oil, naphtha, LPG and diesel fuel are

expected to shift to natural gas. IOC has a captive user base in Manali area to the north of Chennai with its own subsidiary refinery, Chennai Petroleum Corporation, and other units such as Madras Fertilizers Ltd and the major power plant keen on using natural gas.

For naphtha-dependent urea manufacturers such as MFL and SPIC in southern Tamil Nadu availability of natural gas is key to survival as government policy provides for fertiliser subsidy based on gas prices.

The Ennore LNG terminal coming up within the Kamarajar Port is progressing with major contracts for tankages and regasification facilities awarded. LNG storage facility construction has been awarded to Mitsubishi Heavy Industries and regasification facilities to Black & Veatch.

## The gas link

