

Natural gas price cut in line with new policy

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NEW DELHI: In a move that may hurt producers like ONGC and Reliance Industries but benefit the power and fertilizer sectors, the government on Wednesday cut the price of natural gas by 18 per cent to \$3.81 per million British thermal unit (mmBtu) on a gross calorific value basis from the current \$4.66 per mmBtu. The new price will come into effect from October 1 and will be in place for six months. This is in line with the policy adopted by the government in October 2014.

"In accordance with the New Domestic Natural Gas Pricing Guidelines, 2014, issued by the Ministry of Petroleum and Natural Gas, the price of domestic natural gas for the period from October 1, 2015 to March 31, 2016 is \$3.81 per mmBtu on a GCV basis," said the Petroleum Planning and Analysis Cell of the Ministry.

On a net calorific value basis, the price has been cut to \$4.24 per mmBtu from \$5.5 at present. This takes the price back to the level it was

GLOBAL SIGNS

The new price is effective from October 1 and follows the new pricing policy of October 2014

Natural gas price to be revised every six months based on rates in gas-surplus nations like U.S., Mexico, Canada and Russia

Price cut likely to help fertiliser, power firms

before the new policy came into effect.

According to the new policy, the price of natural gas is to be revised every six months on the basis of a weighted average of rates in countries such as the U.S., Mexico, Canada and Russia, all gas-surplus economies.

This price cut also marks only the second time that gas prices have ever been reduced. The previous cut, on April 1, pegged the price at \$5.05 per mmBtu on a net calorific value basis. The price prior to that, which came into effect due to the new gas pricing policy in October, was \$5.61 per mmBtu.