

EXPERTS CALL FOR UNIFIED GAS PRICING, NON-DISCRIMINATORY REGULATORY REGIME FOR MEETING INDIA'S GAS SUPPLY NEEDS

NEW DELHI, March 23, 2010. The need for a unified gas pricing, speedy development of pipeline network, establishment of a non-discriminatory regulatory regime, setting up of gas hubs and the need to use copious amounts of clean energy was stressed by experts in the session on 'Gas Sourcing' at the 6th *Asia Gas Partnership Summit*, organized by FICCI, promoted by GAIL and supported by the International Gas Union.

Mr. Prosad Dasgupta, Managing Director, Petronet LNG Ltd., India, said that India has seen a ten-fold increase in its energy consumption over the last five decades and given the present rate of growth, the demand for energy would further increase. As of today India was surplus in gas and this could be an important source for the country to bridge up its energy deficit to some extent. However, he called for addressing critical issues such as development of downstream infrastructure (pipeline network), delays in fertilizer conversions to natural gas and the need for a unified pricing regime.

Dr. Fereidun Fesharaki, Chairman, FACTS Global energy, USA, pointed out that the LNG market was poised for a further change and the level of competition was likely to be very high. Amidst the changing LNG market, India has a tremendous advantage which it has to fully leverage, he said. The partnering countries, he said, need to be tolerant with each and there was a need to work out creative solutions that would work well for both buyers and the suppliers. He also stressed the need to work out options such as entering into short term contracts, trying new combination of contracts so that in face of any change in global dynamics, the transition was comfortable for the countries involved.

Mr. R. Suresh, Senior Vice President, Reliance Industries Ltd., said that the gas segment had opened new frontiers in the energy sector. In order to sustain India's high growth, one of the most difficult challenges it faces is that of energy security. To meet the unprecedented demand of energy, the country had to efficiently plan its sources and implement the policies. The policies should ensure a competitive environment and promote highest efficiency of use. He underlined the need to make corrections in the pricing policy, establish a regulatory regime which is non-discriminatory and set up gas hubs. Transnational pipeline, he said, would help buyers and sellers in the long term but would also involve huge markets risk, so the approach should be to mitigate these risks. The other challenge, he said, was climate change for which it was necessary to find ways to use copious amounts of clean energy.

Mr. David, Morrison, Chairman, Wood Mackenzie, UK, said that the gas demand had fallen drastically in lieu of the financial turmoil. Although the growth in the gas market was slowly resuming, it would remain below the previous estimates for some years. The past few years have witnessed a massive increase in LNG capacity build up particularly in Asian and African countries. With many countries striving to import gas, he said it would be important to remain vigilant about the demand and supply mismatches which may put pressure on the relationship between big producers and consumers.

Mr. Jonty, Rushforth, Senior Asia LNG Editor, Platts, Singapore, gave a perspective on the LNG spot market in US and UK. He said the financial crisis has had an adverse impact on the LNG market but felt that that the demand from new buyers like India, China and Kuwait would help make up for the losses.

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