

Inaugural Address by Shri Murli Deora, Hon'ble Union Minister for Petroleum & Natural Gas, at the 6th Asia Gas Partnership Summit, on the 22nd of March, 2010, New Delhi

His Excellency Mr. Abdullah Bin Hamad Al-Attiah, Deputy Premier and Minister for Energy and Industry, Qatar,

Shri Anand Sharma, my colleague Union Cabinet Minister in the Ministry of Commerce and Industry

Datuk Dr. Abdul Rahim Hashim, President, International Gas Union,

Amb. Andre Mernier, Secretary General, Energy Charter Secretariat, Belgium,

Mr. Nobuo Tanaka, Executive Director, International Energy Agency, France,

Shri Jitin Prasada, my colleague Minister of State in the Petroleum Ministry,

Shri S Sundareshan, Secretary, Petroleum & Natural Gas,

Shri R S Sharma, CMD, ONGC,

Shri Vipul Tuli, Principal, Mckinsey & Company, India

Dr. Amit Mitra, Secretary General, FICCI, India,

Shri B C Tripathi, CMD, GAIL (India) Limited,

Distinguished Delegates from the Oil & Gas Industry,

Friends from media,

Ladies and Gentlemen

Good morning to you all and a warm welcome to New Delhi.

At the outset, I wish to thank His Excellency Mr. Abdullah Bin Hamad Al-Attiah, Deputy Premier and Minister for Energy and Industry, Qatar, for his gracious presence amidst us. Your presence here, H.E., is a reaffirmation of the deep and strong relationship between India and Qatar and would further strengthen our partnership in the field of LNG.

2. On the occasion of this 6th Asia Gas Partnership Summit, I am looking forward to the promise of many more such enduring relationships among Asian gas players.

3. I am happy to be once again associated with this Gas Partnership Summit, indeed, for the third time in a row. I am delighted to address the distinguished delegates, who have come from both within and outside Asia. It is my pleasure to welcome you all to India, where lots of exciting developments are taking place, all along the gas value chain.

4. Natural Gas, as you all know, is the fuel of choice today. It enhances energy security, it is an efficient fuel for power generation, a cheaper feedstock for industries, a cleaner alternative for vehicles, it reduces air-pollution and, in general, it leads to improved quality of life. Presently gas occupies about 10% of the total energy basket of the country. This is much lesser than the world average of 24%. However, the scenario is fast changing in the country, largely because of the increase in the availability of natural gas and the efforts being made for expanding the natural gas infrastructure.

5. In the 80s, thanks to the vision of our then Prime Ministers, Smt. Indira Gandhi ji and Shri Rajiv Gandhi ji, India invested heavily in developing gas-based industrialization and built the nation's first cross-country natural gas pipeline – the HBJ pipeline – connecting the western region with the northern region. This led to the commissioning of many gas-based fertilizers plants & power plants along the HBJ pipeline corridor. We became almost self-reliant in urea production then and this helped us in implementing our green revolution. Our enhanced power generation, fuelled by natural gas, helped us to take electricity deeper into our rural areas.

6. By 90s, we introduced CNG in our metros like Delhi and Mumbai. Air quality started witnessing a visible improvement. Thanks to CNG, irritating smog during the winters in Delhi has almost become a thing of the past. Demand for natural gas progressively increased with supply not keeping pace with the demand. During the 90s, therefore, the focus shifted from, how to develop markets for gas, to, how to get more gas to reduce the demand-supply gap?

7. These concerns and the economic liberalization championed by the then Finance Minister and our current Prime Minister, Hon'ble Dr. Manmohan Singh ji, led to the New Exploration and Licensing Policy (NELP), which helped us to attract huge investments in our E&P, including from private players and MNCs. Eight bidding rounds have been successfully undertaken. A total of 203 blocks have been awarded in shallow water, deep waters and onland areas. The initial result have been very encouraging, with as many as 73 gas discoveries, including in Cambay basin, KG offshore and Mahanadi basin. Thanks to NELP, we have discovered world-class gas reserves in our east coast. The increase in gas supplies due to production from KG D6, as well as the expected production from other discoveries of ONGC, GSPC etc, would not only meet the existing demand, but also promote setting up of brownfield and greenfield projects. Today, gas supply from the KG D6 field alone is already contributing to about 45% of our total gas production and soon it is expected to be reach up to 60% of our supplies.

8. LNG infrastructure in the country is also being expanded. The capacity of Dahej terminal has been doubled last year. The work at Kochi LNG terminal is underway. Dabhol terminal would be commissioned soon. So the LNG regasification capacity in the country would reach a level of 20 mmtpa by the year 2011-12.

9. Due to these positive developments, today gas shortage in our urea plants, with a total capacity of more than 20 mmtpa, is completely wiped off. The increased gas supply from KG fields has helped our fertilizers plants to use indigenous natural gas rather than expensive naphtha and fuel oil. Accordingly, it is helping us to reduce our fertilizers subsidy. In power sector, increased gas supply has resulted in increase in power generation by around 5000 MW.

10. In addition to fertilizers and Power sectors, the increased availability of natural gas is set to transform our city gas sector. Today, about 40 cities & towns are covered by CNG. We intend to develop city gas in more than 200 more cities. Piped Natural Gas (PNG) in a greater number of big cities and metros would help us to divert LPG supplies to our rural areas. Today, there are about 110 million LPG customers in our country and the demand for LPG is ever-growing. We have a large rural population, which do not have access to

any form of commercial energy. Therefore, supply of PNG in cities will help us to release the current consumption of LPG from cities to our rural areas. Further, spread of PNG would help us to reduce our subsidy burden on account of domestic LPG.

11. As you can see, natural gas is having immense socio-economic benefit for a developing country like India. The demand growth will continue to be there and that will continue to put pressure on our sourcing options. We are a country of more than 1.1 billion people and are a fast growing economy. We intend to sustain our economic growth rate of around 9%. Our increasing demand for natural gas and our gas sourcing options will have to be seen in this larger context.

12. The other challenge for an emerging market like India is to develop pipeline infrastructure in all parts of the country, including in remote areas, in tandem with increasing supplies. Only then we will be able to secure inclusive growth. The present natural gas transportation infrastructure in the country is around 10800 km with a capacity of around 270 mmscmd. Major pipeline projects are underway in the country, which would add another 7450 km and 248 mmscmd to our gas transport infrastructure. We understand and acknowledge that we need to develop & expand our transmission pipelines & distribution networks in all parts of our country at a rapid pace. There will be multiple challenges in the way and we are conscious that we will need to build long-standing partnerships along the entire gas value chain to overcome them.

13. In this context, the theme of this summit – Sourcing, Transmission and Distribution of Natural Gas: Challenges for Emerging Markets, is very timely and relevant. I am sure that the summit would provide a forum for the delegates to keep abreast of the latest technological developments and also to enhance their understanding of the new challenges in this sector. The interaction between producers, consumers and other stakeholders would lead to identification of new business opportunities and forging of fruitful partnerships & long-standing relationships. I wish the summit all success.

Thank you