

# Standing Committee Report Summary

## Review of Implementation of CBG (SATAT)

- The Standing Committee on Petroleum and Natural Gas (Chair: Mr. Ramesh Bidhuri) submitted its report on ‘Review of Implementation of CBG (SATAT)’ on December 21, 2022. The Sustainable Alternative Towards Affordable Transportation (SATAT) initiative was launched by the Ministry of Petroleum and Natural Gas (MoPNG) in October 2018. It seeks to promote the use of compressed bio gas (CBG) in transport and domestic sectors. CBG is produced from sources like agricultural residue, cattle dung, and municipal solid waste. Key observations and recommendations of the Committee include:
  - **Setting up CBG plants:** The Committee noted that against a target of installing 5,000 CBG plants by 2023-24, only 40 plants have been set up so far. The scheme has not been able to encourage investors/entrepreneurs to establish CBG plants. The Committee suggested that MoPNG should approach the scheme as an initiative to produce natural gas domestically and in a green and clean form, instead of the current approach of a waste to energy initiative.
  - The Committee noted that as on June 1, 2022, 3,263 letters of intent have been issued by oil and gas marketing companies (OGMCs) to entrepreneurs for setting up of CBG plants. However, only 35 CBG plants have been commissioned so far. Multiple letters of intent have been issued to the same entrepreneur/investor. However, banks are not extending loans for more than one project to entrepreneurs with multiple letters of intent. The Committee noted that multiple letters were issued to show that targets under the scheme will be met. It found the practice to be deceptive on part of MoPNG/OGMCs. It recommended setting up a committee to review the letters issued and frame guidelines for issue of fresh letters.
  - **Single window clearance:** The Committee observed that CBG plants need various approvals from the Centre, states, and local administration. Multiple agencies involved in granting clearances and permissions have delayed implementation of the scheme. The Committee suggested that MoPNG can consider issuing blanket approvals with annual or semi-annual reconciliation mechanism. An Infrastructure Approvals Committee at the state/district level can also fast track clearances. It recommended MoPNG to develop a single-window mechanism to expedite approvals and clearances.
  - **Financial assistance:** The Ministry of New and Renewable Energy (MNRE) implemented a Central Financial Assistance scheme for extending support to new and renewable energy projects including CBG projects. The scheme has been discontinued since April 2021. The Committee recommended that the scheme be reintroduced. It also suggested providing generation-based incentives instead of capex-based incentives for CBG plants. This would provide incentives for producing gas and keeping the plants operational instead of only setting it up. It also recommended that oil PSUs which have healthy balance sheets and are profit making should setup a financial institution to finance bio-fuel and clean energy projects. The Committee recommended creating a Bio Fuel Infrastructure Fund under MoPNG for development of the sector.
  - **Pricing:** CBG plants have a very low internal rate of return. CBG pricing needs to be remunerative to the marketing companies. MoPNG has pegged CBG prices with that of CNG to provide a cushion to marketing companies. The Committee recommended that pricing of CBG should account for the costs of various types of feed stocks. It suggested that MoPNG should issue guidelines for fixing appropriate market price for CBG. This would ensure viability of CBG plants, help in price discovery, and promote long-term investment plans.
  - **Issues with feedstocks:** The availability of feedstocks to produce CBG is varied. While municipal solid waste and sugarcane press mud are available for most of the year, agriculture residue is available for only a couple of months in a year. This requires plants using agriculture residue to invest in huge land parcels to store such residue. The Committee recommended that MoPNG should focus on municipal solid waste and sugar press mud as preferred feedstock for setting up CBG plants.
  - **Carbon trading:** The Committee recommended that MoPNG and MNRE should formulate a mechanism to assess the carbon footprint had CBG plants not processed the waste materials. The carbon credits generated by CBG plants can be monetised to improve their financial viability.
  - **Natural gas grid:** The Committee suggested that CBG plants must be synchronised with the National Gas Grid. GAIL (India) Limited is in the process of finalising the framework for supply of CBG blended domestic gas. It recommended that there should be a short and long-term quota for the blending of CBG in domestic gas supply.

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