



# Standing Committee Report Summary

## National Gas Grid Including PNG and CNG

- The Standing Committee on Petroleum and Natural Gas (Chair: Mr. Ramesh Bidhuri) presented its report on ‘National Gas Grid including PNG and CNG’ on March 25, 2022. Key observations and recommendations of the Committee include:
  - **Demand and supply of natural gas:** The Committee observed that share of natural gas in total energy mix currently in India is only 6%, lower than the global average of 24.2%. It recommended (i) increasing the blocks awarded for exploration, (ii) intensifying activities for exploration and production from already discovered fields, (iii) pursuing diplomatic efforts to expedite construction of transnational pipelines from neighbouring regions, and (iv) entering into longer term contracts with countries for import of natural gas/liquefied natural gas (LNG) at economic cost. Further, incentives like tax breaks may be provided for exploitation of unconventional hydrocarbons in awarded blocks.
  - **Gas grid infrastructure:** The Committee noted that at present, about 20,227 km of natural gas pipelines are operational, while projects for an additional 15,500 km of pipelines are being executed. The Committee took note of the delays in various projects (such as Haldia – Jagdishpur pipeline) due to: (i) demands for higher land compensation by farmers, (ii) issues of right of use, and (iii) multiplicity of agencies involved in granting clearances and permissions. To expedite the expansion of the gas grid, the Committee recommended the Ministry to: (i) issue a blanket approval for pipeline laying with a half-yearly or yearly reconciliation mechanism, (ii) develop a single window fast track system to reduce time to process permissions, (iii) evolve a better coordination mechanism with state governments, (iv) review pending litigation, and (iv) undertake periodic review to avoid delays.
  - **Capacity utilisation of pipelines:** The Committee noted that capacity utilisation of existing natural gas pipelines are on the lower side, with some of them operating at 10% to 20% level of utilisation. Further, pipelines operating for over 10 years have been constrained by limited availability of domestic gas. The Committee recommended that immediate steps must be taken to expedite enhancement of domestic production through exploitation of unconventional sources and interconnecting various pipelines.
  - **Functioning of PNGRB:** The Petroleum and Natural Gas Regulatory Board was established by the Parliament in 2006. The Committee noted that there have been several vacancies in the last few years. It recommended the Ministry to urgently address the vacancies and set up a mechanism to select candidates well in advance before the vacancies arise. Further, the Committee noted that the Ministry (in co-ordination) with other ministries should frame rules and regulations for the strengthening the functioning of PNGRB. Enforcement on safety aspects for the oil and gas sector should be brought under the supervision and regulation of PNGRB to avoid overlapping mandates among various agencies.
  - **Public Liability Insurance:** The Committee noted that as per the PNGRB Regulations 2010, City Gas Distribution (CGD) entities are required to have ‘Public Liability Insurance Policy’ for consumers. The Committee further noted that customer base has increased to 76 lakh households, and is targeted at 4.23 crore households. The Committee recommended: (i) increasing awareness among Piped Natural Gas (PNG) / Compressed Natural Gas (CNG) consumers about the details of this policy, (ii) reviewing and simplifying the process of claim settlement, and (iii) carrying out awareness campaigns to avert any untoward incidents.
  - **Coverage of PNG:** The Committee noted that PNG connections are not able to reach every household even when that particular area has been marked as covered. The Committee recommended that penetration levels in each district should be a major criteria of declaring districts covered under PNG. Further, coverage should be based on actual number of households having access to PNG. Further, the Committee recommended increasing competition in providing PNG to allow for greater consumer choice, and reduced dependence on the CGD entity.
  - **CNG network:** The Committee noted that currently, 2,830 CNG stations are operational in India, while another 8,181 CNG stations are planned to be established. The Committee noted that other than Delhi and Mumbai, most cities where CGD is operational don’t have high penetration of CNG stations. To allow people to get the full benefit of CNG, the Committee recommended operationalising all the planned CNG stations. The Committee further recommended adopting a more nuanced, proactive and scientific approach for making CNG available on national highways.

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