

GAIL imitates Reliance with plans to import ethane from US

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OUR CORRESPONDENT

NEW DELHI: India's largest gas firm GAIL is imitating billionaire Mukesh Ambani-led Reliance Industries Ltd in planning to import ethane from the US to replace natural gas and naphtha as feedstock at its petrochemical plants.

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"In a bid towards diversification of the feedstock, GAIL is looking to import ethane from ethane-surplus countries with matured export terminal infrastructure through water borne transportation to India and transport it further through GAIL's pipeline systems to demand centres," the company said in a tender document.

It sought quotes to hire a very large ethane carrier (VLEC) for 20 years starting mid-2026 for importing ethane from the US. The ship with capacity of 80,000 to 99,000 cubic metres is targeted to take deliveries from US ports of Marcus Hook, Nederland, Morgan's Point or Beaumont and deliver ethane at Dahej or Hazira in Gujarat or Dabhol in Maharashtra.

GAIL has a petrochemical plant at Pata, near Kanpur in Uttar Pradesh, and is also looking to set up another unit at Usar in Maharashtra. The company had to cut down on run rate at Pata after the government diverted gas supplies



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from the plant to city gas suppliers. This led to its profitability being impacted and so now the company is looking to supplement the feedstock with ethane.

Reliance had in 2014 announced ethane import plans and started importing the feedstock from the US in 2017. It is importing 1.6 million tonnes per annum of ethane and is using six VLECs for transporting it to India.

With ethane replacing propane and naphtha used in ethylene production, Reliance is estimated to have saved about \$450 million annually.

Reliance used 2.5 million tonnes a year of naphtha as feedstock in petrochemical crackers and ethane reduced its use by 5,00,000 tonnes, which now could be exported.

Ethane is expected to be produced in large volumes in North America due to the shale gas revolution, which has generated an abundance of liquefied natural gas (LNG) and liquefied petroleum gas (LPG). It is primarily used as petrochemical feedstock to produce ethylene by steam cracking.

Ethylene is the starting material for making a wide range of products -- from packaging films, wire coatings, and squeeze bottles as well as plastics and synthetic rubber.

Reliance uses ethane at its crackers in Dahej and Hazira in Gujarat and Nagothane in Maharashtra.

GAIL in the tender said it is looking at co-transportation of ethane and LNG through the same vessel loaded in separate compartments.

"Bidders may indicate whether the vessel offered for time-charter is compatible for part loading of ethane and LNG. In case of co-transportation the primary and secondary fuel options may necessarily be indicated," GAIL said.

GAIL said the 20 year charter hire agreement can be extended by a further 5 years.

Last date for submission of an expression of interest (EoI) for offering VLECs is February 25.



GAIL imitates Reliance with US ethane plans

PTI / New Delhi

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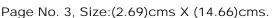


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Page No. 9, Size:(19.43)cms X (5.34)cms.

Like Reliance, GAIL too Plans to Use US Ethane

PTI

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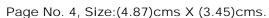
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गेल और सीबीडीटी ने समझौते पर किए हस्ताक्षर

नई दिल्ली। गेल इंडिया लिमिटेड और केंद्रीय प्रत्यक्ष कर बोर्ड (सीबीडीटी) ने अग्रिम मूल्य निर्धारण समझौते पर हस्ताक्षर किया है। सीबीडीटी के संयुक्त

सचिव (एफटी, आरटी-1) रिश्म रंजन दास और गेल इंडिया लिमिटेड के निदेशक आरके जैन ने इस समझौते पर हस्ताक्षर किया। दोनों ने यूएसए से एलएनजी सोसिंग अनुबंध पर देय हस्तांतरण मूल्य निर्धारण मार्जिन का निर्धारण करने के लिए



पांच साल का अनुबंध किया है। साथ ही उम्मीद जताई है कि इससे गैर प्रतिकूल कर प्रणाली को बढ़ावा मिलेगा और भारत में व्यापार करने में आसानी होगी। अग्रिम मूल्य निर्धारण समझौते पर सफलतापूर्वक हस्ताक्षर करने वाला गेल भारत की पहली तेल और गैस क्षेत्र की कंपनी बन गई है।