

IOCL, GAIL in talks with ADNOC for LNG

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ply contract. The talks are at a fairly advanced stage, according to India's ambassador to the UAE Sunjay Sudhir.

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out a mechanism for long-term offtake from an upcoming LNG plant in Fujairah.

"Two of our companies, GAIL and IOCL are in discussions with ADNOC for long-term LNG contracts. Right now, as we speak, discussions have progressed very, very far. And it's just a question of getting the right numbers. We are very hopeful of concluding it soon," said Sudhir.

At the moment, the UAE is the second largest source of energy for India. However, those are for spot purchases and not long-term deals like in the case with countries like Qatar and Australia. Long-



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term contracts are generally preferred by consuming countries or entities as gas is available under these contracts at cheaper prices than in spot

purchases.

"So even now, UAE is the second largest import source of energy for us. But it is not part of long-term deals as it is

the case with some other countries. It is actually spot LNG from the aggregators. We are trying that the supply becomes direct, more long term. It helps both of us," said Sudhir.

India is working with the UAE to forge long-term offtake from an upcoming LNG plant as well.

"At the moment, the UAE also has limited capacity to export. But then gas is there and the UAE is planning to come up with a 9.6 MMTPA LNG plant in Fujairah. We are working with the UAE government if we can work out some mechanism for long-term off-

take from that plant as well. But then that plant is still in the Greenfield stage at the moment," said Sudhir.

Queries sent to ministry of petroleum, GAIL, and Indian Oil remained unanswered till press time.

Prashant Vashisht, VP and Co-Group Head, ICRA said that given the growth in natural gas consumption by the Indian fertiliser and CGD sectors, India will remain heavily reliant on LNG imports despite a projected increase in domestic natural gas production. "Accordingly, it is crucial to tie up for additional long-term LNG for the country as

spot prices have been exorbitant and volatile as was seen in CY2022," said Vashisht.

The talks have come in the backdrop of Russian company Gazprom's former subsidiary, Gazprom Marketing and Trading Singapore (GMTS) defaulting on its long-term contract for the supply of LNG to GAIL since May last year. Attempts to secure more long-term contracts intensified after state-run GAIL (India) Ltd had to make expensive spot purchases of LNG at over \$40 per million British thermal units (mBtu) in September.

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