

City gas distribution to drive India's gas demand

NEW DELHI: The city gas distribution (CGD) sector is expected to surpass fertiliser plants this year to become the largest consumer of natural gas in India, thanks to the fast growth of CNG and piped gas networks, industry leaders said on Wednesday.

CGD, which encompasses supply of CNG as fuel to automobiles, and piping gas to household kitchens for cooking as well as to industries, accounts for 21.22 per cent of the near 200 million standard cubic meters per day of gas consumption in the country.

Natural gas consumption is likely to rise to 300-250 mmscmd in the next 7-10 years, GAIL Director (Marketing) Sanjay Kumar said while speaking at the 11th CGD Conference here. "Fertiliser sector consumes 60 mmscmd and this is likely to remain the same as no new fertiliser plants are on the anvil," he said. "CGD sector consumption could go up to 100 mmscmd from 41.1 mmscmd usage in February/March 2025."

Anjani Kumar, Head (Gas



Origination & BD), Shell Energy LNG, said, "CGD could very well become the largest consumption sector this year itself." The CGD sector will drive India's ambition to raise the share of natural gas in energy basket to 15 per cent from the current 7 per cent.

But domestic production is insufficient to meet the demand and the country has to necessarily rely on imports of liquefied natural gas (LNG).

Gas demand, he said, has grown 35 mmscmd in the last three years and 80 per cent of this has been met through LNG.

Currently, roughly half of the gas requirement is met through imports. India's CGD sector is experiencing rapid growth,

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driven by government initiatives, increased infrastructure investments, and a shift towards cleaner energy sources. City gas licences have been given out for almost the entire country in the recent auctions. The country now has over 8,000 CNG stations and 1.5 crore households using piped natural gas for cooking purposes.

GAIL's Kumar said domestic gas production can rise to 130-135 mmscmd in next 4-6 years as per the projections made by the national oil companies. The production will "mature" by then and is unlikely to go up, he said. Petronet LNG Ltd MD & CEO A K Singh said the peak domestic production would not last long as fields mature. "We

will be dependent on imported gas in future."

Petronet operates two of the eight LNG import facilities in the country. Its Dahej import terminal in Gujarat is being expanded to 22.5 million tonnes per annum capacity from 17.5 million tonnes over the next 3-4 months.

"Dahej is the world's biggest LNG import terminal," he said, adding that though capacity-wise it ranks 7th or 8th in the world, but because of full capacity utilisation throughout the year, it is the world's busiest terminal. "Dahej handles 270-275 cargoes in a year," he said.

Besides Dahej, Petronet has a 5 million tonnes a year import facility at Kochi in Kerala that even after 12 years of commissioning operates at only 20-25 per cent of its capacity as not all consumers in the vicinity are connected with pipelines to take the fuel, he said.

Singh said the Kochi to Bengaluru pipeline is likely to be completed by end 2025, which will help maximise utilisation of the import terminal. PFI

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PTI

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