

Switch to e-motors to cut costs: PNGRB to GAIL

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India's gas regulator has asked GAIL — the country's largest gas distributor — to phase out gas turbines used in pipeline compressors and switch to electric motors to bring down costs. Gas pipelines in India currently use gas-fuelled turbines in compressors.

Chairperson of Petroleum and Natural Gas Regulatory Body (PNGRB) Anil Jain told *Business Standard* that the rationale for moving towards electric motors for compressors stems from GAIL's request for pipeline tariff hike due to higher natural gas prices.

The regulator is currently evaluating the cost implications of the move. Lower electricity costs as compared to gas prices would help in reducing the cost of operations for the company, Jain explained.

"We have asked entities to migrate away from gas-fuelled turbines to electric motors. It is in the feasibility phase. Work is ongoing on time required (for the shift) and cost implications," said Jain.

A compressor is a critical device used for increasing pressure of natural gas as it travels through a pipeline. It helps in maintaining the flow of gas over long distances and through various terrains.

To ensure uninterrupted operations, existing gas turbines would be on stand-by mode in case of power discontinuity, while for future pipelines electric motors might be fitted with diesel gensets, Jain said.

In August 2024, the country's largest gas pipeline network operator had submitted a request to PNGRB for higher integrated pipeline tariff of ₹78.72 per million metric British thermal unit (mmBtu), from current ₹58.61 per mmBtu.

The request is due as of now.

GAIL's chairman and managing director Sandeep Kumar Gupta had said the ₹20/mmBtu hike would boost pre-tax earnings by ₹3,400 crore annually, according to news agency *PTI*.

Queries sent to GAIL remained unanswered till the press time. Experts believe that a shift towards electric motors would require stable power supply at all times as compressors are of



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utmost importance to a gas pipeline.

"Operating compressors on power supply is a challenge, considering the committed availability basis in India. Any disruption in supply to a compressor may result in disruption of gas supply, which can be catastrophic. Ensuring gas supply to consumers on a continuous basis is very important," said Gajendra Singh, former marketing director at GAIL and former PNGRB member.

Seeking higher pipeline tariff, GAIL argued that de-allocation of cheaper Administered Price Mechanism (APM) gas over years has resulted in the company sourcing spot liquefied natural gas (LNG) and high pressure high temperature (HPHT) gas, leading to higher operational costs. Domestic APM gas costs \$6.55 per mmBtu, while HPHT gas is around \$9.72/mmBtu. PNGRB determines pipeline tariff by considering a reasonable rate of return on capital employed by the company plus operating expenses in the natural gas pipeline. The current tariff of ₹58.61 per mmBtu has been in effect since April 2023.

After approval, the revised pipeline tariff would be applicable till 2049.

As the country aims to move away from use of fossil fuels, the Indian government aims to increase the share of gas in the energy basket to 15 per cent by 2030 from the current level of six per cent.