

DROPS COMMON CARRIER CAPACITY REQUIREMENT

Oil & gas regulator mandates registration for LNG terminals

OUR CORRESPONDENT

NEW DELHI: The oil regulator has made it mandatory for companies planning to establish new liquefied natural gas (LNG) import terminals or expand existing ones to obtain prior approval, but dropped the requirement to reserve a portion of the terminal capacity for third-party access.

The Petroleum and Natural Gas Regulatory Board (PNGRB) has notified Registration for Establishing and Operating Liquefied Natural Gas Terminals Regulations, 2025.

"These regulations lay down a robust framework focused on registration and oversight of LNG terminals, (and) promotion of competition among entities and prevention of infructuous investments," the regulator said, adding that the rules are a step in alignment with India's vision of increasing the share of natural gas to 15 per cent in the energy mix by 2030.

The norms also seek to ensure equitable and adequate natural gas availability across the country, protection of consumer interests through improved access and supply reliability, and facilitate infrastructure availability for evacuation of regasified LNG through pipelines.

An entity wanting to build an LNG terminal will have to



The rules, however, do not contain the requirement of new LNG import facilities reserving a fifth of the capacity for third-party access on a common carrier principle

inform PNGRB before taking the final investment decision (FID). The same will have to be done for expanding the capacity of an existing LNG terminal.

The PNGRB nod in both cases will hinge on "promoting competition among entities, avoiding infructuous investment, maintaining or increasing supplies or securing equitable distribution or ensuring adequate availability of natural gas throughout the country, protecting customer interest and availability of gas evacuation facility from the terminal," according to the rules.

The rules, however, do not contain the requirement of new

LNG import facilities reserving a fifth of the capacity for third-party access on a common carrier principle.

PNGRB had, in the first draft rules for the LNG terminal registration in 2018, proposed firms offering "at all times, after registration, 20 per cent of its short-term (less than 5 years contract) uncommitted re-gasification capacity or 0.5 million tonnes per annum, whichever is higher, as common carrier capacity".

This capacity could be booked by a third party to import its own LNG. After opposition from the industry, PNGRB dropped the clause in

Key Points

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another draft regulation issued in June last year. The final rules notified now are based on the draft issued last year.

Companies seeking nod for setting up new LNG terminals need to "have a credible business plan for utilisation of capacity in the LNG terminal" and will need to "submit the business plan and detailed evacuation plan of LNG or re-gasified natural gas from its LNG terminal, along with copy of its approved Detailed Feasibility Report (DFR)" to PNGRB.

The clause for the expansion of existing terminals is not there.

As per the notified rules,

PNGRB can suspend or terminate the registration of a terminal or forfeit its bank guarantee if it is found to be involved in unfair trade practices or breaching regulatory obligations.

Companies also need to furnish a bank guarantee equal to 1 per cent of the estimated project cost of the terminal or Rs 25 crore, whichever is less.

The regulator will approve the "completion schedule" of the LNG terminal and can impose a financial penalty on the operator for not sticking to the completion schedule.

India currently has seven operating LNG terminals - a 17.5 million tonnes import facility of Petronet LNG Ltd at Dahej in Gujarat, Shell's 5 million tonnes terminal at Hazira, state-owned GAIL India Ltd's 5 million tonnes Dabhol facility in Maharashtra, Petronet's 5 million tonnes Kochi terminal in Kerala, state-owned Indian Oil Corporation's 5 million tonnes Ennore terminal in Tamil Nadu, Gujarat State Petroleum Corp's 5 million tonnes facility at Mundra and Adani Total Gas Ltd's 5 million tonnes Dhamra terminal in Odisha.

"By regulating LNG terminals, PNGRB aims to ensure efficient utilisation of infrastructure, and ultimately benefit end consumers through competitive pricing and reliable supply," the regulator said.