

GOVERNMENT OF INDIA

MINISTRY OF POWER

LOK SABHA

UNSTARRED QUESTION NO: 1884

ANSWERED ON:17.07.2009

NTPC AGREEMENT WITH RIL FOR SUPPLY OF GAS

ANANT KUMAR HEGDE

(a) whether the National Thermal Power Corporation Limited (NTPC) has signed a trade agreement with the Reliance Industries Limited (RIL) for supply of gas;

(b) if so, the details thereof;

(c) the quantity of gas to be supplied to the NTPC by the Reliance Industries as per the terms of the agreement;

(d) whether the said price is higher than the sale price of the Oil and Natural Gas Corporation (ONGC); and

(e) if so, the details thereof?

Will the Minister of POWER be pleased to state:-

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF POWER ( SHRI BHARATSINH SOLANKI)

(a) to (c) :NTPC had invited bids under International Competitive Bidding for procurement of natural gas @ 132 TBtu (Trillion British thermal units) per annum for Kawas-II and Gandhar-II power projects for a period of 17 years. Reliance Industries Limited (RIL) was evaluated as the lowest techno-commercially acceptable bidder and NTPC accepted its offer. Accordingly, a Letter of Intent (LOI) was issued to RIL on 16.06.2004 which was duly acknowledged and confirmed by RIL. As per the aforesaid contract, RIL is required to supply the gas to NTPC from D6 Block of KG Basin at gas commodity price of US \$2.34 per MMBtu (Million Metric British thermal units) (landfall price at Kakinada).

After the issuance of LOI, RIL did not come forward to sign the Gas Sale Purchase Agreement (GSPA) and sought major changes in the agreed draft of GSPA. The changes sought by RIL on the accepted draft GSPA would have altered the basic complexion of the Contract and were not acceptable to NTPC.

NTPC persued with RIL at various levels and at various meetings to sign the GSPA, as per the draft accepted by RIL during the bidding process.

However, in spite of all the efforts, RIL did not sign the GSPA agreed during the bidding process, instead RIL unilaterally signed a contract which was not in line with the agreed GSPA and that left NTPC with no alternative other than taking legal recourse.

Accordingly, NTPC filed a suit in the High Court of Bombay against RIL on 20.12.2005 for specific performance of the contract.

The matter is presently sub-judice in Hon`ble High Court of Mumbai.

As per the aforesaid contract, the quantity of gas in the contract is 132 TBtu per annum [12 million metric standard cubic meters per day (MMSCMD approx.)] for a period of 17 years.

(d) & (e) : The current price of ONGC gas is US\$ 1.848 per MMBtu (landfall price at Hazira) against the above said price of US\$ 2.34 per MMBtu.