

Govt may Own 51% in Proposed Operator of Gas Pipeline Capacity

Oil ministry plans to split the rest of equity equally between ONGC, Indian Oil, Gail, HPCL & Engineers India

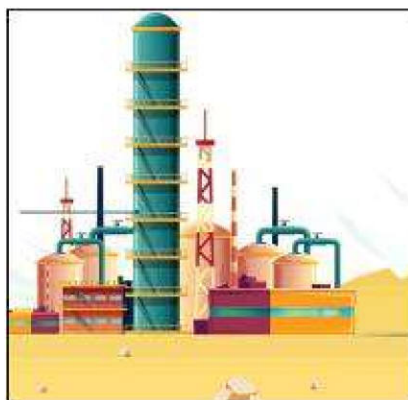
Sanjeev.Choudhary
@timesgroup.com

New Delhi: The government will own a 51% equity stake in the planned transport system operator (TSO) that will manage the common carrier capacity of all natural gas pipelines in the country, according to people aware of an oil ministry proposal.

The balance 49% stake will be split equally between five petroleum sector state-run enterprises: ONGC, Indian Oil, Gail, Hindustan Petroleum Corp, and Engineers India, according to the ministry's proposal that needs Cabinet nod.

Finance minister Nirmala Sitharaman had announced a plan for an independent TSO in the last budget to facilitate the booking of all common carrier capacity in natural gas pipelines on a non-discriminatory open-access basis.

The government had earlier eva-



luated the idea of vertically splitting Gail, the country's largest gas marketer and pipeline operator, to meet the industry's long-standing demand of separating content and carriage.

The operator is expected to set up a gas management control centre and a database management system

The government dropped the idea after fierce opposition by Gail and opted for a TSO.

A well-functioning TSO is expected to bring a level playing field to all natural gas marketers and end advantages the industry perceives Gail to have due to its overwhelming control of the country's gas pipelines.

After the Cabinet approves the oil ministry's proposal, the transport system operator will be in-

corporated with the shareholding split between the government and public sector companies that are key players in the domestic gas sector.

The TSO is expected to be operational in about a year after the Cabinet approval, as per the people cited above. The TSO cannot market or sell natural gas but can own and operate pipelines, according to a consultation draft floated in June by the oil ministry.

The operator can collect fees from users to meet its expenses. It would also provide information to gas exchange about available common carrier capacity.

It shall frame suitable procedures to provide for the registration of users of common carrier capacity, receipt of necessary pipeline data from all pipeline entities, collection and scheduling of nominations for transportation of gas in open access capacity, and management of imbalances in open access capacity, per the draft.

The TSO is also expected to set up a gas management control centre and a database management system. The setting up of a common carrier capacity manager is a significant step on the road to making India a gas-based economy. The government wants the share of natural gas to rise to 15% of the country's energy mix by 2030 from the current 6%.