

Govt tweaks city gas policy for better clarity

Press Trust of India

feedback@livemint.com

NEW DELHI: The government will now allocate natural gas to CNG and piped cooking gas retailers two quarters in advance to give city gas companies greater clarity, the Oil Ministry said Friday.

With city gas retailers like Indraprastha Gas Ltd, Mahanagar Gas Ltd and Adani-Total Gas Ltd reporting pressures on margins after the allocation of cheaper administered price or APM gas to them was cut without giving enough advance notice, the ministry decided to tweak the allocation policy.

"From Q1 (first quarter) of FY 2025-26 (April 2025 to March 2026 financial year), domestic natural gas allocations for CNG (Transport) and piped natural gas (domestic household cooking gas) segments will be done on a two-quarter advance basis," the ministry said in a statement.

Besides the lower-priced APM gas produced from old fields given on a nomination basis, the allocation will also now include gas from new wells drilled on the nomination fields of state-owned Oil and Natural Gas Corporation

THE MINISTRY SAID NEW WELL GAS ALLOCATION WILL BE DONE ON A PRO-RATA BASIS

(ONGC) and Oil India Ltd (OIL), it added.

While APM gas currently is priced at \$6.75 per million British thermal units, the new well gas comes to close to \$8 per MMBtu.

"Estimations by GAIL and ONGC will help ensure supply visibility to CGD entities in advance, enhancing planning and delivery efficiency," it said.

GAIL is the state-owned marketer of gas. The ministry said new well gas allocation will be done on a pro-rata basis.

"Auction-based allocation for new well gas has been replaced with a quarterly pro-rata allocation to ensure timely and reliable supply. GAIL will allocate new well gas to city gas distribution (CGD) entities in proportion to their requirements, in accordance with prevailing Ministry of Petroleum and Natural Gas guidelines," the statement said.

ONGC's cheap APM gas supply falls, costlier new well supply doubles

Oil and Natural Gas Corporation (ONGC) is offsetting the natural decline in output from ageing gas fields by drilling new wells

OUR CORRESPONDENT

NEW DELHI: India's top oil and gas producer ONGC has seen a drop in natural gas production from ageing fields that supply CNG and piped cooking gas, resulting in supply reductions for city gas distributors like IGL, MGL, and Adani-Total, officials said.

Oil and Natural Gas Corporation (ONGC) is offsetting the natural decline in output from ageing gas fields by drilling new wells. However, gas from these new wells is sold at a higher price to cover the added costs, officials said.

Natural gas extracted from the ground and seabed is converted into CNG for vehicles and used as cooking fuel when piped to households. Gas from fields allocated to ONGC on a nomination basis is priced by the government and referred to as APM gas. This APM gas serves as the feedstock for city gas distributors.

APM gas is priced at 10 per cent of the monthly average rate of the crude oil basket India imports for its energy needs. However, the price is capped with a floor of \$4 per million British thermal units and a ceiling of \$6.75. Gas from new wells drilled by ONGC in the same



Natural gas extracted from the ground and seabed is converted into CNG for vehicles and used as cooking fuel when piped to households

nomination fields is priced at 12 per cent of the Indian crude oil basket.

Officials said ONGC sells that APM gas to state-owned GAIL (India) Ltd, which makes onward supplies to city gas retailers like Indraprastha Gas Ltd, Mahanagar Gas Ltd and Adani-Total Gas Ltd. The APM gas is currently priced at \$6.75 per MMBtu. With production falling, GAIL intimated the city gas retailers of up to 20 per cent cut in APM gas supplies effective

Key Points

- » Gas from fields allocated to ONGC on a nomination basis is priced by the government and referred to as APM gas
- » This APM gas serves as the feedstock for city gas distributors
- » APM gas is priced at 10% of monthly avg rate of the Indian crude oil basket
- » Gas from new wells in same nomination fields is priced at 12% of the Indian crude oil basket

tive April 16. The lost volumes were made good by supply of new well gas, they said.

This month, ONGC added about 3 million standard cubic metres per day of new well gas for supplies to city gas companies. This made up for an almost equivalent decline in lower priced APM gas production.

With this, ONGC's new well gas supplies have almost doubled to 6.8 mmSCMD.

Officials said of the 22-23 mmSCMD of APM gas produc-

tion of ONGC coming to Hazira in Gujarat, 4 mmSCMD goes to fertilizer companies for production of urea, 1.1 mmSCMD is supplied to industries in Agra as per a Supreme Court order and 1.56 mmSCMD is meant for the Bawana power plant in Delhi.

About 10 mmSCMD of that gas is supplied to city gas companies at \$6.75 per MMBtu rate. City gas firms also get 6.8 mmSCMD of new well gas, which is priced at almost \$8 per MMBtu.

The difference will further narrow next month, when rates are expected to be revised lower in line with declining oil prices.

APM gas is declining at the rate of 9-10 per cent annually as recovery from old and ageing fields falls. In the last one year, APM gas supplies to city gas retailers have been cut by almost 50 per cent. With the latest cut, the APM gas now meets about 34 per cent of the total city gas requirement, down from 51 per cent previously.

Earlier this week, IGL, the firm that retails CNG to automobiles and piped cooking gas to households in the national capital and adjoining cities, in a stock exchange filing stated that it gets "domestic gas allocation for meeting the requirement of piped natural gas (to house-

hold kitchens) and CNG sales volumes at the pricing fixed by the government (presently at \$6.75 per MMBtu)."

"Based on communication received by the company from GAIL (India) Ltd (the nodal agency for domestic gas allocation), this is to inform that there has been a reduction in domestic gas allocation to the company effective from April 16, 2025. The revised domestic gas allocation to the company is approximately 20 per cent lesser than previous allocation," IGL said, adding that it has been allocated an additional 125 per cent of the reduction in domestic gas volumes as New Well Gas (NWG), which is priced at 12 per cent of Indian Crude Basket.

This, it said, is expected to impact the profitability of the company. MGL, the city gas retailer in Mumbai, said as per Policy Guideline dated August 10, 2022, issued by the Ministry of Petroleum and Natural Gas, domestically produced Administrative Price Mechanisms (APM) natural gas is to be allocated to City Gas Distribution (CGD) companies for priority segments, specifically domestic Piped Natural Gas supplies (PNG) to household kitchens for cooking and CNG (transport fuel).

TO BOOST CLEANER ENERGY ACCESS

Govt enhances Domestic Gas Allocation Policy framework

OUR CORRESPONDENT

NEW DELHI: Securing cleaner energy supply and enhancing domestic energy security, the government has unveiled significant reforms in the Domestic Gas Allocation Policy.

The Modi government on Friday reported that the new framework gives greater emphasis to the availability and affordability of natural gas for important public-facing applications like CNG for transport and PNG for domestic consumers. The Ministry of Petroleum and Natural Gas (MoPNG) issued a set of measures aimed at rationalising gas supply to City Gas Distribution (CGD) players and enhancing predictability of supply, thus facilitating improved planning and efficiency.

Starting from the first quarter of FY 2025-26, allocations of domestic natural gas for CNG (Transport) and PNG (Domestic) will be made two quarters in advance. This change includes the addition of New Well Gas (NWG) from nomination fields operated by ONGC and OIL. The estimation process, led by GAIL and ONGC, is expected to offer better visibility to CGD companies, enabling improved logistical and operational planning.

In a significant break from the erstwhile auction system, NWG will henceforth be distributed quarterly on a pro-rata basis. GAIL will be in charge



Govt on Friday reported that new framework gives greater emphasis to availability and affordability of natural gas

of disbursing NWG to CGD entities as per their demand, in accordance with MoPNG's present directives. This action is being taken to ensure the timely and stable supply of gas throughout the country.

In spite of the increasing demand in the CGD industry, the government has largely kept allocation percentages in place to ensure stable supply to the transport and domestic segments. The allocations for the subsequent quarters are as follows: Q3 FY25: 54.68 per cent of expected demand fulfilled, Q1 FY26: 55.68 per cent and Q2 FY26 (Projected): 54.74 per cent.

Apart from this, both APM (Administered Pricing Mechanism) gas and NWG prices are being tied to the Indian Crude

Highlights

- » Starting from Q1 of FY26, allocations of domestic natural gas for CNG & PNG will be made two quarters in advance
- » This change includes the addition of New Well Gas from nomination fields operated by ONGC and OIL
- » Estimation process, led by GAIL & ONGC, is likely to offer better visibility to CGD firms

Basket and are revalued every month. This pricing model is likely to reduce the price of natural gas for CNG and PNG consumers following the recent fall in international crude oil prices, relief to millions of consumers in urban and semi-urban areas.

These policy improvement measures are likely to enhance the CGD segment's capacity to predict demand and regulate supply better. They also help towards the overall objectives of enhancing air quality in cities, facilitating clean energy transition, and offering low-cost energy options to the masses.

Industry analysts regard the decision as an important measure to build a more stable, transparent, and consumer-friendly domestic gas distribution framework.

Centre takes key steps to ensure affordable CNG, PNG gas supply



AGENCIES

NEW DELHI, 18 APRIL

The government on Friday said it has introduced key policy measures aimed at strengthening the allocation framework for domestic natural gas, in alignment with its vision of promoting cleaner energy access, enhancing urban air quality, and bolstering domestic energy security.

With a focus on ensuring the sustained availability and affordability of natural gas for key public-facing segments — Compressed Natural Gas (CNG) used in transport and Piped Natural Gas (PNG) used in domestic households for cooking — the Ministry

of Petroleum and Natural Gas (MoPNG) has introduced several important enhancements to the Domestic Gas Allocation Policy.

From Q1 FY 2025-26, domestic natural gas allocations for CNG (T) and PNG (D) segments will be done on a two-quarter advance basis. Allocation will also now include New Well Gas (NWG) from nomination fields of ONGC and OIL, informed the ministry.

Estimations by GAIL and ONGC will help ensure supply visibility to CGD entities in advance, enhancing planning and delivery efficiency.

“Auction-based allocation for NWG has been replaced with a quarterly pro-rata allo-

cation to ensure timely and reliable supply. GAIL will allocate NWG to CGD entities in proportion to their requirements, in accordance with prevailing MoPNG guidelines,” the ministry further informed.

Despite increasing demand in the CGD sector, allocation ratios of domestic gas have broadly been maintained.

For Q3 2024-25, 54.68 per cent of projected demand was allocated and for Q1 2025-26, 55.68 per cent allocation and for Q2 2025-26 (Projected), 54.74 per cent allocation are projected.

Broad trajectory in domestic gas allocation reflects the government’s commitment to prioritise public-facing segments like transport and domestic cooking.

As both APM gas and New Well Gas prices are linked to Indian Crude Basket prices, calculated monthly, with the recent decline in crude prices, this allocation of domestic gas would make natural gas more affordable for CNG (T) and PNG (D) consumers.

These strategic measures will lead to enhanced ability of CGD entities to forecast demand and manage supply efficiently, improved supply predictability and better affordability for CGD companies due to crude-linked pricing, said the ministry.

ONGC's gas output from aging fields falls, new well supply doubles for gas distributors

PTI

NEW DELHI

India's top oil and gas producer ONGC has seen a drop in natural gas production from aging fields that supply CNG and piped cooking gas, resulting in supply reductions for city gas distributors like IGL, MGL, and Adani-Total, officials said.

Oil and Natural Gas Corporation (ONGC) is offsetting the natural decline in output from ageing gas fields by drilling new wells. However, gas from these new wells is sold at a higher price to cover the added costs, officials said. Natural gas extracted from the ground and seabed is con-

verted into CNG for vehicles and used as cooking fuel when piped to households. Gas from fields allocated to ONGC on a nomination basis is priced by the government and referred to as APM gas. This APM gas serves as the feedstock for city gas distributors.

APM gas is priced at 10 per cent of the monthly average rate of the crude oil basket India imports for its energy needs. However, the price is capped with a floor of USD 4 per million British thermal units and a ceiling of USD 675.

Gas from new wells drilled by ONGC in the same nomination fields is priced at 12 per cent of the Indian crude oil

basket.

Officials said ONGC sells that APM gas to state-owned GAIL (India) Ltd, which makes onward supplies to city gas retailers like Indraprastha Gas Ltd, Mahanagar Gas Ltd and Adani-Total Gas. The APM gas is currently priced at USD 675 per MMBtu.

With production falling, GAIL intimated the city gas retailers of up to 20 per cent cut in APM gas supplies effective April 16. The lost volumes were made good by supply of new well gas, they said.

This month, ONGC added about 3 million standard cubic metres per day of new well gas for supplies to city gas companies.

Govt tweaks city gas policy for better clarity

Press Trust of India

feedback@livemint.com

NEW DELHI: The government will now allocate natural gas to CNG and piped cooking gas retailers two quarters in advance to give city gas companies greater clarity, the Oil Ministry said Friday.

With city gas retailers like Indraprastha Gas Ltd, Mahanagar Gas Ltd and Adani-Total Gas Ltd reporting pressures on margins after the allocation of cheaper administered price or APM gas to them was cut without giving enough advance notice, the ministry decided to tweak the allocation policy.

"From Q1 (first quarter) of FY 2025-26 (April 2025 to March 2026 financial year), domestic natural gas allocations for CNG (Transport) and piped natural gas (domestic household cooking gas) segments will be done on a two-quarter advance basis," the ministry said in a statement.

Besides the lower-priced APM gas produced from old fields given on a nomination basis, the allocation will also now include gas from new wells drilled on the nomination fields of state-owned Oil and Natural Gas Corporation

THE MINISTRY SAID NEW WELL GAS ALLOCATION WILL BE DONE ON A PRO-RATA BASIS

(ONGC) and Oil India Ltd (OIL), it added.

While APM gas currently is priced at \$6.75 per million British thermal units, the new well gas comes to close to \$8 per MMBtu.

"Estimations by GAIL and ONGC will help ensure supply visibility to CGD entities in advance, enhancing planning and delivery efficiency," it said.

GAIL is the state-owned marketer of gas. The ministry said new well gas allocation will be done on a pro-rata basis.

"Auction-based allocation for new well gas has been replaced with a quarterly pro-rata allocation to ensure timely and reliable supply. GAIL will allocate new well gas to city gas distribution (CGD) entities in proportion to their requirements, in accordance with prevailing Ministry of Petroleum and Natural Gas guidelines," the statement said.

Govt tweaks city gas policy for better clarity

Press Trust of India

feedback@livemint.com

NEW DELHI: The government will now allocate natural gas to CNG and piped cooking gas retailers two quarters in advance to give city gas companies greater clarity, the Oil Ministry said Friday.

With city gas retailers like Indraprastha Gas Ltd, Mahanagar Gas Ltd and Adani-Total Gas Ltd reporting pressures on margins after the allocation of cheaper administered price or APM gas to them was cut without giving enough advance notice, the ministry decided to tweak the allocation policy.

"From Q1 (first quarter) of FY 2025-26 (April 2025 to March 2026 financial year), domestic natural gas allocations for CNG (Transport) and piped natural gas (domestic household cooking gas) segments will be done on a two-quarter advance basis," the ministry said in a statement.

Besides the lower-priced APM gas produced from old fields given on a nomination basis, the allocation will also now include gas from new wells drilled on the nomination fields of state-owned Oil and Natural Gas Corporation

THE MINISTRY SAID NEW WELL GAS ALLOCATION WILL BE DONE ON A PRO-RATA BASIS

(ONGC) and Oil India Ltd (OIL), it added.

While APM gas currently is priced at \$6.75 per million British thermal units, the new well gas comes to close to \$8 per MMBtu.

"Estimations by GAIL and ONGC will help ensure supply visibility to CGD entities in advance, enhancing planning and delivery efficiency," it said.

GAIL is the state-owned marketer of gas. The ministry said new well gas allocation will be done on a pro-rata basis.

"Auction-based allocation for new well gas has been replaced with a quarterly pro-rata allocation to ensure timely and reliable supply. GAIL will allocate new well gas to city gas distribution (CGD) entities in proportion to their requirements, in accordance with prevailing Ministry of Petroleum and Natural Gas guidelines," the statement said.

CGD firms to be allocated gas on advance quarterly basis, says Oil Ministry

Our Bureau
New Delhi

The Ministry of Petroleum & Natural Gas (MoPNG) has said that city gas distribution (CGD) firms will be allocated natural gas two quarters in advance to aid them in better demand forecasting, efficient supply management and ensuring supply predictability.

For ensuring the sustained availability and affordability of natural gas for key public-facing segments — compressed natural gas (CNG) used in transport and piped natural gas (PNG) used in domestic households for cooking — the MoPNG has introduced important enhancements to the domestic gas allocation policy, the Ministry said.

“From Q1 FY26, domestic natural gas allocations for CNG (T) and PNG (D) segments will be done on a two-quarter advance basis. Allocation will also now include New Well Gas (NWG) from nomination fields of ONGC and Oil India. Estimations by GAIL and ONGC will help ensure supply visibility to CGD entities in advance, enhancing planning and delivery efficiency,” it added.

Besides, the auction-based allocation for NWG has been replaced with a quarterly pro-rata allocation to ensure timely and reliable supply. GAIL will allocate NWG to CGD entities in proportion to their requirements, in accordance with prevailing MoPNG guidelines.

The Ministry emphasised that despite increasing demand in the CGD sector, allocation ratios of domestic gas have broadly been maintained. It said that for Q3 FY25, 54.68 per cent of the projected demand was allocated. For Q1 FY26 and Q2



FY26, 55.68 per cent and 54.74 per cent of the demand (Projected) has been allocated.

“As both APM gas and New Well Gas prices are linked to Indian Crude Basket prices, calculated monthly, with the recent decline in crude prices, this allocation of domestic gas would make natural gas more affordable for CNG (T) and PNG (D) consumers,” the Ministry said.

These strategic measures will lead to enhanced ability of CGD entities to forecast demand and manage supply efficiently, improved supply predictability and better affordability for CGD companies due to crude-linked pricing.

CUT IN APM GAS

The development comes after GAIL had informed the CGD firms about the 15-20 per cent cut in administered price mechanism (APM) gas from April 16 due to a fall in production at ONGC.

The lost volumes were supplied from NWG. Sehul Bhatt, Director, Research, Crisil Intelligence, said: “The recent reduction in allocation of APM gas for CNG will likely prompt CNG players to hike prices by ₹1-2 per kg to maintain their margins. Following the 15-20 per cent reduction from the second fortnight of April, CNG players have to procure from new well gas, difficult fields and imported LNG.”

Govt tweaks gas allocation policy for CNG, PNG



Natural gas allocation for CNG and PNG will now be made two quarters in advance

ARUNIMA BHARADWAJ
New Delhi, April 18

THE MINISTRY OF petroleum and natural gas on Friday announced key changes to the domestic gas allocation policy, aimed at ensuring sustained availability and affordability of natural gas for compressed natural gas (CNG) used in transport and piped natural gas (PNG) used in households.

Under the new policy guidelines,

beginning Q1FY26, the allocation of domestic natural gas for the CNG and PNG segments will be made on a two-quarter advance basis. The allocation will also include new well gas (NWG) from nomination fields of state-owned producers ONGC and Oil India (OIL). "Estimations by GAIL and ONGC will help ensure supply visibility to CGD entities in advance, enhancing planning and delivery efficiency," the government said.

The policy revision comes in the

wake of recent changes that saw a reduction in the allocation of administered price mechanism (APM) gas to city gas distribution (CGD) companies, impacting their margins and prompting price hikes for CNG consumers. The earlier auction-based allocation mechanism for NWG has been replaced with a quarterly pro-rata system to ensure more reliable and timely supply. GAIL will now allocate NWG to CGD entities in proportion to their demand, it stated.