

Business Standard

Companies plan mega investment in city gas business; 12 LoIs issued

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The government on Friday issued letters of intent to 12 [companies](#) which bagged 50 [Geographical Areas](#) (GAs) that were on offer under the tenth round of [city gas distribution](#) (CGD) bidding.

The major players that won new areas include [Indian Oil](#) Corporation (IOC), Hindustan Petroleum Corporation (HPCL), Gujarat Gas, Atlantic, Gulf & Pacific Company (AG&P) and Gail Gas.

While addressing the event, Union petroleum minister Dharmendra Pradhan highlighted the interest of foreign [companies](#) in the CGD business in India, citing participation of Philippines-based Atlantic, Gulf and Pacific Company (AG&P) in the bidding round. AG&P got three [geographical areas](#) in Ramanathapuram, Kanchipuram and Jodhpur districts in the ninth round. It further marked the presence in tenth round by winning nine areas in Andhra Pradesh, Karnataka, Tamil Nadu and Kerala. AG&P has presence in Gas Logistics (LNG supply chain design, development and marketing) and Construction Services.

"We have plans lined up to invest about Rs 10,000 crore in CGD business. We are also planning to come up with a one-million-tonne per annum LNG import terminal at Karaikal Port, that will add value to this," said PPG Sharma, Managing Director, CGD and Logistics, AG&P. He added that the presence of LNG terminal will help the company to cover the entire value chain and reach out to more industrial consumers. The company is looking to have 10 million piped natural gas consumers and about 1500 compressed natural gas stations across the 12 areas allotted to the company.

According to the commitment made by the various entities in the 50 areas approved for issuance of letters of intent in tenth CGD Bidding Round, 2,02,92,760 domestic PNG (piped natural gas) connections and 3,578 CNG (compressed natural gas) stations for transport sector will be installed.

The other major [companies](#) that won areas under the current round include Indraprastha Gas (three), Torrent Gas (three), Adani Gas (two), Bharat Gas (two), Consortium of Think Gas Investments and Think Gas Distribution, IndianOil Adani Gas and Rajasthan State Gas.

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With the completion of the current round, CGD would be available in 228 GAs comprising 402 districts spread over 27 States and Union Territories covering 53 percent of India's geographical area.

The areas on offer include 124 districts (112 complete and 12 part) across 14 states. The current round is likely to see investment of around Rs 50,000 crore.

"When our government took charge only 20 per cent of the population was under the city gas network. With the completion of tenth round of CGD bidding, 70 per cent are going to come under it," said Pradhan.

The focus of the government was on building next-generation infrastructure in piped natural gas and compressed natural gas.