

AG&P plans to invest Rs 10,000 crore in India city gas

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New Delhi: Atlantic Gulf & Pacific Co of Manila Inc (AG&P) plans to invest Rs 10,000 crore in its city gas business in India over eight years. The company is confident of meeting the steep targets it had promised: to win 12 city gas distribution licences, the highest by a foreign bidder.

In the recent tenth round that offered 50 licences, AG&P shared the top slot with [Indian Oil](#) NSE 1.38 % and [Hindustan Petroleum](#) NSE 2.05 % Corp, each winning nine geographical areas. Other winners included Gujarat Gas (six), Gail Gas (four),

[Indraprastha Gas](#) NSE 0.48 % (three), Torrent Gas (three), Adani (two) and [Bharat Petroleum](#) NSE 2.68 % Corp (two).

Eleven of the 12 geographical areas for which AG&P has licences— it won three in the ninth round last year— are in the four southern states, and their proximity to each other as well as to current and proposed [liquefied natural gas](#) (LNG) terminals in the region will facilitate easy and cheaper sourcing of gas for customers, said PPG Sarma, managing director for CGD and logistics at AG&P. Sarma, credited with building GSPC Gas' vast city networks as CEO, said that the experience would come in handy in launching AG&P's services.

It's planning a floating LNG storage unit in Puducherry by the end of next year and may also tap Petronet's LNG terminal in Kerala and that of Indian Oil in Tamil Nadu. The government provides cheaper domestic gas for use by households and vehicles but industrial and commercial users pay market rates. Its ability to import LNG and control over import infrastructure can thus give AG&P the advantage.

“The city gas areas awarded to AG&P in this round will benefit in the schedule, pricing and gas availability by leveraging our global project teams, our standard designs and our ownership of the full, integrated supply chain of LNG and gas,” said AG&P CEO Joseph Sigelman.

AG&P plans to haul LNG via tankers from import terminals to planned satellite terminals in its licence areas to quickly launch CNG services without waiting for pipelines to be built. State-run GAIL operates a satellite LNG station in Bhubaneswar to serve customers in the absence of a pipeline.

The Philippines company plans to launch a few CNG stations by the end of this year and piped gas services by next year-end, Sarma said. AG&P is confident of meeting its target of connecting 12 million households, building 1,500 CNG stations and laying 17,000 inch-kilometres of steel pipeline over eight years, he said, allaying apprehension that the company had been over-ambitious in its bids for licences.

AG&P will try and move away from “conventional city gas models” and introduce measures that will create more value for customers, Sarma said, citing the possibility of providing a single platform for customer billing and payments, laying broadband fibre along pipelines, encouraging gas-based kitchen appliances and working with industrial customers for better efficiency.