Why enincon’s report upon “Natural Gas Outlook in India 2017”

NATURAL GAS INDUSTRY IN INDIA EXPECTED TO NECESSITATE INVESTMENTS OF ATLEAST INR 65,000 CRORES TO AUGMENT PIPELINE INFRASTRUCTURE AND GAS IMPORT

India has been on a constant economic growth path from past two decades and this rise is coupled with increased energy consumption to thrust the fast growing economy. Basis India’s anticipated growth aspirations, it is evident that access to abundant and economically viable energy will be crucial to sustaining the trajectory of this growth. India has limitations in terms of indigenous energy resources apart from coal and will necessarily have to diversify its fuel mix and look to global energy markets for its energy needs.

India has limited natural gas reserves. Development of unconventional natural gas resources is also on cards in India with ample weightage on CBM and Shale gas development but the lack of data and technology is hitting the same. Hence, domestic production of natural gas in India is highly unlikely to keep up with the demand and the country has to rely on imports to meet its demand. Moreover, the domestic production in India has been concentrated over western and southern region of the country and in absence of adequate natural gas pipeline infrastructure the northern and eastern region of the country are gas starved.

However, to satiate the increasing demand and strengthen the domestic gas distribution within the country, the government is planning to increase the share of natural gas in India’s energy mix to 15% which shall at large necessitate investments of at least USD 10.8 Billion for augmenting gas import and pipelines infrastructure.
Exhibit 01: End Consumer Industry Wise Demand of Natural Gas in India Till 2030 (in MMSCMD)

Source: enincon research and analysis
The demand of natural gas in India is expected to depict a healthy growth trajectory till 2029-30. The highest demand will be from the power sector and it is expected to contribute ~ 36% to 47% of the total demand. The share of fertilizer sector is expected to drop from current levels of 25% to 15% due to higher growth registered in other sectors. CGD is expected to register fastest growth in the use of natural gas and is expected to contribute 11% of the total demand by 2030.

Another fuel that can also be a long term solution to India’s needs is Liquefied Natural Gas, given that it is a proven and commercially viable energy source. While globally LNG enjoys the status of being half-a-century old industry, in India it is still in the nascent phase courtesy the country’s absence from first round of LNG trade growth. However, over a short period of time the usage of LNG in India has shot up dramatically but in a haphazard manner. The market participants in the LNG business in India were by and large unable to cash in the advantage of flexibility afforded by the evolving mechanisms in LNG contracting, shipping and infrastructure to contrive favorable terms of trade. India cuts out a sorry state as LNG in the sovereign is associated with spot cargoes and carrier connotations of ad-hoc supplies leaving the consumers reeling at exorbitant rates. On the contrary many Asian {in particular the Japan – Korea - Taiwan (JKT) Trio} counterparts have depicted that a country can have a viable development model driven by LNG provided there is sufficient farsightedness and ample planning. Thus, it is pertinent to note that due to the structural deficiencies of India’s domestic energy sources, it will have to rely on steady LNG imports. This would lead to an aggressively competitive environment for LNG capacity additions in both existing and upcoming LNG projects in India. Also, there is consistent evolution in terms of pricing mechanisms and contracting structures too are designed to accommodate new price discovery models and have more equitable distribution of risks.

**BUSINESS CASE FOR NATURAL GAS DEVELOPMENT IN INDIA**

- Government is planning to encourage an investment of USD 20 Billion for developing domestic gas fields in India in upcoming 5-7 years
- ONGC is lining up USD 5.07 Billion to produce over 16 million standard cubic meters per day of natural gas discoveries in its KG – DWN -98/2 block.
- India prioritizing to become natural gas based economy and is making efforts to raise the domestic production of the fuel
- Odisha is planning to raise an investment to the tune of INR 7700 Crores for expanding its LPG and LNG terminals
REPORT INSIGHTS

- Knowhow of existing gas reserves in India
- Tracking demand – supply outlook of natural gas in India
- Tracking demand - supply outlook of LNG in India
- LNG import outlook in India
- Focus upon infrastructure need for CGD network
- Proposed CGD projects and allied opportunities
- Future Outlook of Regasification in India

PRESS EXCERPTS

“The government’s plan to more than double the share of natural gas in India’s energy mix to 15 percent would necessitate investments of at least INR 65,000 crore just to augment gas import and pipeline infrastructure”

Economic Times

India will see an investment of about USD 20 Billion in Gas Field Development in Next 5-7 Years and is Looking to Boost Usage of the Green Fuel and Double consumption

Economic Times
• What is current scenario of natural gas industry in India?
• What shall be the anticipated capacity addition in domestic NG production by 2020?
• What shall be the end consumer wise growth in NG demand by 2022?
• What shall be the outlook of LNG terminal capacity in India by 2020?
• What shall be the anticipated sector wise consumption of LNG in India by 2020?
• What shall be the quantum of gas imports in India by 2020?
• What are the upcoming CGD projects in India by 2020?

MUST BUY FOR

• National Oil Companies
• E&P Players
• Midstream Companies
• Refinery Players
• Oil Field Service Providers
• Energy Trading Companies
• LNG Traders
• Fuel Retailers
• Global Oil and Gas Players
• Project Consultants
• Research Firms
• Research Bodies / Institutes
• Technical Consulting Group
WHAT YOU CAN LEARN? A SNAPSHOT

• Overview and Outlook of Natural Gas in India – The Current Scenario
• LNG Overview and Availability in India
• LNG Outlook and Opportunities in India
• CGD Outlook and Opportunities in India
• Regasification Outlook in India
• Gas Utilization Outlook in India
• Pipeline Infrastructure in India: Tracking the Performance
• Pipeline Infrastructure Outlook in India