



Government Enhances Natural Gas Availability to Support Power Generation

प्रविष्टि तिथि: 11 DEC 2025 6:56PM by PIB Delhi

Government have taken various measures to enhance the availability of natural gas for power generation which, *inter-alia*, includes expansion of National Gas Grid to connect domestic gas sources as well as Liquefied Natural Gas (LNG) terminals to the power plants, introducing a unified tariff, setting up of LNG Terminals, allowing the domestic gas producers who have been granted pricing and marketing freedom to sell domestic gas up to 500 mmscm or 10% of annual production from their contract area whichever is higher, per year through gas exchanges authorized by PNGRB, etc.

Further, Government have placed Liquefied Natural Gas (LNG) under the Open General Licence (OGL) category. This allows buyers to freely import LNG as per their requirement on mutually agreed commercial terms with suppliers. Government have also made provisions for Nil customs duty on import of LNG, if it is used for generation of electricity by a generating company as defined in section 2(28) of Electricity Act, 2003 (36 of 2003) to supply electrical energy or to engage in the business of supplying electrical energy to the grid. Gas based power plants are free to import the LNG, generate power and sell it to customers.

Government have taken multiple steps to increase share of Natural Gas in primary energy mix. These, *inter-alia*, includes expansion of National Gas Grid Pipeline, expansion of City Gas Distribution (CGD) network, setting up of Liquefied Natural Gas (LNG) Terminals, allocation of domestic gas to Compressed Natural Gas (Transport) / Piped Natural Gas (Domestic) CNG(T)/PNG(D) as priority sector, allowing marketing and pricing freedom with a ceiling price to gas produced from high pressure/high temperature areas, deep water & ultra-deep water and from coal seams, Sustainable Alternative Towards Affordable Transportation (SATAT) initiatives to promote CBG etc..

For increasing domestic gas production, Government of India has notified Hydrocarbon Exploration and Licensing Policy (HELP) for the award of exploration acreages shifting from Production Sharing mechanism to Revenue Sharing mechanism. Government further notified policy framework for early monetization of Coal Bed Methane (CBM) (2017), Discovered Small Field policy (2018), policy reforms in 2019, where many of the processes and approvals were relaxed to promote “Ease of Doing Business”, Revenue Share from Category II & III type of basins were removed, except for windfall gains, 7 years Royalty Holiday for Deep & Ultra-deep blocks, concessional Royalty Rates for Deepwater and for ultra-deep water blocks, and fiscal incentives have been provided for early monetization of fields along with Marketing and Pricing freedom for natural gas. Further, Government in 2020 allowed market price discovery through e-bidding system and in 2023 permitted a premium of 20% over the Administered Price Mechanism prices for gas produced from new well and well interventions of Oil and Natural Gas Corporation Limited & Oil India Limited from their nomination fields.

Ministry of Power has informed that existing Gas-Based Plants (GBPs) in the country remain underutilized due to the high cost of electricity generation. To meet increased demand during crunch periods, the Ministry of Power implemented Schemes for procurement of power from GBPs during peak

demand periods in 2023, 2024 and 2025 through competitive bidding. Selected GBPs have been provided with a Minimum Off-take Guarantee (MGO). During the crunch periods of 2023 (April–June 2023), 2024 (March–June 2024) and 2025 (March–October 2025), energy procured from the selected GBPs under these schemes was 317 MU, 482 MU and 1,477 MU respectively. This Scheme, inter-alia, helped in improving the utilization of gas-based assets, provided additional peak support to the grid, and contributed to maintaining system reliability during periods of elevated demand. The PLF of gas-based power plants has increased from 11.4% during 2022-23 to about 15 % during 2024-25.

In addition, Ministry of Power have issued directions under Section 11 of the Electricity Act for maximization of generation from gas-based stations during the periods 26th May 2025 to 30th June 2025 and 1st May 2024 to 30th June 2024.

Policy initiatives to boost gas-based power generation and improve Plant Load Factor (PLF) of gas-based plants are expected to strengthen energy security by diversifying the energy mix and reducing reliance on coal and oil.

This information was given by the MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS SHRI SURESH GOPI, in a written reply in Lok Sabha today.

MONIKA

(रिलीज़ आईडी: 2202518) आगंतुक पटल : 547

इस विज्ञप्ति को इन भाषाओं में पढ़ें: Urdu , हिन्दी , Gujarati