

Government of Gujarat  
Energy & Petrochemicals Department  
G.R.No. LNG/11-2010/355/E  
Sachivalaya, Gandhinagar.  
Dated the 31<sup>st</sup> October 2012

Preamble:-

1. Government of Gujarat's strategy has been to develop its economy, based on the use of clean and efficient fuels, including natural gas. To cater to the burgeoning demand of natural gas, as a consequence, Government of Gujarat has been facilitating the development of a market for natural gas in the State. With the demand for natural gas now spilling over to the rest of the country, there is a need to leverage Gujarat's natural advantage of a long coastline and the existence of an established hydrocarbon value-chain in the State, by the development of LNG (Liquefied Natural Gas) receiving and re-gasification terminals along its coast. This would establish Gujarat not only as the "LNG Gateway" of India, but would also confirm its status as the "Petro Hub" of the Nation.
2. **The key policy issues for consideration are as follows:**
  - (i) To promote the development of LNG receiving and re-gasification capacities, construction of LNG terminals as well as Floating Storage and Re-gasification Units (FSRU) along the coast of Gujarat.
  - (ii) To augment present capacities by developing new capacities for receiving and re-gasification of Liquefied Natural Gas (LNG) of over 20 mtpa (Million Tons Per Annum) along the coast of Gujarat by the year 2020. Thus, Gujarat will be having 40 mtpa of LNG receiving and re-gasification capacity by the end of the decade.
  - (iii) To expand the existing natural gas market, various proactive initiatives and measures have been taken by Government of Gujarat including the establishment of a Gas Grid Network of more than 2065 kms length across the State, for transportation of gas to various segments of the economy. This would be followed by the development of pan-India pipelines of around 4000 kms connecting 8 States of India, most of which have yet to get access to the natural gas market.
  - (iv) To complement the energy needs in the upcoming Delhi Mumbai Industrial Corridor (DMIC) by promoting clean energy in the form of natural gas.

- (v) To face the challenges of "Climate Change" and Global Warming. As a significant step in this direction, greater use of eco-friendly natural gas to supplement fossil fuels would be essential.
- (vi) To promote energy security. Considering the rapid rate of industrialization in the country and also ever-increasing demand of gas from various segments of the economy like, Transportation, Residential, Commercial, Power Generation, Fertilizer etc., a need has been felt to set out a long term planning for securing uninterrupted supply of gas in order to ensure long-term "Energy Security".
- (vii) Commensurate with India's economic growth and the consequent rise in demand for energy, the per capita energy consumption is projected to increase. Further, to meet the growing energy demand, the share of natural gas in the energy mix of India would also rise. However, there exists a significant mismatch in the burgeoning demand of gas and the expected availability from domestic fields, thereby compelling stakeholders to explore other options, such as LNG. There is a strong need for creating the necessary infrastructure for supporting import of gas to augment domestic supplies. Gujarat a State, with a long coastline in India, and with a developing natural gas market has the competitive advantage to develop LNG receiving and re-gasification terminals.

### **(3) Aims and Objectives:-**

- (i) To provide clean and cheaper energy for domestic/transport and industrial purposes.
- (ii) To develop Gujarat, as the "LNG Gateway" of the nation by year 2020.
- (iii) To encourage investments in building up necessary infrastructure for receiving and re-gasification of LNG.
- (iv) To have assured availability of natural gas for Transportation, Residential, Commercial, Industrial, Power Generation and Fertilizers etc.,
- (v) To promote usage of natural gas, by delivering to residential consumers thereby making gas available in every household.
- (vi) Managing the demand and supply of natural gas, in an efficient and effective manner.

**Resolution:-**

- (1) After careful consideration, Government is therefore, pleased to announce the **LNG Receiving and Re-gasification Terminal Policy-2012**. The policy shall be applicable to the setting up of new green-field LNG Terminals as well as Floating Storage and Re-gasification Units (FSRU) in the State of Gujarat. Interested developer desiring to set up new green-field LNG Terminals in the State, will have to declare such intention before the Government, with the following details:-
  - (i) Details of identified suitable locations at the coastal area.
  - (ii) Details about the profile of the Company, past experience, proposed source of financing for the required investment.
- (2) The Government of Gujarat will facilitate in getting necessary statutory approvals for setting up such new green-field LNG Terminals as well as Floating Storage and Re-gasification Units (FSRU).
- (3) For reservation of capacity and equity participation a Committee will be formed comprising as follows:-
  1. **Hon. Minister of state (Energy)**
  2. **Chief Secretary, Government of Gujarat**
  3. **Additional Chief Secretary, Finance Department**
  4. **Principal Secretary, Industries & Mines Department**
  5. **Principal Secretary, Energy & Petrochemicals Department**
  6. **Managing Director, Gujarat State Petroleum Corporation Ltd.,**
- (4) **Salient features of the Policy:-**
  - (i) The State Government through any of its nominated Agency i. e. Gujarat State Petroleum Corporation Ltd., or GSPC LNG Ltd., or Gujarat Urja Vikas Nigam Ltd., or any Other existing Government company or a new Government Company to be formed by the Government will have the right to reserve 15%-30% of the total re-gasification Capacity and maximum up to 2.5 mmtpa on first right of refusal basis.
  - (ii) Once the right is exercised either by Government of Gujarat or by its nominated agency, it shall enter into a use or pay

agreement with the LNG Company on mutually agreed commercial terms & conditions.

- (iii) State Government through its nominated Agency shall have the right of equity participation ranging from 11% to 26%.
- (iv) The Special Purpose Vehicles (SPVs) set up for each such project shall have a Government Nominee on the Board of Directors. Government of Gujarat will facilitate in getting necessary statutory approvals like water front right/ port related facilities etc.
- (5) This Policy shall come into effect from the date of issuance of this G.R. and shall remain in force until further orders.
- (6) This issues with the concurrence of Finance Department vide its note on this Department's file of even number dated 27-09-2012.

By order and in the name of the Governor of Gujarat.

(V.J. Trivedi)  
Under Secretary  
Energy & Petrochemicals Department

Copy to:

- The Secretary to the Governor, Raj Bhavan, Gandhinagar.
- The Principal Secretary to the Chief Minister.
- The Personal Secretaries to all Ministers.
- The Personal Secretary to the Leader of Opposition Party in Gujarat Legislative Assembly, Gandhinagar.
- All Secretariat Department.
- The Secretary, Gujarat Vigilance Commission, Gandhinagar.
- The Secretary, Gujarat Public Service Commission, Ahmedabad.
- The Secretary, Gujarat Legislature Secretariat, Gandhinagar.
- The Registrar, Gujarat High Court, Ahmedabad.
- Managing Director, Gujarat State Petroleum Corporation Limited, Gandhinagar.
- Managing Director, GSPC Gas Co. Ltd., Gandhinagar.
- Managing Director, GSPC LNG Ltd., Gandhinagar.
- Managing Director, Gujarat Urja Vikas Nigam Limited, Vadodara.
- The Accountant General, (A&E), Gujarat, Post Box No 220, Rajkot.
- The Accountant General (A&E), Gujarat, Ahmedabad branch, Ahmedabad.
- The Director of Accounts & Treasuries, Gandhinagar.
- Select File, Energy & Petrochemicals Department.