



# India to import first Russian LNG today

Move to diversify import basket to meet vast energy needs of the country

PRESS TRUST OF INDIA

DAHEJ (GUJARAT), 3 JUNE

India will tomorrow import its first-ever cargo of LNG from Russia under a long-term deal as the world's fourth-largest buyer of liquefied natural gas (LNG) diversifies its import basket to meet its vast energy needs.

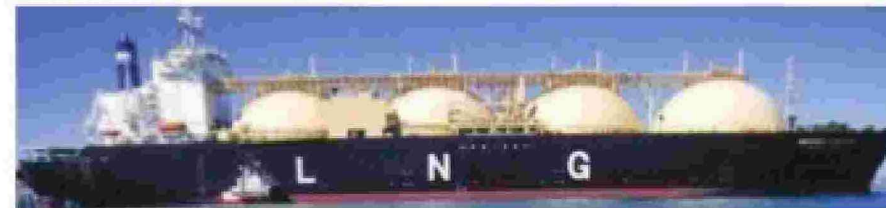
State-owned gas utility GAIL India Ltd will bring the shipload of LNG from Gazprom at Petronet LNG Ltd's import terminal here, official sources said.

Beginning of supplies from Russia comes within weeks of India importing its first-ever LNG cargo from US under a long-term import deal.

Like when the US LNG touched at Dabhol port in Maharashtra, oil minister Dharmendra Pradhan will be at the Petronet terminal when the Russian gas arrives.

GAIL has renegotiated with Russian supplier Gazprom the terms of the 20-year deal to import 2.5 million tons a year of LNG. Both price and volume ramp-up have been renegotiated.

## NEW BEGINNING



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GAIL chairman and managing director BCTripathi had last month stated in New Delhi that the contracted volume has been lowered from 2.5 million tons to 0.5 MT in the first year 2018-19, 0.75 MT in 2019-20, 1.5 MT in the third year 2020-21.

GAIL has committed to importing the full 2.5 MT a year by the fourth year and make up for the initial volume reduction over the remaining length of the contract.

Also, the price indexation has been changed from the Japan Customs-cleared Crude to Brent, and the oil-linked slope of the contract formula lowered, and therefore the final price.

Sources said the renegotiated contract provides for diverting a part of the volume, originally contracted on a delivered ex-ship basis, to other markets.

Under the re-worked deal with Gazprom, the duration

of the contract has been extended by three years and the Indian company has agreed to buy an additional six million tons of LNG volumes.

The pricing of the super-cooled fuel has been changed from 9-month linkage to Japanese Customs-cleared crude to three months average of Brent, sources said.

The deferral will allow GAIL more time to find customers for the imported gas.

GAIL had signed the original deal on 29 August 2012 with Gazprom Marketing and Trading Singapore Pte Ltd (GMTS), Singapore. The deal was renegotiated in January this year. Gazprom will supply LNG from Yamal LNG project in the Arctic peninsula. India has been making the most of its position as one of the world's biggest energy consumers to strike better bargains for its companies.

Last year, India got US energy major Exxon Mobil Corp to lower price of 1.5 MT a year of LNG from Gorgon project in Australia, saving Rs 4,000 crore in import bill.