



2019 India Shell in the News

Shell India

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1. ROYAL DUTCH SHELL WANTS GST ON NATURAL GAS

Feb 25, 2019

- GST on natural gas will make transport of the fuel across India efficient, says Shell Energy Asia VP Ajay Shah
- Shell owns the 5 million metric tonne Hazira LNG terminal in Gujarat and is also present in fuel retailing

Shell Energy Asia VP Ajay Shah speaks to LiveMint

Mumbai: Royal Dutch Shell Plc wants India to bring natural gas under the goods and services tax (GST) to make transport of the fuel across the country more efficient.

"An element that would make transport (of natural gas) across the country more efficient is the inclusion of natural gas in the GST. We will be very supportive of that," said Ajay Shah, vice president, Shell Energy Asia. Shah spoke to Mint after the release of Shell's LNG outlook 2019 today.

Shell owns the 5 million metric tonne Hazira liquefied natural gas (LNG) terminal in Gujarat and is also present in fuel retailing.

"We see great prospects in India. We also want to be more involved in the Indian market. We think an open market is very very important. And a prerequisite to India's natural gas hub is access to a level playing field," added Shah.

Shell predicts that India and China can double their LNG import infrastructure in five years and will be the prominent drivers of natural gas demand.

"India is also using LNG to meet its increasing needs for secure energy supply. Domestic gas production dropped and the resulting increase in demand for imported gas was met by LNG (up 10%, year on year). LNG's share of India's total gas supply mix exceeded 50% for the first time in 2018," the Shell LNG Outlook 2019 said.

According to the outlook, China, India, South Korea and Pakistan led LNG demand growth in 2018.

Commenting on the drivers of demand in India, Steve Hill, executive vice-president, Shell Energy Asia, said, "The expansion of terminals in Dahej, Ennore, Mundra, and Hazira will be infrastructure projects that can channel this demand in the coming five years."

Hill added that with the US, Canada, Mozambique and Russia boosting their natural gas production, these countries may be sources from where this demand can be met.

The significantly large driver of LNG demand globally has been China. "Ongoing efforts to improve urban air quality saw China's imports of LNG surge by 16 million tonnes in 2018, up by 40% from 2017," a press statement from Shell said. "We saw Asian LNG demand growth exceed expectations again in 2018 and we expect this strong growth to continue. Investment in new supply projects is picking up, but more will be needed soon."

From 2014 through 2017, LNG buyers had increasingly been looking to sign shorter, smaller and more flexible contracts. Shell warned in its 2018 LNG outlook that this mismatch between supplier and buyer needs would have to be resolved to enable developers to go ahead with new projects.

As appeared in article written by: Kalpana Pathak (LiveMint)

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2. ACCESS TO PIPELINES A KEY ISSUE IN UNLOCKING INDIA'S NATURAL GAS POTENTIAL

Feb 25, 2019

Shah told ETEnergyWorld that the company's 5 Million Tonne Per Annum (MMTPA) Hazira LNG terminal plans to have a truck loading unit which will allow transportation of natural gas through trucks and the facility can also be used to fuel heavy-duty vehicles run on natural gas.

Shell Energy Asia VP Ajay Shah speaks to ETEnergyWorld

New Delhi: India will have to address key issues pertaining to access to natural gas pipelines and ensure a level-playing field by including natural gas into the ambit of Goods and Service Tax (GST) if it wants to unlock the country's natural gas potential, Ajay Shah, Vice President, Shell Energy Asia told ETEnergyWorld.

"Countries like US and Europe were able to increase the use of natural gas in their overall energy mix primarily due to unbundling of natural gas marketing and transportation services. While India does have open access to its pipeline and a regulator in place the practical reality is it is difficult to access natural gas pipeline infrastructure for a variety of reasons," Shah said in an interview.

He added that the company was a bit disappointed because natural gas was being left out of the ambit of GST.

According to Shell's Liquefied Natural Gas (LNG) outlook 2019, India's natural gas share in the overall energy mix will remain between 5-10 per cent by 2035. The projection made have been an interpretation of Wood Mackenzie's data, the company said.

Shah told ETEnergyWorld that the company's 5 Million Tonne Per Annum (MMTPA) Hazira LNG terminal plans to have a truck loading unit which will allow transportation of natural gas through trucks and the facility can also be used to fuel heavy-duty vehicles run on natural gas.

Shell had last month acquired 26 per cent equity interest in the Hazira LNG and Port from Total. According to data available on Petroleum Planning and Analysis Cell (PPAC), Hazira LNG recorded a capacity utilization of 87.6 per cent in the April-January period of 2018-2019

"We are excited about our journey in India. We may in the future think about expanding our Hazira terminal. We may also in the coming years choose to invest in India's City Gas Distribution (CGD) network, get into gas-based electricity generation and are also eyeing the possibilities in using natural gas in the transportation sector. Petronet has already started a project for setting up LNG fuel stations across the country, which is a good move," Shah said.

Shah said that while China currently has over 300,000 heavy-duty vehicles running on natural gas and is taking big strides towards the use of natural gas in the transportation sector, India currently has none. China currently uses 6.7 Million Tonne of LNG for road transport and has close to 2,552 LNG fuel stations across the country.

According to Shell, LNG's share of India's total gas supply mix exceeded 50 per cent for the first time in 2018.

"India is also using LNG to meet its increasing needs for a secure energy supply. Domestic gas production dropped and the resulting increase in demand for imported gas was met by LNG (up 10% year on year). LNG's share of India's total gas supply mix exceeded 50% for the first time in 2018," the report read.

It adds that in 2019, 35 million tonnes of additional LNG supply is expected to come on line with Europe and Asia being the major demand centres for the additional supply.

According to the report, more than 70 per cent of energy demand growth by 2035 is estimated to be met by gas and renewables combined, with natural gas supplying more than 40 per cent of

the additional demand and major LNG importing countries like China and India are putting policies in place which drive preference for gas over coal.

As appeared in article written by Bilal Abdi (ETEnergyWorld)

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