

## Iran in talks for \$4.5b gas pipeline to India

07 Dec 2015

Iran, the world's largest holder of gas reserves, said Monday negotiations are underway to lay a \$4.5-billion undersea gas pipeline to Gujarat after India shunned an on-land line passing through Pakistan.

"Negotiations are under serious consideration" for a pipeline from Iranian coast via Oman Sea and Indian Ocean to Gujarat, National Iranian Gas Export Co. Managing Director Alireza Kameli said at the World Energy Policy Summit in the Indian capital New Delhi, the Economic Times reported.

The pipeline is planned to carry 31.5 million standard cubic meters gas per day and will be built in two years from the date of necessary approvals and a gas sale and purchase agreement being signed, he said.

New Delhi has not been participating in talks on the 1,036km Iran-Pakistan-India gas pipeline since 2007 citing security and commercial concerns but has never officially pulled out of the \$7.6 billion project.

Later talking to reporters, Kameli said Iran is currently pursuing only the Iran-Pakistan section of the pipeline.

The pipeline can be extended to India if New Delhi is interested, he said. "If India is interested, we definitely can look at it."

"We welcome India's participation," he said adding for the moment Iran was in negotiations with New Delhi-based South Asia Gas Enterprise Pvt. Ltd. (SAGE) for construction of an undersea line.

Under the proposal being discussed, SAGE will lay the 1,400km pipeline bypassing the exclusive economic zone of Pakistan. Any company wanting to buy gas from Iran can use the pipeline for a rent.

"SAGE will not be buying gas from Iran. It will lead an international consortium for building the pipeline," its Director Subhodh Kumar Jain said.

The company will next year conduct a front-end engineering design study and tie-up financing.

India and Iran had in 2005 finalized a very attractive price for gas from Iran-Pakistan-India (IPI) pipeline. Iran was to charge 6.3 percent of the 10-month average of crude oil plus a fixed \$1.15 per million British thermal unit. Gas price, according to this formula, would come to \$3.67 per MBTU at current oil price of \$40 per barrel.

India has not pursued the IPI project due to concerns over security of supplies through Pakistan. However, it is pursuing an alternate Turkmenistan-Afghanistan-Pakistan-India pipeline.

Besides, transportation fee charged by Pakistan was an issue for India. New Delhi, drawing from experience in international pipeline projects, has suggested a transportation tariff of \$0.50 per MBTU while Pakistan wanted \$1.57.

<http://www.iran-daily.com/News/132412.html?catid=3&title=Iran-in-talks-for--4-5b-gas-pipeline-to-India>