

ANGVA2U Info 07/2019. 09th July 2019. (for ANGVA members only)

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1.0 The NGV Price Challenge

Vehicle owners will only shift from gasoline or diesel to natural gas (in the form of CNG or LNG) if there are enough savings. This means the retail prices of CNG and LNG must be low enough as compared to gasoline and diesel. However the low retail prices of CNG or LNG make it commercially unattractive for gas companies / suppliers / investors to invest in NGV business. If there is no business case, the NGV industry will not be sustainable and will eventually fade away or will have to be continually subsidized by some entity along the supply chain. In most cases it is the government that provides subsidies for social and political reasons. Once consumers enjoyed cheap (or rather too cheap) prices at the early stage, it will be very difficult to increase the prices in the future if consumers do not understand what is behind the pricing mechanism.

2.0 Selected News / Articles

2.1 India

CNG price in Delhi hiked by 90 paise, 7th increase since April '18

PTI published: Jul 3, 2019, 12.59 pm IST



(Photo: File | PTI)

New Delhi: Compressed Natural Gas price in Delhi and its suburbs was on Wednesday hiked by about Rs1 per kg, the seventh increase in rates in 15 months. Indraprastha Gas Ltd, the sole supplier of CNG to automobiles in the national capital region, said the increase was warranted because of "recent changes in transmission tariffs of gas pipeline."

CNG price in Delhi was raised by 90 paise per kg to Rs 46.60. The increase in adjoining Noida, Greater Noida and Ghaziabad was Rs 1 per kg to Rs 52.95. CNG rates in Rewari, Gurugram and Karnal in Haryana have been raised by 95 paise. "The price of CNG being supplied by IGL in Gurugram and Rewari would be Rs 58.45 per kg and in Karnal, it would be Rs 55.45 per kg," IGL said in a statement.

This is the 7th increase in CNG prices since April 2018. CNG price was last hiked in April by Re 1 per kg because of the rise in the price of domestic natural gas and fall in rupee value against the dollar. In all, rates have gone up by Rs 6.89 per kg since April 2018.

IGL, however, did not raise the price of piped natural gas it supplies to households in these cities for cooking purposes. Piped natural gas (PNG) currently costs Rs 30.50 per standard cubic meter in Delhi and Rs 30 in Noida, Ghaziabad and Greater Noida. Rates of CNG and PNG vary in different cities due to the incidence of local taxes.

IGL said it will continue to offer a discount of Rs 1.50 per kg in the selling prices of CNG for filling between 12.00 am to 6.00 am at select outlets in Delhi, Noida, Greater Noida, and Ghaziabad. "Thus, the

consumer price of CNG would be Rs 45.10 per kg in Delhi and Rs 51.45 per kg in Noida, Greater Noida and Ghaziabad during 12.00 am to 6.00 am at the select CNG stations," it said.

The revision in retail prices of CNG has been effected after an increase in transmission tariff of gas pipeline and an increase in operating expenses since the last price revision. "However, this increase would have a marginal impact on the per km running cost of vehicles. For autos, the increase would be around 3 paise per km, for taxi it would be 5 paise per km and in case of buses, the increase would be 28 paise per km," IGL said.

"With the revised price, CNG would still offer over 52 per cent savings towards the running cost when compared to petrol driven vehicles at the current level of prices. When compared to diesel driven vehicles, the economics in favour of CNG at the revised price would be over 30 per cent," it said.

IGL sells CNG to over 10.5 lakh vehicles in the national capital region through a network of over 500 CNG stations. It also supplies PNG to over 11.20 lakh households in Delhi and NCR towns.

Source: <https://www.asianage.com/business/economy/030719/cng-price-in-delhi-hiked-by-90-paise-7th-increase-since-april-18.html>

2.2 India

Tripura / TNGCL reduces prices of CNG, PNG

by TNT Bureau. Agartala, July 7, 2019



The Tripura Natural Gas Company Limited (TNGCL), in accordance with the order from the Tripura government, has reduced the price of Compressed Natural Gas (CNG) and PNG (domestic pipeline gas). The reduced prices are taking effect from July 7th.

Within two weeks of fresh hike in the prices of CNG and PNG, TNGCL has reduced the prices after a gazette notification of state government to reduce the price of goods taxable from existing 15.5 % to 9 % and accordingly the price of PNG and CNG are reduced. The reduction in the prices of the CNG and Piped Natural Gas (PNG) will benefit about 40,000 domestic consumer of Piped Natural Gas (PNG) in and around the Agartala and above 500 commercial and small industrial consumers across Agartala. The TNGCL presently operates 8 CNG stations, dispensing CNG to over 15,000 vehicles every day.

Sources in TNGCL said that in accordance with the gazette notification of Tripura government issued on 5th July, 2019, the TNGCL has reduced the pricing of CNG and PNG. The price of CNG has been decreased by Rs. 2 per kilogram from its existing price of Rs 50 per KG, which come into force from July 7th. The price of PNG has also been decreased by Rs. 1.5 per unit from its existing price of Rs. 27.50 per unit of gas supplied for commercial purpose and small industrial units across Tripura.

Source: <https://thenortheasttoday.com/tripura-tngcl-reduces-prices-of-cng-png/>

2.3 Pakistan

Govt enforces significant hike in CNG prices from today

Update on: 01 July, 2019, 02:35pm.



ISLAMABAD (Dunya News) – As the Budget 2019-20 came into effect from today (July 1), the government has raised the prices of gas and Compressed Natural Gas (CNG), and electricity for domestic consumers.

According to a notification issued in this regard, a significant hike of Rs20 will be enforced and this will take CNG's price to Rs124 per kg in Sindh and Balochistan provinces, whereas in Khyber Pakhtunkhwa (KP), the CNG will be sold at Rs139 per kg with an increase of Rs22. However, the new price of CNG in Punjab is Rs90 per liter with an increase of Rs4.

Petroleum prices to stay unchanged

On the other hand, the government has decided to keep prices of petroleum products unchanged for the month of July following adjustments in tax rates, according to an official announcement. The decision was taken to provide relief to the consumers, said a statement issued by the finance ministry. It said the government had decided not to increase the prices of petroleum products for July 2019. The crude price in the international market had come down from April's \$72 per barrel to \$64 per barrel on June 28.

Based on standard 17pc GST (instead of 13pc notified rate for HSD and petrol), the oil and Gas Regulatory Authority (Ogra) had recommended about 77 paise per litre reduction in the price of petrol (motor spirit) and Rs2.94 per litre cut in kerosene price. It also proposed an increase of Rs2.30 per litre and 26 paise per litre in the rates of HSD and Light Diesel Oil (LDO), respectively.

With this arrangement, the existing rates of HSD, LDO, and petrol and kerosene oil will remain at Rs126.82, Rs88.62, Rs112.68 and Rs98.46 per litre, respectively. The government has also notified increase in electricity and gas rates by 12 and 25pc, respectively, effective from today (July 1).

Source: <https://dunyanews.tv/en/Business/498306-Govt-enforces-significant-hike-in-CNG-prices-from-today>

2.4 Pakistan

Transporters to go on strike on July 10 against CNG price hike

by Our Correspondent. July 4, 2019



Due to an increase of Rs20 in the per kilogramme (kg) price of compressed natural gas (CNG), the Karachi Transport Ittehad (KTI) has announced their strike on July 10.

The transporters' association met on Wednesday and made the decision of going on strike in the already transport-starved city. After the increase in its price, the CNG costs Rs123 per kg in Sindh.

KTI Secretary Arshad Bukhari said due to the heavy increase in the CNG price, it was not possible for them to run buses without increasing fares. Meanwhile, the ride-hailing services have already announced an increase of five per cent in their fares while the prices of train tickets have also been increased since July 1 by two to eight per cent.

Speaking to The News, KTI Vice Chairman Mehmood Afridi said when the CNG price was earlier increased by Rs23, they were not allowed to increase their fares by the Sindh government. "Now, when the fares are increased by Rs20, it has become completely impossible to run our buses," he said, adding that now they would only operate if they were allowed to increase their fares by a significant amount as an increase of just Rs2 or Rs3 would not help them.

Afridi said the transporters wanted the bus fares to be increased by more than Rs10 at least. He explained that the Sindh government had already increased charges of their route permits and wheel tax. "How can we ply our buses with old fares?" he asked and added that due to the increase in dollar rate, prices of spare parts of the buses had also increased substantially.

The transporters would suggest their new fares after calculations, Afridi said, adding that he, however, did not expect that the provincial government would agree to them. He lamented that both the Sindh and federal governments were not willing to resolve their issues. On July 8, Monday, he said, the transporters would hold another meeting in which they would decide whether or not they would continue their strike for an indefinite period.

<https://www.thenews.com.pk/print/493319-transporters-to-go-on-strike-on-july-10-against-cng-price-hike>

2.5 Bangladesh

Govt announces 32.8 percent hike in gas prices from Jul 1

Staff Correspondent. Bdnews24.com. Published: 30 Jun 2019. Updated: 01 Jul 2019



The government has raised the price of gas by an average rate of 32.8 percent across the board to be effective from July 1 discounting opposition to the move.

The price of household gas will rise to Tk 925 for a single-burner cooking stove and Tk 975 for double-burner stove from Tk 750 and Tk 800, respectively. For customers paying for gas by the cubic metre, the price will jump to Tk 12.60 per cubic metre from Tk 9.10.

Bangladesh Energy Regulatory Commission, or BERC, announced the changes in a public notice on Sunday, hiking the prices for household gas connections without meter by 23 percent and with meter by 38 percent.

The price of compressed natural gas, or CNG, used to fuel vehicles, will also rise from Monday to Tk 43 per cubic metre from Tk 38 per cubic metre. The 7 percent rise in CNG for vehicles will obviously affect transport fare and hurt the purse of the passengers.

BERC Chairman Monowar Islam said the price of gas at consumer levels will increase by 32.8 percent on an average to Tk 9.80 per cubic metre from Tk 7.38 per cubic metre.



BERC Chairman Monowar Islam

For production of power and fertiliser, and industries and commercial lines, the gas price hike is between 35 percent and 65 percent.

It will increase production costs and the businesses will charge the customers more to offset them.

LNG DRIVING GAS PRICES UP

The government has been making profits from selling fuel oil for the past few years due to a price slump in the international market. This has led the government to make up for the subsidies for gas and power, which means it did not in reality subsidise the energy sector on aggregate. But the inclusion of liquefied natural gas or LNG in the national grid has driven up cost in the sector, following which the government has readjusted gas price.

BERC Member Mizanur Rahman said 650 million cubic feet LNG is being supplied to the national grid daily and it is expected to rise to 850mcf from July. The average price of gas extracted from fields in Bangladesh is Tk 5 per cubic metre and that of imported LNG is Tk 35.

Mizanur said the cost of gas per cubic metre will rise to Tk 12.6 on average, but the government will charge Tk 9 from July and adjust the cost by providing subsidies.

For LNG, the government will have to spend Tk 180 billion on subsidy and 33 percent of the amount or Tk 81.6 billion will come from hiked gas prices, 29 percent or Tk 76.9 billion from government funds, and the rest Tk 24.3 billion from the Energy Security Fund, according to him.

OBJECTIONS

The Sheikh Hasina administration raised gas prices by an average of 22.7 percent for the last time in March, 2017. It had refused the proposal to raise the prices again before the general election by the end of last year but revived the plan after winning the polls. BERC held public hearing on Petrobangla and the distributors' proposals on readjusting the prices from Mar 11 to 14.

Consumer rights activists, including the Consumers Association of Bangladesh or CAB, businesses, some political parties and citizen groups protested against the move to hike gas prices.

The High Court had said while hearing a writ petition filed by CAB against the gas price hike proposal that cutting corruption at Petrobangla and state-run distributor Titas by 50 percent would have ended the need for hiking the prices.

Asked what the consumers have got from the public hearing where all the quarters objected to the proposal to hike gas prices, BERC Chairman Monowar said on Sunday: "You must understand the difference between cost of energy and the cost of no energy if you want to understand the logic behind this hike."

"The gas sector was going through a crisis. We were not able to give new connections to households and others. The crisis is going away with the import of LNG," he said.

"We have started a new journey. Bangladesh is in a better position if you consider the fact that even a country like Japan imports 85 percent of its energy," the BERC chairman added.

Source: <https://bdnews24.com/bangladesh/2019/06/30/govt-announces-32.8-percent-hike-in-gas-prices-from-july-1>

2.6 Vietnam

HCM City's eco-friendly buses face fuel shortage

Update: July 2 2019.



A bus connecting HCM City National University and Lê Hồng Phong Street that uses eco-friendly compressed natural gas. Photo tuoitre.vn

HCM CITY After several years of using eco-friendly compressed natural gas (CNG) to fuel some of its fleet, HCM City's public bus system is now on the verge of a fuel shortage as the only supplier plans to reduce supply, *Tuổi Trẻ* (Youth) newspaper has reported.

City authorities have set a goal of replacing diesel-burning buses with CNG-fuelled ones to protect the environment. CNG is mainly composed of methane and is popularly known as a cleaner fuel as it produces less in the way of harmful emissions.

By 2020, more than 3,100 new buses will be in operation, of which 75 per cent will be CNG vehicles. At present, 428 of 2,457 of the city's public buses use the gas.

Despite the rising demand for CNG, PV Gas South Company is the only supplier for the whole city.

In late May, the company announced it would reduce by up to 30 per cent the CNG it supplied for public buses in the rest of 2019 to provide gas for electricity generation if requested by the Ministry of Industry

and Trade. In case of a fuel cut, the company will notify city authorities only two hours in advance to adjust the public bus operation plan.

Previously, the company's Đồng Nai Province branch asked some public transport operators in HCM City to agree on a new price calculation, saying they would otherwise stop providing CNG. The city operators had no choice but to accept.

Responding to the announcement, HCM City Department of Transport said the reduction in CNG supply would disorganise the city's public transportation system and discourage investors who want to upgrade buses to CNG-burning ones. Therefore, the department asked PV Gas to command PV Gas South Company to consider not reducing the CNG supply for HCM City's public buses.

Cao Thanh Binh, deputy head of the Department of Economic Budget under the HCM City People's Council, said the city needed to find two or three additional CNG suppliers to ease its dependence on PV Gas South Company.

According to the HCM City Public Transport Management Centre, PVGazProm wants to provide CNG starting next year. In HCM City, CNG buses are fuelled at four stations in Tân Bình District, Bình Chánh District and District 12. The procedure is time-consuming, according to operators.

Many buses have to travel tens of kilometres off their usual routes to refuel, but the cost of travel is not subsidised. Binh asked related departments and agencies to establish more CNG stations.

The public transport management centre plans to build 11 CNG stations, first at Chợ Lớn Bus Station, District 8, Tân Phú District and Củ Chi District. VNS

Source: <https://vietnamnews.vn/society/522072/hcm-citys-eco-friendly-buses-face-fuel-shortage.html#YdzUSQwTZJTbVYqo.97>

3.0 ANGVA related events

- i. LNG Supply, Storage and Transportation South Asia Forum 2019. Dhaka Bangladesh. 5th – 7th August 2019. This event is organized by All Events Group AEG), Singapore and supported by ANGVA. More information on this event at: http://www.lng-world.com/lng_southasia2019/
- ii. Biogas Upgrading and CBG Roundtable 2019. Chiangmai, Thailand. 14th – 15th August 2019. This event is organized by International Clean Energy and Sustainability (ICESN), Singapore and supported by ANGVA. More information on this event at: <http://www.icesn.com/thai2019/assets/BiogasThailand2019.pdf>
- iii. 9th Annual LNG Transport, Handling and Storage 2019. Padma Resort, Bali, Indonesia. 10th – 13th September 2019. This event is organized by All Events Group (AEG), Singapore and supported by ANGVA. More information on this event at: http://www.lng-world.com/lng_bali2019/
- iv. ANGVA 2019, The 8th ANGVA International Biennial Conference & Exhibition. Balai Kartini Exhibition & Convention Center, Jakarta, Indonesia. 25th – 27th Nov 2019. Hosted by ANGVA and Indonesian CNG Association (APCNGI). ANGVA 2019 will be co-located with the Asia Pacific Biogas Forum 2019 and Electric and Fuel Cell Vehicles Forum 2019. For more information please contact angva@angva.org or aznita@angva.org or visit website www.angva2019.com

4.0 End

Any comments and suggestions on the topics and information covered and to be covered in future are most welcome. Please send your comments and suggestions to Lee Giok Seng at email: leegs@angva.org