

# *GAIL faces delay in US LNG supply on tank leak*

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**Mumbai:** GAIL India Ltd is likely to see a delay in liquefied natural gas (LNG) shipments from the US as its supplier's storage tanks in that country have been shut down due to a massive leak.

US federal safety authorities have shut down storage tanks of Sabine Pass Liquefaction, with which GAIL has signed a 20-year sales and purchase agreement in December 2011 for the supply of 3.5 million tonne per annum of LNG.

However, Eben Burnham-Snyder, a spokesperson for Sabine Pass, a unit of Cheniere Energy Partners, said the cargo delivery to GAIL would not get affected.



Vandana Chanana, executive director, Gail, did not respond to calls and an email seeking comment.

LNG deliveries to India are to commence from next month.

In an order issued earlier this month, Pipeline and Hazardous Materials Safety Administration (PHMSA) under the US Department of

Transportation, directed Sabine Pass to take corrective action with respect to affected LNG tanks that were found to be leaking late last month.

No injuries and fatalities were reported due to the incident. Also, PHMSA described the incident as "low-frequency, high-consequence" events.

## **GAS TROUBLE**

- GAIL has signed contracts for sourcing up to 5.8 million tonne of LNG from the US
- India is looking to raise the share of natural gas use to 15% of the total energy mix

A US-based consultant specialising in the sector said the development is expected to greatly affect the LNG delivery for GAIL.

"Just imagine with two of the tanks out of service, about 40% of the capacity will get affected. With the scheduled contract with GAIL, set to begin in a month's time, it will surely

cause delays," he said.

He also raised concerns over the due diligence process undertaken by GAIL before signing the deal in 2011. However, Anoop Bhatia, vice-president and sector head (corporate ratings) at rating agency Icria, said, "I don't see any material impact on LNG supply to India because the purchase from the US at present forms a very small share of the pie. Besides, LNG is abundantly available and at a cheaper rate from other sources like the Middle East."

GAIL has signed contracts for sourcing up to 5.8 million tonne of LNG from the US as India is looking at raising the share of natural gas use to 15% of the total energy mix.