Govt considers resuming industrial gas connections

UNB- The government is expected to resume providing gas connections to industries, aiming to ensure uninterrupted supply of gas to help the wheels of industrial units move.

But there is no possibility of lifting suspension on fresh household gas connections, official sources said.

According to official data, currently about 46,000 applications for household gas connections remain pending with Titas Gas Transmission and Distribution PLC, the largest state-owned gas distribution entity in the country and a subsidiary of Petrobangla, the state Oil, Gas and Minerals Corporation.

The number of applications from industrial consumers and captive power generations seeking gas connections are 368.

The government put a moratorium on new gas connections to household consumers in 2010. It was lifted in 2013 for a short time and again suspended in early 2014.

Since then, no new household gas connections are being provided to consumers, said the Titas Gas officials.

In 2020, they said, the Energy and Mineral Resources Division issued a circular to stop providing new gas connections to industries outside economic zones and industrial parks from April 2021.

About the new connections, Petrobangla chairman Zanedra Nath Sarker said that his organisation has been thinking of providing new gas connections to the industries.

“We’ve shared our positive opinions with the Energy and Mineral Resources Division. Now the ministry will take the

final decision," he recently said during a views-exchange session with energy reporters.

Sarker said that industries always get a priority in getting gas connections considering the economic aspects.

But he declined to comment on the issue of starting fresh gas connections to household consumers saying that it's absolutely the matter of the ministry and so far the ministry has no decision to give such connections.

Referring to the energy adviser's recent remarks, the Petrobangla chairman said that the ministry has made its stance very clear that no new household gas connection will be given anytime soon.

Petrobangla director (Operation & Mines) M Eng Md Kamruzzaman Khan said currently there is a huge gap between the gas supply and demand which is a major bottleneck in providing new gas connections.

He said Petrobangla produces and supplies about 3100 MMCFD gas against the demand of about 4000 MMCFD.

Many officials in Titas and other distribution companies said that the government has been encouraging the non-piped gas, especially the use of liquefied petroleum gas (LPG) where already a huge investment of more than $1 billion has been made by a section of business groups.

A huge market of LPG has grown across the country from urban areas to rural villages and people are getting habituated with the use of such gas as clean energy for cooking purposes, a Titas official said, adding that the government does not want to intervene in this market.

According to industry insiders, currently about 1.5 million metric tonnes of LPG are being imported annually to meet the growing demand.

Many experts believe the LPG market is poised to grow up to 3.0 million MTs by 2030.

So far, the government has given licence to 58 companies to operate LPG business. Among them, only 28 are in operation. In 2022, the government received Tk 650 crore as value added tax (VAT) and another Tk 200 crore as income tax from this sector.

Considering many aspects, the government does not want to resume piped-gas connections, said another Petrobangla official, adding, “If the government starts new household gas connections, there will be a chaotic situation.”

Instead of new connections, the government rather wants to check the spread of illegal connections through different actions, he said.

Bangladesh currently has 29 gas fields, of which around 22 are actively operating.