

# [Gas pricing essay](https://assignbuster.com/gas-pricing-essay/)

The new formula, if implemented, will lead to a near doubling of prices to around $8 billion per matt The Arranging Committee’s formula is based on the weighted average price of natural gas in North America, Europe and Japan markets as well as imported liquefied natural gas.

These guidelines shall apply from 1st April, 2014 and shall be applicable for five years after which market discovery price could be adopted as per the road map being prepared by Dry.

Keller Committee. The panel has also recommended that production sharing contracts with oil companies in the future should be based on the amount of oil or gas output that the company was willing to offer to the government Under the new system of bidding, the company that was Milling to offer the highest amount of oil or gas produced from the field would get the contract.

The revision in natural gas price will bring in the much required technology and risk capital from foreign majors o tap vast unexplored resources in the deep and ultra-deep water frontier basins. It will reduce the steep energy import bill as it will incentives the domestic producers. It will improve power generation as well as fertilizer production and support efforts to revive Indian’s flagging gross domestic product growth which sank to a decade’s low of this year.

Increase In gas prices would result In additional royalties and profits for the government and public sector producers, like .