ONGC News as on 07 December 2023 (Print)

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Date :7 December 2023	Page : 6

ONGC to cut gas flaring, use green power at oil wells

Oil and Natural Gas Corporation (ONGC) plans to wheel green electricity to its installations in the Arabian Sea to replace the natural gas it uses in operation of oil wells as part of its ambitious decarbonisation programme, Chairman Arun Kumar Singh said. India's top oil and gas producer has substantially cut gas flaring — burning of methane gas is produced when oil is extracted from below surface — and would look to bring it down to nil as part of its environmental commitments, he said while speaking at COP28. PTI

ओएनजीसी
ONGC

Publication : Business Standard (Hindi)	Editions : New Delhi
Date :7 December 2023	Page : 4

ओएनजीसी करेगी हरित बिजली का इस्तेमाल

सार्वजनिक क्षेत्र की तेल व गैस कंपनी ओएनजीसी ने अपने तेल कुओं के संचालन में इस्तेमाल होने वाली प्राकृतिक गैस की जगह अरब सागर में स्थित अपनी इकाइयों को हरित बिजली देने की योजना बनाई है। ओएनजीसी के चेयरमैन अरुण कुमार सिंह ने दुबई में आयोजित 28वें संयुक्त राष्ट्र जलवायु परिवर्तन सम्मेलन में कहा कि कंपनी ने सतह के नीचे से तेल निकालते समय जलने वाली गैस यानी फ्लेयरिंग में काफी हद तक कटौती की है और यह पर्यावरणीय प्रतिबद्धताओं के हिस्से के रूप में इसे शून्य पर लाने पर विचार करेगी। *भाषा*

Publication : Deccan Chronicle	Editions : Chennai
Date :7 December 2023	Page : 10

ONGC mulls use of green power at installations

New Delhi, Dec. 6: State-controlled Oil and Natural Gas Corporation (ONGC) plans to wheel green electricity to its installations in the Arabian Sea to replace natural gas it uses in operation of oil wells as part of its ambitious decarbonisation programme, its chairman Arun Kumar Singh said.

The company has substantially cut gas flaring, burning of methane gas is produced when oil is extracted from below surface, and would look to bring it down to nil as part of its environmental commitments, he said while speaking at the 28th UN Climate Change Conference in Dubai, called COP28.

Singh said ONGC uses a lot of gas to generate electricity as well as meet compression and other process needs of an oil and gas field. By 2028, this gas is intended to be replaced with green power wheeled to installations as far as 160 km from the west coast. The gas thus freed will be sold to industries.

Companies around the globe have pledged to slash down methane emissions by 30 per cent from 2020 levels by 2030. Methane, which is a more potent greenhouse gas than carbon dioxide, tends to leak into the atmosphere.

This is sometimes deliberate when companies flare the gas that comes alongside crude oil, due to lack of consumption markets. It also can leak undetected from drill sites, gas pipelines.

● **THE COMPANY** is planning to setting pump storage projects at river dams to meet electricity dem-and at night when solar power cannot be generated.

Controlling methane is seen as one of the cheapest ways to make an immediate impact on global greenhouse gas emissions. "We have been working very consistently on reducing methane emissions," Singh said

The company is planning to setting pump storage projects at river dams to meet electricity demand at night when solar power cannot be generated. It will also set up compressed biogas plants to generate electricity. The company, plans to invest ₹2 lakh crore on clean energy projects to meet its 2038 net-zero carbon emissions goal. — *PTI*

ओएनजीसी
ONGC

Publication : Financial Express	Editions : New Delhi
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DECARBONISATION PROGRAMME

ONGC mulls replacing natural gas with green power at oil wells

To reduce methane emissions, gas flaring: Chairman

Earlier, we used to flare 14-15 million standard cubic meters per day, but now we are hardly flaring (gas)

ARUN KUMAR SINGH,
CHAIRMAN, ONGC

FE BUREAU
New Delhi, December 6

STATE-CONTROLLED OIL AND Natural Gas Corporation (ONGC) plans to replace natural gas with green electricity in oil wells operations at its installations in the Arabian Sea as part of its ambitious decarbonisation programme, chairman Arun Kumar Singh said.

While speaking at the ongoing CoP28 summit in Dubai, Singh said the company has substantially cut gas flaring and would look to bring it down to nil as part of ONGC's environmental commitments.

ONGC, the country's largest oil and gas producer, also intends to replace gas it uses to generate electricity with green power wheeled at installations as far as 160 km from the west coast by 2028. The gas thus freed will be sold to industries like fertiliser and power plants, according to the company.

Companies across the world have committed to work towards cutting down methane emissions and have pledged to slash it down by 30% from 2020 levels by 2030.

"We have been working very consistently on reducing methane emissions," Singh said. "Because of the (Indian) geography and population, we hardly have any scope to flare."

However, a very small amount leaked unintentionally because of the prohibitive cost of capturing it, is something ONGC is working with technology providers to check, the chairman said.

Controlling emission of methane has always been seen as one of the easiest and the most economical ways to limit greenhouse gas emissions into the environment.

Flaring, which used to be done in the past because of lack of customers for gas, has been reduced by almost 80%, Singh said.

"Earlier, we used to flare 14-15 million standard cubic meters per day, but now we are hardly flaring...now it is around 2%," he said. "Still 2% needs to go down." He said this gas can be mobilised for use in industries.

The company consumes 20% of the gas produced for its internal purposes and plans to take a substantial portion of it to green electricity for electrification of rigs.

It also aims to put up 11 GW of plants to generate electricity from solar & wind and construct a 1 million tonne per annum green ammonia plant on the west coast as a part of its decarbonisation drive.

ONGC plans to invest ₹2 trillion on clean energy projects to meet its 2038 net-zero carbon emission goal and is looking to set up pump storage projects at river dams to meet power demand at night.

It will also set up compressed biogas plants to convert agri waste into gas that can be used to generate electricity, make fertiliser or turn into CNG to run automobiles.

"During the first quarter of 2022-23, gas flaring has been 2.32% of total gas production. ONGC makes continuous efforts to minimise gas flaring," Singh said. "This gas flaring is a technical necessity for processing of oil and gas at installations to maintain pilot flares for avoiding escape of unburned hydrocarbons into the atmosphere... in order to ensure safety and environmental protection."

As per the CAG report in 2021, a total of 1,227.343 million metric standard cubic metres of high pressure gas valued at ₹1,021.08 crore was flared during 2012-13 to 2019-20.

The oil and gas sector alone accounts for 25% of global methane emissions.

ओएनजीसी

ONGC

Publication : The Economic Times	Editions : New Delhi
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EVEN AS INDIA'S DEPENDENCE ON OIL IMPORTS CLIMBS TO 87% OF ITS CONSUMPTION...

Rigs Shortage Delays Oil & Gas Exploration Projects

CRUDE REALITY Explorers find it hard to source drilling rigs as high oil prices push up exploration activity globally

Sanjeev Choudhary

New Delhi: A global shortage of drilling rigs is delaying India's oil and gas exploration projects at a time when the country's dependence on oil imports has grown to 87% of its consumption, up 10 percentage points in a decade, increasing its vulnerability to the volatility in the international markets.

Indian explorers are finding it hard to source rigs, especially jack-up rigs, for their projects, as high oil prices have pushed up exploration activity globally, leaving more players fighting for fewer rigs, said government officials and industry executives.

Crude oil has traded above $70 for almost all of 2023.

Many exploration blocks auctioned in 2018 and 2019 in the first three rounds of the new Open Acreage Licensing Policy (OLAP) are getting affected by the rigs shortage. Vedanta had won 51 exploration blocks while Oil India and ONGC had won 21 and 10 blocks respectively in three rounds. "As part of the exploration activity, hiring of high-performance drilling rigs and associated services are the most critical resources and thus is of paramount importance," Oil India told ET in an email. It cited cases of delays in its exploration blocks in the Northeast, KG Basin and Kerala Konkan Basin due to the unavailability of rigs.

"A number of offshore blocks are further likely to come up in the near future in OALP IX and X bidding rounds, for which availability of rig is once again expected to play a critical role in achieving exploration success in the country," Oil India said.

ONGC said it hasn't been able to attract enough rigs in its recent tenders. "The utilisation of marketed rigs has increased from 66.1 % in 2018 to 92.7% in 2023, and the rig day rates have reached one of the highest levels in the last seven years," ONGC said in an email to ET.

The market for rigs is only going to get tighter as producers in West Asia are expected to hire more than 40 rigs by June 2024, ONGC warned, citing data from market sources and the consultancy IHS. "This is expected to have a significant bearing on the availability of rigs for the ONGC tendering process both in terms of participation of rigs as well as prices offered," it said.

sanjeev.choudhary@timesgroup.com

ओएनजीसी ONGC

Publication : The Hindu Business Line	Editions : New Delhi
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Day trading guide

21042 » Nifty 50 Futures

S1	S2	R1	R2	COMMENT
20950	20880	21080	21300	Go long only above 21080. Keep the stop-loss at 21040

₹1627 » HDFC Bank

S1	S2	R1	R2	COMMENT
1615	1600	1640	1670	Go long only above 1640. Keep the stop-loss at 1630

₹1474 » Infosys

S1	S2	R1	R2	COMMENT
1460	1445	1485	1520	Go long only above 1485. Keep the stop-loss at 1475

₹463 » ITC

S1	S2	R1	R2	COMMENT
460	458	465	469	Go long only above 465. Stop-loss can be kept at 464

₹202 » ONGC

S1	S2	R1	R2	COMMENT
199	197	204	207	Go long only above 204. Stop-loss can be placed at 203

₹2461 » Reliance Ind.

S1	S2	R1	R2	COMMENT
2440	2420	2475	2500	Go long only above 2475. Keep the stop-loss at 2460

₹608 » SBI

S1	S2	R1	R2	COMMENT
606	603	611	614	Can go either way. Avoid trading the stock for now

₹3603 » TCS

S1	S2	R1	R2	COMMENT
3585	3550	3630	3650	Wait for dips. Go long at 3590. Stop-loss can be kept at 3575

S1, S2: Support 1 & 2; R1, R2: Resistance 1 & 2.

Publication : The Pioneer	Editions : Hyderabad
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ONGC to cut gas flaring...

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ONGC

Publication : The Pioneer	Editions : Hyderabad
Date :7 December 2023	Page : 3, 8

ONGC to cut gas flaring, use green power at oil wells

PNS ■ NEW DELHI

State-controlled Oil and Natural Gas Corporation (ONGC) plans to wheel green electricity to its installations in the Arabian Sea to replace natural gas it uses in operation of oil wells as part of its ambitious decarbonisation programme, its Chairman Arun Kumar Singh said.

India's top oil and gas producer has substantially cut gas flaring -- burning of methane gas is produced when oil is extracted from below surface -- and would look to bring it down to nil as part of its environmental commitments, he said while speaking at the 28th UN Climate Change Conference in Dubai, called COP28.

Singh said ONGC uses a lot of gas to generate electricity as well as meet compression and other process needs of an oil and gas field. By 2028, this gas is intended to be replaced with green power wheeled to installations as far as 160 km from the west coast. The gas thus freed will be sold to industries like fertiliser and power plants.

Companies around the globe have pledged to slash down methane emissions by 30 per cent from 2020 levels by 2030. Methane, which is a more potent greenhouse gas than carbon dioxide, tends to leak into the atmosphere.

This is sometimes deliberate when companies flare the gas that comes alongside crude oil, due to lack of consumption markets. It also can leak undetected from drill sites, gas pipelines and other oil and gas equipment.

Controlling methane, which has been rising in atmospheric concentration for decades, is seen as one of the easiest and cheapest ways to make an immediate impact on global greenhouse gas emissions.

"We have been working very consistently on reducing methane emissions," Singh said at the session on 'Accelerating the Elimination of Methane Emissions and the Decarbonisation of Oil & Gas'.

"Because of the (Indian) geography and population, we hardly have any scope to flare," he said. However, a "very small" amount leaked unintentionally because of the "prohibitive" cost of capturing it, he said, adding that ONGC was working with technology providers to check that.

"We want to help the planet by making zero methane from our operations," he said.

Flaring, which used to be done in the past because of lack of customers for gas, has been reduced by almost 80 per cent, he said. Crude oil pumped out of ground can easily be transported in trucks but to take gas from remote well locations to industries requires pipelines.

Sometimes, the amount of gas coming out with oil is so low that laying a pipeline becomes uneconomical.

"Earlier, we used to flare 14-15 million standard cubic meters per day, but now we are hardly flaring... now it is around 2 per cent," he said. "Still 2 per cent needs to go down."

ओएनजीसी
ONGC

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THE COMPASS

Margin risk for CGD players on higher LNG prices

DEVANGSHU DATTA

Gas demand has soared, hitting high levels of an average 198 million metric standard cubic metres per day (mmscmd) in October 2023, after averaging between 193 and 198 mmscmd during August-September.

The consumption was split among fertiliser (61.1 mmscmd in October 2023, vs. 57-59 mmscmd in August-September 2023); power (28.3 mmscmd in October, down slightly compared to August-September; city gas distribution or CGD (38 mmmcd in October, vs. 36.3 mmscmd in September) and other industrials (70.7 mmscmd in October vs. 70 mmscmd in September).

Till date, gas consumption in FY24 is up 15 per cent year-on-year (Y-o-Y) after three years of decline. About 103 mmscmd is supplied by domestic production, up from 93 mmscmd Y-o-Y.

At KGD-6, the Reliance Industries (RIL)-BP combine is producing 27 mmscmd (up from 20 mmscmd a year ago).

Liquefied natural gas (LNG) imports amount to 95 mmscmd, up from 59 mmscmd Y-o-Y.

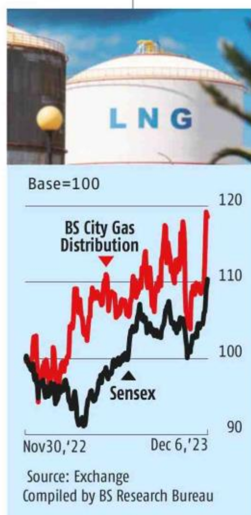
KGD-6 may ramp up to 30 mmscmd very soon. But exposure to spot LNG imports is high and may rise.

Surges in LNG prices could lead to volume and margin risks for gas companies, particularly CGD players. The CGD demand is currently being met by higher allocation of high pressure high temperature (HPHT) gas.

Spot LNG prices have almost normalised from record highs in 2022. Asian spot LNG prices have been in the range of $13-18/metric million British thermal unit (mmbtu). This is 19 per cent of the Brent crude price, and higher than the historical average of 15 per cent of Brent.

Among CGD players, Gujarat Gas has the highest dependency on spot LNG, at 20-30 per cent of consumption. Higher spot LNG prices could impact domestic demand and lead to volume contraction for Petronet LNG, GAIL and GSPL.zThe cost of gas will rise due to an increasing shortfall of administered pricing mechanism (APM), rising share of new wells in the APM portfolio (at 20 per cent higher prices) and APM ceiling price increases. There's likely to be a rising APM shortfall and CGDs' gas cost will rise again if LNG prices don't moderate.

High prices will lead to weaker demand for other segments. Segments like fertiliser will seek alternatives like green hydrogen and green ammonia where there is policy support. In transport, gas remains cheaper versus diesel/ petrol but electric vehicles are a long-term threat.



Source: Exchange
Compiled by BS Research Bureau

Petronet LNG saw higher LNG imports in FY24, and if volume assumptions are maintained, operating profit could witness three-year compound annual growth rate (CAGR) of 7-9 per cent. New LNG terminals have led to higher competitive intensity.

The company has struggled to recover use-or-pay charges from customers, including its promoters.

The key Qatar contracts are due for renewal, which need to be monitored. The recent decision to diversify into petrochemicals with a capex of ₹20,700 crore will be a drag on the balance sheet.

For GAIL, the worst may be over due to the integrated transmission tariff revisions, and decline in gas prices from the record highs.

GAIL's tariffs are at premium to the Petroleum and Natural Gas Regulatory Board (PNGRB) recommendations and this is positive. But costs are rising due to the demand-supply gap in APM allocation. GAIL also has high capex in new pipelines.

In Indraprastha Gas (IGL) and Mahanagar Gas (MGL), demand doesn't seem to have risen much with the new APM pricing formula kicking in from April. For H1FY24, MGL's volumes were flat Y-o-Y. IGL saw just 3.3 per cent volume growth.

Gujarat State Petronet (GSPL) has seen delays in tariff revision for GSPL's high pressure pipeline and a tariff cut is likely.

But the current share price has a very high discount of around 70 per cent to the current market price for the 54 per cent stake GSPL holds in Gujarat Gas and could narrow, going ahead.

ओएनजीसी ONGC

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Opec+ output cuts do not faze OMC stocks

Manvi Agarwal
feedback@livemint.com

Shares of state-run oil marketing companies (OMCs) including Bharat Petroleum Corp. Ltd (BPCL), Hindustan Petroleum Corp. Ltd (HPCL) and Indian Oil Corp. Ltd (IOCL), have risen 20-47% in the past one month, beating the benchmark Nifty 50 index.

Investors are optimistic about the muted outlook for crude oil prices and anticipate a robust December quarter (Q3FY24), driven by resilient marketing margins even as outlook for refining margins appears muted. Brent crude oil prices have come off from the recent highs of around $95 per barrel in September to hover around $76.3 per barrel at present.

For now, concerns about near-term surge in crude oil prices have been mitigated. In a meeting on 30 November, Opec+ (Organization of the Petroleum Exporting Countries and allies, including Russia) agreed to lower oil production by 2.2 million barrels per day in the first quarter of 2024. Oil prices have not reacted meaningfully to the news, even as the cuts amount to around 2% of global supply. One reason could be it is insufficient to counter the growth in non-Opec output. Besides, concerns over a weakening global economy continue to weigh on the markets.

Declining crude prices have a positive influence on OMCs' profitability as it reduces the cost of buying oil, pushing margins up. Expectation of robust earnings this fiscal year is also contributing to the positive outlook.

“FY24 is turning out to be a blockbuster year for OMCs with strong dividends. After a robust H1, H2 so far has been better than expected for OMCs, except for some intermediate inventory losses likely in Q3, if oil prices stabilize at $80-85 a barrel, which would, however, mean strong core earnings in Q4,” said Emkay Global Financial Services analysts in a 24 November report.

In the half-year ended 30 September (H1FY24), HPCL and BPCL profits surpassed all previous annual earnings led by higher refining margin. IOCL's performance exceeded market estimates.

HPCL's management indicated that its leverage is approaching peak levels as large expansion projects are set to start within six months. The new projects are crucial to support the firm's $9-billion expansion initiative for the next five years. BPCL will spend about ₹1.5 trillion in the next five years to expand its refinery and petrochemicals capacity, exploration, production city gas distribution as well as renewables business.

The management anticipates executing a substantial part of this capital expenditure between FY26-28, leading to an increase in the use of borrowed capital during those years. Note, initiating leverage through the expansion plans poses a potential long-term risk to returns.

For now, expectation of better marketing margins sets the stage for near-term growth for OMCs. “Gross marketing margin (GMM) on petrol stands at ₹8.2 a litre in Q3-to-date, while there is a gross marketing loss of ₹0.6 a litre on diesel. In the week ended 28 November, GMMs on petrol and diesel stood at ₹9.7 a litre and ₹4.7 a litre, respectively,” Prabhudas Lilladher analysts said in a report dated 30 November.

“However, sustainability of higher-than-normalized GMMs is questionable in the light of upcoming elections,” it added.

To be sure, there is speculation about potential cuts in retail prices of auto fuels before the general elections. If it happens, it would dampen marketing margin prospects. The recent rally in OMC stocks suggests that investors are adequately factoring in the brighter picture. “The market's optimism on OMCs will depend on whether crude sustains below $80 a barrel,” JM Financial Institutional Securities analysts said.

Weakening global economy continue to weigh on the markets. REUTERS

Energized

Shares of HPCL, BPCL and IOCL have sharply beaten the Nifty 50 index recently.

Values rebased to 100 Source: Capitaline

PRANAY BHARDWAJ/MINT

UNPACKING THE DYNAMICS

INVESTORS are optimistic about the muted outlook for crude oil prices and expect a robust Q3

EXPECTATION of better marketing margins sets the stage for near-term growth for OMCs

THE recent rally in OMC stocks suggests that investors are adequately factoring in the brighter picture

ओएनजीसी ONGC

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Adani, Wilmar reach out to PEs for JV stake sale

Likely to be one of the largest transactions in FMCG space

DEV CHATTERJEE
Mumbai, 6 December

The Adani group and Singapore's Wilmar International are learnt to have approached several private equity (PE) firms to sell part of their stake in their consumer-staple joint venture, Adani Wilmar.

Top executives of some of these PE firms told *Business Standard* that the two partners, which own 44 per cent each in Adani Wilmar, have offered them a majority stake.

The Adani group and Wilmar International declined to comment on the matter.

The proposed sale will be one of the largest transactions in the FMCG industry, with the market valuation of Adani Wilmar standing at ₹51,513 crore as of Wednesday.

At its peak in January this year, the company's valuation was ₹81,268 crore. However, the share price of the company, along with that of other group firms, had crashed following an 'unsubstantiated' report by US short seller Hindenburg Research accusing the Adani group of stock manipulation and accounting fraud. The Adani group has denied the allegations. The Adani group stocks have recouped a large part of the losses since then.

"A joint team of Adani and Wilmar have approached PEs for a possible stake sale and we are looking at the proposal," the head of a large US-based PE firm said, requesting not to be named.

PEs have billions of dollars of "dry powder" (capital available for deployment) for investment in Indian companies, provided valuations are realistic, the executive said.

Health care, consumer retail, and technology are top investment destinations for PEs, and Adani Wilmar fits the bill as a consumer product company, the executive said. The Adani group may retain a small stake, he added.

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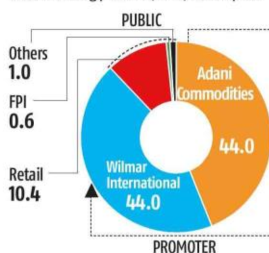
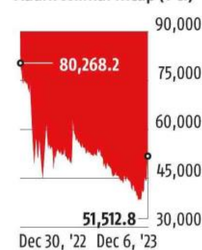
WHAT THEY HOLD

Adani Wilmar:
Shareholding pattern (in %) as of Sep '23



SHARPLY DOWN

Adani Wilmar mcap (₹ cr)



Source: Exchange, company

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Adani...

In an event held last week, Jugeshinder Singh, Adani group's chief financial officer, had said the group was studying whether to keep or divest the Wilmar stake.

Adani Group will use the proceeds of the sale to invest in a series of infrastructure and renewable power projects across the country. The group plans a total investment of $75 billion in energy transition initiatives to reach 45 Gw renewable energy capacity by 2030.

ओएनजीसी
ONGC

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'Our successful listing does justice to RE growth in India'

Ireda debuted on Dalal Street last week. Even as the RE sector has grown by leaps, the loan book of Ireda has remained restricted during the last decade. **P K DAS**, CMD, Ireda talks about how the company is now trying to widen scope to new and emerging green sectors, and use innovative financing tools to cater to large projects, in an interview with **Shreya Jai** in New Delhi. Edited excerpts:

P K DAS
CMD, Ireda

The third attempt at an IPO proved lucky for the Ireda. What was different this time?
Our team was confident of our plan. This is not just the Ireda's IPO. It is the success of the ministry of new and renewable energy and of the renewable energy (RE) industry. Over the past three-four years, we have tried to build a fair amount of capabilities, especially with regard to quality corporate governance and RE development. After the IPO of the Life Insurance Corporation, we are the first public sector undertaking (PSU) to go for listing. Our success will put a stamp on the perception of PSUs in the pipeline for an IPO, follow-on public offering, etc. We wanted to remove the misconceptions around RE and the Ireda. We have been working silently and efficiently for the past 36 years but were not known beyond our lenders and borrowers. With the successful listing, we would be getting a much better and wider brand name and it will be true justice to the development of RE in the country.

In five years, how have your loan books grown and which sectors are part of your portfolio?
During the past three decades, the Ireda has been supporting all forms of RE — solar, wind, hydro — and even newer technologies such as biofuel and electric mobility. In March 2020, our loan book size was ₹23,000 crore. In the past three years we have added another ₹24,000 crore. By September this year, our loan books reached more than ₹47,000 crore. Plain vanilla RE comprises 62 per cent of our loan books (30 per cent solar, 20 per cent wind, and the rest hydro). We have around 25 per cent of our loan books for state utilities and 18 per cent in emerging RE. There has been a fair amount of thrust on RE after 2014 by the new government at the Centre. We are a kind of a mother organisation for financing RE in India and hence our goals are the same as the targets set by the country. The 500-Gw RE target by 2040 would require at least ₹30 trillion and ₹40-45 trillion when e-mobility is added to it. Government NBFCs — Power Finance Corporation (PFC), REC, and the Ireda — will play a key role in RE development.

PFC, REC and large banks have a natural advantage both in borrowing and lending. How do you plan to compete, given that your lending ceiling is lower than theirs?
All multilateral agencies have handheld RE in its initial stages. Since the 1990s the Ireda has had a line of credit with a lot of such agencies and our relations with them have grown over time. In the past three years, we did not borrow abroad. We could raise funds from the domestic market. In September, our company was upgraded to Schedule A, and recently the ministry made a pitch for getting us "Navratna" status. The benchmark we have set for ourselves in best quality corporate governance will benefit us. We are the only company in this segment which is doing quarterly audits. We have an edge over any agency in this segment now. We are going to get the best sources of funds at the most competitive rates. Most lending agencies enjoy 54EC (of the Income Tax Act, bonds with capital gains tax exemption). We have placed requests for it and are hopeful we will be considered. We are hopeful that the green taxonomy, for which we submitted a white paper, will be notified soon. One major benefit will be investment by insurance funds, pension funds, etc.

The size and scale of RE projects are growing. The new sectors require high upfront debt. How do you plan to cater to this need?
We are looking at joint lending with other NBFCs and banks. The idea is after we have fully leveraged our own funds, we can join hands with other lenders, and share our skill sets of the RE sector with them to lend to larger projects. We have signed MoUs with four banks and IIFCL. With Bank of India and Union Bank, we could do one single-day transaction of ₹4,444 crore with state-owned SJVN Ltd. We can do joint lending also with the other two power NBFCs — PFC and REC — in the future. Our developers want us to lead despite the Ireda being in minority lending.

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Date :7 December 2023 | Page : 15

Publication : Mint	Editions : New Delhi
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MY VIEW | ECO SQUARE

CoP-28: Let local climate actions outdo our global commitments

India should address its domestic vulnerabilities even as it keeps pushing hard for climate justice on the international stage

LEENA SRIVASTAVA
is an independent expert on climate change and clean energy.

AP

Discussions at CoP-28 in Dubai have reached a crescendo with the world witnessing its highest temperatures ever, the paradox of having an oil magnate holding the presidency of CoP-28 and with the developed world still far from fulfilling its responsibilities and commitments—be it on mitigation support, adaptation finance or Loss and Damage funding. And yet, there seem to be many pressures on the developing world, with India often in the cross-hairs, to assume leadership on climate actions. In the first week of CoP-28 events, India has been called out for refraining from signing the Pledge on tripling renewable energy capacities by 2030 and doubling energy efficiency, as also the Declaration on Climate and Health.

The challenge, in the case of the former, is not the renewable energy (RE) and energy efficiency (EE) pledges, but an underlying commitment to a phase-down of unabated coal power, in particular ending "continued investment in unabated new coal-fired power plants." India has ambitious plans to enhance its coal production capacity from 777 million tonnes in 2021-22 to over 1 billion tonnes in 2023-24. With 75% of its electricity coming from coal thermal plants, amounting to over 200GW in May 2023, India needs to evaluate its options on energy security. Its RE capacity stood at about 125GW (net of hydro). Thus, while India is committed to more than tripling its RE capacity by 2030 with a target of 450GW, most of this capacity addition really caters to incremental electricity demand for powering an 8% rate of economic growth. In other words, India cannot recognize a phase-down of coal power production, in absolute terms, in the same document that we commit to enhanced RE and EE targets, unless we vastly increase our feedstock dependence on volatile international markets for lower-carbon gas (think of the Russia-Ukraine war and Israel-Hamas conflict) in the interim, or have adequate cutting-edge technologies and financial support to aim for much higher growth in renewables.

The Declaration on Climate and Health, on the other hand, merely calls upon countries to factor in the positive health implications of low greenhouse gas (GHG) emission pathways, assess GHG emissions from the health sector and define procurement standards for national health systems. It provides an additional emotive argument for pursuing low-carbon development pathways in general. India's health systems are in urgent need of infrastructure upgradation with reliable electricity provision in its rural areas a key barrier to better health services. It is also well researched that climate change, with melting permafrost and extreme events, will exacerbate the demand for health infrastructure in complex and compounding ways. Therefore, as India seeks to strengthen this infrastructure, it makes eminent sense to prioritise the use of renewables, especially in primary health centres, and focus on the energy efficiency of medical equipment and processes in line with our EE commitment.

Undoubtedly, climate related transformations in development pathways that countries need to adopt are challenging, but they also provide an opportunity to correct the mal-development and inequities that have been perpetrated in all countries across the world, India being no exception. The above two global initiatives are but examples. In making its choice to invest huge amounts in coal production (or natural gas for that matter) and the associated infrastructure, India could be pushing more expensive and difficult clean-energy choices into the future but increasing system costs in the form of stranded infrastructure and assets when domestic commitments are ratcheted up. There is a case here for some hard-nosed analysis of leap-frogging to much lower-carbon or no-carbon futures. We may also have an opportunity to harness the potential of decentralized renewable power generation in both urban and rural settings, which could enhance India's ambitions on RE while facilitating more secure and reliable RE through new business models, as being designed in other countries.

In a similar fashion, the quality provisions of the Health for All initiative can be bolstered through custom-designed RE solutions to meet the demands, including cooling demand, of health facilities. We also need to recognize that enhanced access to clean and reliable energy in itself can go a long way in preventing a large number of diseases associated with water and air pollution. India thus needs to look at the cross-cutting issues of climate, energy and health, even if the country may be reluctant to acknowledge the same on an international platform.

A good example of an international commitment with a domestic imperative lies in the LiFE initiative of Prime Minister Narendra Modi. At CoP-26 held in Glasgow, India launched the Lifestyle for the Environment (LiFE) initiative, recognizing the necessity of behavioural change to drive climate-friendly solutions among individuals, communities and organizations. At CoP-26, the Prime Minister called upon all stakeholders to contribute to defining our future choices, and was rightly lauded by the global community for the focus he brought to individual behaviour change. Merely enhancing clean supply solutions without creating popular demand would lead to partial success at best. In the last two years, however, the country has made little substantive progress on this critically important issue. Some demand changes have been effected, as seen for example in the robust growth of electric vehicles (EVs), but this was driven primarily through sector-specific incentive schemes. We have not succeeded in making EVs a preferred choice for vehicle users for sustainability reasons.

India needs to take greater control of its domestic vulnerabilities while keeping the pressure on for climate justice internationally.

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TO BRING DOWN COAL TRANSPORT EXPENSES...

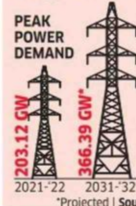
Power Plants may be Set Up at Coal Pitheads to Cut Costs

Decision taken after inter-ministerial consultations; talks on with Assam, MP

Twesh.Mishra

Higher Peaks Expected

PEAK POWER DEMAND



NEW THERMAL PUSH

Greenfield projects in pipeline for Assam and Madhya Pradesh

MULLING POWER PLANTS IN RAJASTHAN AND CHHATTISGARH

Push for pithead power projects

*Projected | **Source:** Central Electricity Authority

DURGA

New Delhi: India will set up future coal-based power plants at the pithead as it looks to bring down coal transport costs in power generation costs, said a senior official.

A decision in this regard was taken after inter-ministerial consultations between the ministries of coal, power and railways which were anchored by the NITI Aayog, the official told **ET**. The coal ministry is in discussions with the power ministry and the Assam and Madhya Pradesh governments for two such plants near Coal India mines, according to the official. "The average cost of coal production is around₹2,000 per tonne, after including all levies. But the landed cost of coal at power plants more than doubles to ₹4,300-4,600 per tonne due to transportation costs and loss.... The overall view in the government is that future coal-based plants should come up near pitheads," the official said.

Ample land is available with Coal India near its mines that can be utilised for setting up plants, he said, adding that feasibility of more projects is being assessed in collaboration with Rajasthan and Chhattisgarh.

There is a growing view within the government that the country needs to expeditiously boost its power output to support economic growth, as it aspires to become a developed nation by 2030, and it has to rely on coal.

India's total coal production in 2022-23 was 893.19 million, up 14.77% year-on-year. The Central Electricity Authority (CEA) monitors 181 coal-based thermal power plants, which have a combined generation capacity of 206 Gigawatt. Of these, 148, having 149 GW capacity, are non-pithead or located at a distance from domestic coal mines, which are their source of feedstock. These power plants were set up at a time when the country did not have a nationwide synchronised power grid, resulting in coal being moved over longer distances.

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Suzuki Motor to roll out first eSUV from Gujarat plant next year

Avinash Nair
Ahmedabad

Suzuki Motor Gujarat (SMG) will set up a ₹3,100-crore fourth car manufacturing plant in Gujarat to manufacture its first electric SUV, to be launched in 2024-25, said officials on Wednesday.

"Our first electric vehicle, which will be launched in 2024-25, will be from the SMG's plant in Gujarat. This high-specification SUV will have a range of 550 km and a 60-kilowatt hour battery," said Rahul Bharti, Executive Director - Corporate Affairs, Maruti Suzuki India Ltd (MSIL).

The official said the company will set up a new car manufacturing plant within its existing factory at Hansalpur in Ahmedabad district, where it manufactures 7.5 lakh units of Baleno, Swift, Dzire, Fronx, and Tour S models in three existing plants. Bharti did not disclose the capacity of the fourth plant for manufacturing the electric vehicle (EV). The company had set up its second and third car manufacturing plants in January 2019 and April 2021, respectively.

The company will set up a car manufacturing plant within its existing factory at Hansalpur in Ahmedabad district

EXPORTING EVS

"We will also be exporting this EV manufactured in Gujarat," he added. SMG had started exporting cars from the Hansalpur unit in March 2018. On Monday, SMG rolled out the 30th lakh car — a Fronx — that has been manufactured in Gujarat since it began operations. Last financial year, a sizeable per cent of the cars produced in the plant were exported from Mundra and Pipavav ports of the State. In the domestic market, MSIL has a 24 per cent market share in the SUV segment.

"By the turn of this decade (by 2030-31), we will have about five-six EVs in our portfolio," the official said.

In order to support EV production, a ₹7,300-crore battery plant is being set up by Suzuki R&D India in close proximity to the new EV plant at Hansalpur. "The construction work of this plant has begun," Bharti added. Currently, the three plants of SMG are operating at almost 100 per cent capacity and employ a total of 3,200 persons as on April 1.