ONGC News as on 18 July 2024 (Print)

Publication : The Free Press Journal	Editions : Mumbai
Date :18 July 2024	Page : 9

'Indian Oil PSU's have global presence with net investments of $40.6 bn across 21 countries'

ANI
NEW DELHI

These Indian PSUs have established a significant presence globally, with a total of 45 assets spread across 21 countries, said Hardeep Singh Puri

Union Minister for Petroleum and Natural Gas Hardeep Singh Puri reviewed the overseas assets of India's energy sector, which include the foreign branches of Indian PSUs. They include majorly ONGC Videsh Ltd (OVL), Indian Oil Corporation Ltd (IOCL), Oil India Ltd (OIL), Bharat PetroResources Ltd (BPRL), GAIL India, and Prize Petroleum Corporation Ltd (PPCL).

These Indian PSUs have established a significant presence globally, with a total of 45 assets spread across 21 countries. They have a cumulative investment of about US$ 40.6 billion, said Puri.

This substantial investment highlights India's strategic efforts to secure energy resources and ensure energy security by diversifying its sources and establishing a global footprint.

The Minister said, "By assessing performance and exploring new opportunities, we can ensure sustainable growth and energy security for India under the leadership of PM Narendra Modi Ji".

ONGC Videsh Ltd (OVL), the overseas arm of Oil and Natural Gas Corporation (ONGC), is a key player in this domain, with investments in various oil and gas assets worldwide. Indian Oil Corporation Ltd (IOCL) has also been active in expanding its international presence, securing crucial energy supplies and collaborating on refining and petrochemical projects.

Similarly, Oil India Ltd (OIL) and Bharat PetroResources Ltd (BPRL) has invested in exploration and production assets overseas, contributing to India's energy security.

GAIL, known for its role in natural gas processing and distribution, has been involved in international projects, securing LNG contracts and participating in pipeline projects. Prize Petroleum Corporation Ltd (PPCL), a wholly-owned subsidiary of HPCL, focuses on upstream exploration and production activities.

Publication : The Hindu Business Line	Editions : New Delhi
Date :18 July 2024	Page : 3

Industry pushes for fiscal sops in Budget to enhance oil output

Rishi Ranjan Kala
New Delhi

Better fiscal incentives, such as rationalising the tax structure, for pre-New Exploration Licencing Policy (NELP) and nomination blocks, can aid oil and gas companies invest more in high-cost oil recovery technologies to improve crude oil production.

Pre-NELP and nomination blocks account for around 90 per cent of India's crude oil production, which has been declining consistently since the last 10 years ending FY24.

For instance, Petroleum Planning and Analysis Cell (PPAC) data show that oil production fell from a record 35.9 million tonnes (mt) in FY15 to 27.2 mt (provisional) in FY24, with both state-run exploration and production (E&P) firms as well as JV companies/private sector reporting a fall in output.

Analysts and industry players said given the maturity of these blocks, their operators will have to incur additional investments in secondary and tertiary recovery methods to sustain production.

These technologies/methods are capital intensive and require higher fiscal incentives.

SLIPPING UP. Pre-NELP and nomination blocks account for about 90% of India's crude oil production, which has been declining consistently for the last 10 years

India has 26 sedimentary basins covering 3.36 million sq km, with 10 of them accounting for 51 per cent of the area and 59 per cent of the resources located offshore, as per the International Energy Agency (IEA).

India has around 2,500 million barrels of proven plus probable (2P) reserves, with Mumbai Offshore, the Rajasthan Basin and the Assam Shelf holding 80 per cent.

ONGC holds two-thirds of the remaining 2P reserves on its books, with Vedanta and Oil India each owning around 13 per cent.

BUDGET EXPECTATIONS

Industry players and analysts said the government should offer better fiscal incentives to pre-NELP and nomination blocks to encourage companies to enhance production from depleting fields.

Senior officials from both public and private sector companies emphasised that the government liberalised the E&P sector with NELP and Hydrocarbon Exploration and Licencing Policy (HELP), which infused some traction in the largely stagnant domestic E&P industry.

"However, Pre-NELP and Nomination blocks face higher levies. For instance, Pre-NELP blocks' tax outgo is almost 70 per cent, compared to roughly 55 per cent in the NELP and HELP regimes. Reducing levies will lead to more investible surplus with companies that can be invested in recovery technologies," said one of the top officials, who did not wish to be quoted.

Deloitte India Partner Anoop Kalavath said that the Oil Industry Development (OID) cess of 20 per cent ad-valorem and Special Additional Excise Duty (SAED) that is presently levied at ₹6,000 per mt impacts the companies doing crude exploration in coastal/ onshore regions.

"As per interim Budget FY25, estimated collection for OID cess and SAED is around ₹19,400 crore and ₹1,52,080 crore. Cess is almost 30-50 per cent of the PAT of large exploration companies.

"Cess and SAED (in the form of windfall tax) directly impacts profitability of oil exploration companies. Cess applies only to pre-NELP blocks where government does not share many entrepreneurial risks."

"Given that oil exploration is generally risky and capital-intensive, the government may reduce cess and SAED and leave a higher surplus for investment in the hands of companies," he said in his budget expectations for FY25.

OID cess and SAED also put domestic crude at a significant disadvantage to imported crude oil.

Another senior official with an E&P company said the upstream oil and gas industry faces a skewed scenario as procurement of key goods and services as inputs is under the GST, while output is outside the GST. Multiple tax regimes apply to different parts of the value chain. "Instead of having specific elements of the value chain under GST, the entire oil and gas sector should be subsumed under GST. This will provide seamless credit to E&P players and help boost investor confidence," he added.

FALLING PRODUCTION

The IEA, in its India Oil Market Outlook 2030, which was released at the India Energy Week 2024 in February, pointed out that oil production was on a managed decline for more than a decade, following its peak at just over 9,00,000 barrels per day (b/d) in 2011 to just under 7,00,000 b/d in 2023, of which crude oil production was 6,00,000 b/d and the rest natural gas liquids (NGLs).

Production declined by around 4 per cent per year between 2018 and 2023, lower than the global average annual rate of 7 per cent.

Field output declines are expected to continue at a similar rate through 2030, bringing total oil output down to 5,40,000 b/d, and crude production to 4,60,000 b/d as growth in the Krishna-Godavari and Mumbai Offshore Basins help support legacy fields, it added.

Publication : The Hindu Business Line	Editions : New Delhi
Date :18 July 2024	Page : 7

Day trading guide

24644 » **Nifty 50 Futures**

S1	S2	R1	R2	COMMENT
24580	24500	24800	25000	Buy now and add longs at 24580; keep stop-loss at 24500.

₹1619 » **HDFC Bank**

S1	S2	R1	R2	COMMENT
1600	1575	1640	1680	The stock is not trending. Refrain from taking trades.

₹1725 » **Infosys**

S1	S2	R1	R2	COMMENT
1700	1680	1735	1750	Buy now and on a dip to 1700. Place stop-loss at 1675.

₹465 » **ITC**

S1	S2	R1	R2	COMMENT
460	456	467	480	Go long at current level and at 460. Keep stop-loss at 454.

₹322 » **ONGC**

S1	S2	R1	R2	COMMENT
316	305	330	340	Initiate longs when the price dips to 316; stop-loss at 305.

₹3151 » **Reliance Ind.**

S1	S2	R1	R2	COMMENT
3135	3085	3215	3300	Stay out for now as the next leg of trend is uncertain.

₹880 » **SBI**

S1	S2	R1	R2	COMMENT
872	860	888	910	Buy the stock as the trend is bullish. Stop-loss at 860.

₹4175 » **TCS**

S1	S2	R1	R2	COMMENT
4140	4030	4250	4300	Go long now and on a dip to 4140; place stop-loss at 4030.

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

Publication : Financial Express	Editions : New Delhi
Date :18 July 2024	Page : 1, 7

State-run firms outperform private peers on most fronts

Combined M-cap of listed CPSEs up 2.6 times in 5 years

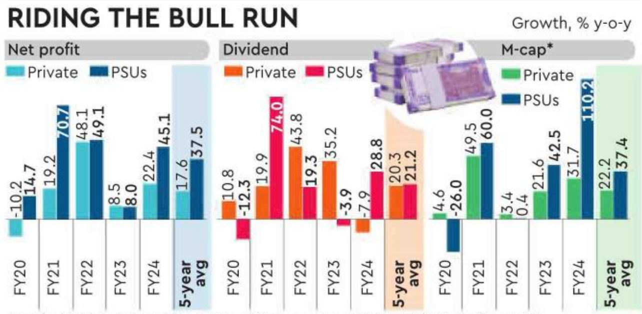
KISHOR KADAM & PRASANTA SAHU
Mumbai/New Delhi, July 17

STATE-RUN FIRMS OUTPERFORMED their private peers in most financial parameters in the last five financial years, which included the pandemic and its aftermath, according to data reviewed by *FE*. This was even as these firms weighed in with a stronger capex pace to offset the sluggish private-sector investments.

The combined market capitalisation (M-cap) of 80 listed central public sector enterprises (CPSEs) rose 2.56 times to ₹59.5 trillion in the five years to July 12, 2024, while their private-sector peers (82 firms in the BSE 100 Index excluding CPSEs and firms listed in recent years) saw a combined M-cap growth of 159% to ₹219.35 trillion.

The CPSEs being reviewed also posted an average net profit growth of 37.5% between FY19 and FY24 compared with just 17.6% by their private counterparts. In FY24, these CPSEs' profit growth was a robust 45%, double the rate shown by the private companies.

Continued on Page 7



*as of July 12 each year; Source: Capitaline; compares 82 BSE 100 private firms with 80 listed PSUs including banks and financial institutions

Publication : Financial Express	Editions : New Delhi
Date :18 July 2024	Page : 1, 7

State-run firms outperform private peers on most fronts

The CPSEs rewarded their shareholders with both robust dividends and higher market values of the shares (see chart).

The relatively better performance by the top state-run companies may let the Narendra Modi government counter the allegation by the Opposition that "CPSEs are being dismantled and are in disarray" under its regime. Recent reports suggested that the government may go slow on its privatisation (share sale) policy and resort to greater monetisation of the land and other assets with state-run firms and undertakings.

In 2021, the Centre had unveiled a new CPSE policy which entailed it would only keep a minimum presence in four "strategic sectors", while state-run firms in the remaining areas could be privatised, merged or closed. However, it could not implement the policy, given the market fluctuations and lack of adequate investor interest. Some of the large privatisation bids, like that of BPCL, came a cropper.

The department of investment and public asset management (Dipam) has, in the meantime, adopted a capital management policy of nudging CPSEs to increase efficiency, expand capacity and give higher dividends to keep investors' interest in their stocks. The robust performance of PSUs has benefited both the government and minority shareholders.

The uptick in PSUs' performance, combined with robust tax revenues in the last two years, gave strategic space to the Centre to recalibrate the privatisation policy and there are indications that it won't be aggressive on those front, sources said.

The government may now take up privatisation cases keeping various factors in mind including the prevailing political atmosphere. Also, the sharp rise in dividends and market valuation implies it would rather go slow and maximise gains in stake sales and strategic disinvestment, rather than rush through the sales at this juncture.

"Valuations are very good today with the Sensex at 80,000 plus. But the dividends they (the government as CPSE shareholder) are receiving too are very robust and will probably continue to be. Hence, the government may take a nuanced stance (on disinvestment)," said Bank of Baroda chief economist Madan Sabnavis.

"Besides, some of the best-performing (CPSEs) are also critical from the point of view of public policy, like say, those in the petroleum sector. Hence the government will review the position in greater detail before going in for major disinvestment which means reducing government stake to less than 50%," Sabnavis added.

This sentiment was made abundantly clear by oil minister Hardeep Singh Puri recently, when he posted on 'X' that "BPCL is making almost as much profit in a single year than the price it was supposed to be sold for! Decision Made: India's energy Maharatna @BPCLimited is not for sale!"

Publication : The Hindu	Editions : Mumbai
Date :18 July 2024	Page : 3

Rajasthan to look for new sources of energy

The Hindu Bureau
JAIPUR

The Rajasthan government is exploring the scope for promoting coalbed methane and underground coal gasification with the lignite reserves available in the State to evolve a model of gas-based economy. The research and development in these spheres is expected to help in the identification and growth of additional sources of energy.

The crude oil is at present being produced from 21 wells in Baghewala and natural gas from 19 wells in Jaisalmer in western Rajasthan.

Mines and Petroleum Secretary Anandhi said here on Wednesday that underground coal gasification, besides being a new source of energy, would also be a viable option for decarbonisation in order to reduce the carbon intensity.

"Systematic research will ensure utilisation of natural resources for energy production. The coalbed methane has become an important source of energy in the U.S., Canada and Australia," Ms. Anandhi said at an interaction with the officials of Oil India Limited.

While Ms. Anandhi laid emphasis on an increase in the production of crude oil and gas after an effective exploration, Oil India Executive Director Agadh Medhi said the PSU would be willing to work in the field of compressed biogas in the municipal areas of Rajasthan.

Rajasthan Gas Limited MD Ranveer Singh, Additional Director (Petroleum Department) Ajay Sharma and Oil India General Managers Rituparna Sharma, Tabrez Akhtar Ansari and Sanjay Dheeraj, and consultant Pradeep Agrawal were present at the meeting.

Publication : The New Indian Express	Editions : Chennai
Date :18 July 2024	Page : 4

Operational cost of CNG buses 13% cheaper than diesel vehicles: Study

₹6 lakh spent for converting a diesel bus into CNG vehicle can be recovered in one month

B ANBUSELVAN @Chennai

THE trial study of government buses running on Compressed Natural Gas (CNG), which is 12% to 13% cheaper than diesel, has yielded encouraging results, reducing average fuel expenses by ₹4 to ₹4.5 per km. Additionally, the CNG buses achieved a mileage of 6 to 6.98 km per litre compared to 5.2 to 5.96 km for diesel buses. The average price of CNG is ₹75 to ₹79 per litre, depending on the supplier, while high-speed diesel is ₹91.5 per litre.

Conducted by Pallavan Transport Consultancy Services, a technical arm of transport department, the study revealed that six buses (two each from Madurai, Salem, and Kumbakonam corporations of TNSTC) run on CNG fuel for more than 50 days are not only cost-effective but also offers better mileage compared to diesel. Moreover, it also showed that the cost of around ₹6 lakh to convert a bus to CNG can be recovered in a month.

Official sources noted that the savings in operational expenses could amount to several crores of rupees with a large-scale migration to CNG. A study on five more CNG buses operated by Coimbatore, Tirunelveli, and Villupuram corporations is under way.

PERFORMANCE OF CNG BUSES IN THREE TNSTC DIVISIONS

Parameters	Kumbakonam	Salem	Madurai
Gross run (in km)	4,523	7,825	2,697
Consumption CNG/Diesel (in litre)	744/801	1,121/1,313	437/519
Mileage CNG/Diesel (km)	6.08/5.65	6.98/5.96	6.17/5.2
Cost per km CNG/Diesel (in ₹)	12.34/16.30	11.39/15.34	12.89/17.56
Fuel Cost Savings per km (in ₹)	3.96	3.95	4.67

K Phanindra Reddy, secretary of the state transport department, told *TNIE* that the study assessed cost savings from increased mileage, reduced fuel expenses, and the performance of the companies involved in the conversion of buses. "The expenses of ₹5.5 lakh to ₹6 lakh per bus incurred for converting a diesel bus to CNG can be recovered within a month. The CNG buses performed better during daytime operations. However, minor leaks were reported at night. With these encouraging results, staff will receive more training on the usage and maintenance of CNG buses."

An MTC bus converted to run on a CNG engine caught fire on July 2. An inquiry by a committee from MTC and the private company involved in the conversion revealed a leak in the CNG engine had triggered the accident.

Reddy said the study also evaluated the performance of the companies converting diesel buses to CNG. "When the government decides to expand the use of CNG vehicles for public transport, companies that convert the best-performing buses will be given preference," Reddy said.

According to the trial study, a mofussil bus from Madurai consumed 437 litres of CNG, whereas the diesel bus required 519 litres of diesel for covering 2,697 km. The CNG bus recorded a mileage of 6.17 km per litre compared to 5.2 km for the diesel bus. The Madurai transport corporation spent ₹47,361 on diesel, while the cost of CNG was ₹34,755, saving a total of ₹12,606 and registering per km savings of ₹4.67.

Similarly, two buses from the Kumbakonam corporation saved ₹17,913 and ₹19,024, operating for 4,523 km and 4,260 km respectively. The average savings per km were ₹3.96 and ₹4.47.

As per official data, the eight transport corporations run 78.7 lakh km per day, with TNSTC Salem buses alone covering 9.15 lakh km daily. The remaining divisions cover 7.8 lakh to 9.9 lakh km per day.

The state has nearly 10 companies that supply CNG including IOCL, IRM Energy, Torrent Gas, Adani Total Gas and others.

Publication : Financial Express	Editions : New Delhi
Date :18 July 2024	Page : 6

OIL GAINS 1% ON DECLINE IN US STOCKPILES

OIL PRICES CLIMBED about 1% on Wednesday on a bigger-than-expected weekly drop in US crude stockpiles and as a weaker US dollar overshadowed signs of lower economic growth in China. Brent futures rose 96 cents, or 1.2%, to $84.69 a barrel by 10:34 a.m. EDT (1434 GMT), while US West Texas Intermediate crude rose $1.36, or 1.7%, to $82.12. On Tuesday, Brent closed at its lowest since June 14 and WTI at its lowest since June 21. The premium of Brent over WTI narrowed to around $3.82 a barrel, its lowest since October.

Publication : Mint	Editions : New Delhi
Date :18 July 2024	Page : 1, 2

Advantage for biofuels alliance

The Global Biofuels Alliance (GBA) is all set to get its diplomatic status, with the Indian government likely to sign a headquarters agreement with the agency soon. >P2

Publication : Mint	Editions : New Delhi
Date :18 July 2024	Page : 1, 2

Global Biofuels Alliance may get diplomatic status in India

Government of India is likely to sign a headquarters agreement with the global alliance soon

Rituraj Baruah
rituraj.baruah@livemint.com
NEW DELHI

The Global Biofuels Alliance (GBA), launched by key G20 members including India, the US and Brazil in September 2023, is all set to get its diplomatic status, with New Delhi likely to sign a headquarters agreement with the agency soon, said two people aware of the matter.

The headquarters agreement will allow the government to grant exemptions, immunities, and privileges to the alliance and its secretariat in the country, as provided for by a United Nations Act.

The agreement will also provide the GBA with an independent and international legal persona that would allow it to carry out its functions in a more efficient manner at the international level.

The GBA's diplomatic status and recognition as an international organization will be similar to the status enjoyed by the Coalition for Disaster Resilient Infrastructure (CDRI) and the International Solar Alliance (ISA).

"A headquarters agreement is signed with the host country. It will give immunities and privileges to the organization as an international organization; that process is also ongoing. We plan to do it very soon. The ministry of external affairs would sign the agreement," said one of the persons mentioned above.

The headquarters agreement will pave the way for India to grant exemptions, immunities, and privileges to GBA and its secretariat in the country. WIKIMEDIA COMMONS

The agreement would require the cabinet's approval for its implementation.

Sep '23
The Global Biofuels Alliance was launched by G20

Queries sent to the ministries of petroleum and natural gas, and external affairs remained unanswered till press time.

Launched on the sidelines of the G20 Leadership Summit held in New Delhi on 9 September 2023, the GBA was initially conceptualized by India with a view to getting all the G20 members on board.

The alliance's scope includes bringing together the biggest consumers and producers of biofuels, even if they're not members of the G20. The alliance aims to drive development and deployment of biofuels and reduce the reliance on crude oil, amid ambitious global net-zero carbon emission goals by 2030.

But despite its stated goals, large producers and consumers of crude, such as China, Russia and Saudi Arabia, have refrained from joining the alliance.

2030
The target year set for global net-zero emissions

While the GBA is yet to finalize its charter, it has formed a working committee that has framed a work plan.

In May, *Business Standard* reported that the work plan adopted by the GBA focused on assessing country landscapes, drafting policy frameworks and conducting biofuel workshops.

The plan was adopted at a meeting of the alliance at the sidelines of a G20 meeting in April, in Brazil.

The second person with knowledge of the developments, said that work has already started on assessing the landscapes of countries, starting with Mauritius, Tanzania and Sri Lanka.

"Brazil has come up with the tools to view and assess the biofuel potential of those regions where there has been no development so far on that front. Mauritius has good sugarcane cultivation, while Sri Lanka could source raw materials in the form of municipal waste and non-food crops. Based on these surveys, policy intervention would be suggested," the person said, adding that the work on the charter is also underway.

The GBA aims to position India as a front runner in the global fight against climate change.

Over the next five years, India has the potential to nearly triple its production and consumption of biofuels by removing roadblocks to higher ethanol blends and diversifying its use to replace diesel and jet fuel, according to the International Energy Agency (IEA).

However, the government will need to keep an eye on costs, feedstock sustainability and deploy supportive policies to other biofuels beyond ethanol, IEA noted in a note in February.

Publication : The Economic Times	Editions : New Delhi
Date :18 July 2024	Page : 6

Waiting to Take Off

BUDGET TRACK The aviation sector is advocating a series of measures in Budget 2024 to overcome current challenges and support growth. The focus is on enhancing regional connectivity, expanding airport infrastructure, and supporting domestic maintenance, repair and overhaul (MRO) and aircraft leasing

Text: Forum Gandhi

ENHANCED REGIONAL CONNECTIVITY: Strengthen regional connectivity scheme (UDAN) to improve access to underserved and remote regions, boosting connectivity and tourism

INCENTIVES FOR MRO SECTOR: Provide financial incentives domestically, reducing reliance on foreign facilities, fostering local industry growth

The Indian aviation industry expects a continued focus on enhancing regional connectivity through UDAN and expanding airport infrastructure to support growth

KINJAL SHAH, Co-group Head, Corporate Ratings, ICRA

PROMOTION OF AIRCRAFT LEASING: Create policies, develop infrastructure to promote growth of aircraft leasing sector within India, supporting fleet management and expansion

PROMOTION OF SUSTAINABLE AVIATION PRACTICES: Support adoption of eco-friendly technologies, sustainable practices to align with global environmental goals and reduce industry's carbon footprint

REVAMPING PAWAN HANS: Overhaul Pawan Hans with a new fleet to ensure it continues to effectively support critical offshore oil, gas operations

The immediate focus should be on ensuring aviation sector sustainability by addressing current issues such as airline closures and high airfares. Practical solutions should be prioritised over ambitious, high-risk projects.

MARK D MARTIN, CEO of Martin Consulting

DEVELOPMENT OF CARGO-CENTRIC FACILITIES: o Invest in development of cargo-centric airports, facilities to improve logistics, supply chain efficiency

MONETISATION OF TIER 2 AIRPORTS: Set a clear timeline for monetisation of tier 2 airports to fully leverage their potential, benefit various stakeholders.

MODERNISATION OF AIR TRAFFIC MANAGEMENT: Allocate funds to modernise air traffic management systems to enhance efficiency, safety, reduce operational delays.

The budget should include increased spending on building new airports, developing cargo-centric facilities, and setting a timeline for monetising tier 2 airports to benefit stakeholders and enhance regional aviation

JAGANNARAYAN PADMANABHAN, Senior Director, Crisil

Publication : The Economic Times	Editions : New Delhi
Date :18 July 2024	Page : 13

HOLISTIC DEVELOPMENT

Great Nicobar Port to Get LNG Power Plant, Intl Airport

AAI may develop airport, NTPC power unit

Twesh Mishra

New Delhi: The proposed ₹41,000-crore Great Nicobar Island International Container Transshipment Terminal will be supported by a 450-megawatt liquefied natural gas (LNG)-based power plant and a greenfield international airport, officials said.

The new airport is expected to be set up by the Airports Authority of India (AAI), while NTPC will set up the LNG power plant, a senior official aware of the plan told **ET**.

"The idea is to ensure holistic development of Great Nicobar Island in the Andaman and Nicobar Islands. This comprises development of an international container transhipment port, a greenfield airport, a power plant, and a township," the official said.

These issues figured in discussions at a recent inter-ministerial meeting. "The project will soon be taken for appraisal by the Public Investment Board (PIB)," a second official said.

This approval precedes a nod of the union cabinet for large infrastructure projects. The proposed power plant is crucial since the Great Nicobar island gets most of its electricity from diesel generators. LNG handling facilities will be developed at the transshipment terminal.

An international airport in Great Nicobar is also needed to improve access to the islands where the port will come up, said the official cited first. This project is proposed to be developed in four phases, with a capacity of 4 million twenty feet equivalent units (MTEU) being added at each stage. One TEU is a popularly adopted benchmark for measuring container handling capacity at ports and it roughly equals a standard size container.

The maximum capacity of the Great Nicobar project is expected to reach 16 MTEUs by 2059.

The port is pitched as a regional hub for Bangladesh, Myanmar, and India's eastern coast. It also aims to reduce dependency on neighbouring transhipment hubs, significantly lowering container logistics costs.

Publication : The Economic Times	Editions : Bangalore
Date :18 July 2024	Page : 10

Oil Gains 2% on Big US Storage Withdrawal, Weaker Dollar

New York: Oil prices climbed about 2% on Wednesday on a bigger-than-expected weekly drop in US crude stockpiles and as a weaker US dollar overshadowed signs of lower economic growth in China. Brent futures rose $1.35, or 1.6%, to $85.08 a barrel by 1:33 p.m. EDT (1733 GMT), while US West Texas Intermediate (WTI) crude rose $1.95, or 2.4%, to $82.71.

On Tuesday, Brent closed at its lowest level since June 14 and WTI at its lowest since June 21.

The premium of Brent over WTI narrowed to around $3.74 a barrel, the lowest since October 2023. The narrowing spread means energy firms have less reason to spend money to send ships to the US to pick up crude for export.

In the US, the Energy Information Administration said energy firms pulled 4.9 million barrels of crude from storage during the week ended July 12. —**Reuters**

Publication : The Hindu Business Line	Editions : New Delhi
Date :18 July 2024	Page : 3

IEA sees India's natural gas demand rising by 8.5% this year

Our Bureau
New Delhi

India's natural gas consumption will grow by 8.5 per cent in calendar year 2024 from 7 per cent earlier, on account of rising demand from the power and industrial sectors, according to the International Energy Agency (IEA).

"For the full year 2024, India's natural gas demand is expected to increase by 8.5 per cent, primarily driven by higher gas use in the power sector and in industry. Liquefied natural gas (LNG) imports into India are expected to increase by 17 per cent (Y-o-Y) in 2024," IEA said in its Q3 2024 gas market report.

In the Q2 2024 report, the agency projected gas consumption to grow by 7 per cent annually. In calendar year 2023, consumption stood at 60.12 billion cubic meters (BCM).

The world's fourth largest importer of LNG consumed 66.63 BCM natural gas in FY24, compared to 59.97 BCM and 64.16 BCM in FY23 and FY22, respectively.

RISING CONSUMPTION

According to the Petroleum Planning & Analysis Cell (PPAC), the country's primary gas supply (including net domestic production and LNG imports) rose by an estimated 10 per cent y-o-y in the first five months of 2024, extending the recovery that began in 2023 (with a 7 per cent increase for 2023 as a whole).

This increase in supply was supported by an estimated 8 per cent y-o-y growth in domestic production, and an estimated 11 per cent surge in LNG imports for the first five months of 2024, the IEA added.

Over the first five months of 2024, the fertilizer sector maintained its dominant share of 28 per cent of Indian demand, followed by city gas (20 per cent), power generation (14 per cent) and refining (9 per cent). Gas demand increased by 21 per cent Y-o-Y over this period.

"In absolute terms, the sectors that contributed most to the increase were refineries, the power sector and city gas distribution," IEA said.

India's LNG imports hit a record 3.3 BCM in May 2024, up 23 per cent M-o-M, with equivalent contributions from spot and contract purchases.

While India's LNG imports have largely been met by Qatar (representing 45 per cent of the total LNG imports in the five first months of 2024), the y-o-y supply increase originated mainly from Angola and the US.

HEAT WAVE

"In India, continued spot buying during the rest of the year is set to push 2024 imports to within striking distance of the 2020 record high of approximately 37 BCM," IEA said.

SURGING IMPORTS. Liquefied natural gas imports into India are expected to increase by 17 per cent in 2024 REUTERS

As with other countries in South Asia, the IEA said India experienced extreme heat and record temperatures in April and May, resulting in increased electricity consumption for cooling, and placing considerable stress on the power supply infrastructure.

Although the proportion of natural gas in the Indian electricity mix is relatively low (2-3 per cent), the country's gas-fired power generation has increased significantly in recent months.

"According to data from Grid India, gas-fired power generated in April and May was more than double that in the same period last year. In addition to the high demand for cooling during the heatwave, this was also partly due to the invocation of an emergency clause to force the operation of idle gas-fired power plants. The objective of this clause was to avoid power cuts during the 43-day elections that ended on May 28 (June 1)," the IEA added.

GAS-BASED POWER

Gas-based power plants reported a PLF of 28.7 per cent in May 2024, the highest in the last five years. Before this, they had reported a PLF of 28.9 per cent in May 2020.

Gas-based power generation rose by 83 per cent y-o-y and 39 per cent m-o-m to 2.8 billion units (BU) last month.

Overall power generation rose by 15 per cent Y-o-Y to 167.55 BU.

Generation by gas-based power plants, with a monitored capacity of almost 25 gigawatts, has been scaling records during the summer peak electricity demand month of May 2024.

For instance, the share of gas-based plants almost doubled to 3.1 per cent in India's overall generation last month, from 1.6 per cent a year ago, Crisil Market Intelligence & Analytics said.

Publication : The Hindu Business Line	Editions : New Delhi
Date :18 July 2024	Page : 8

Crude oil eases on slowing China demand

Singapore: Crude oil prices eased with global benchmark Brent hovering near a one-month low hit in the prior session on signs of weakening demand in China, although losses were capped by declining US oil stockpiles. Brent crude oil futures fell 15 cents to $83.58 a barrel. US WTI crude futures eased 13 cents to $80.63. REUTERS