ONGC News as on 20 August 2024 (Print & Online)

Publication : Millennium Post	Editions : New Delhi
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ONGC Videsh secures contract extension for Vietnam oil blocks

Vietnamese authorities have extended the production sharing contract for producing Block 06.1 in the offshore Nam Con Son basin till 2039

OUR CORRESPONDENT

NEW DELHI: India's flagship overseas oil firm ONGC Videsh Ltd has secured a 16-year contract extension for producing oil and gas in Vietnam, alongside getting three more years to explore a separate block in the contested waters of the South China Sea, officials said.

Vietnamese authorities have extended the production sharing contract (PSC) for the producing Block 06.1 in the offshore Nam Con Son basin till 2039.

They have also granted an eighth extension for exploring for oil and gas in Block 128 in the South China Sea, according to officials.

OVL, the overseas investment arm of state-owned Oil and Natural Gas Corporation (ONGC), holds a 45 per cent stake in Block 06.1, an offshore block located in Vietnam's Nam Con Son Basin. Acquired in 1988, the block has Zarubezhneft EP BV as the operator with 35 per cent interest and PetroVietnam holding the remaining 20 per cent.

The block, which produces about 1 million tonnes of oil and oil equivalent gas, recently got a 16-year extension of the production sharing contract effective from May 19, 2023.

OVL made a foray into Vietnam as early as 1988 when it bagged the exploration licence for Block 06.1

For Block 128, the seventh extension to explore for oil and gas was till June 15, 2023, and OVL had sought a three-year extension, officials said, adding that Vietnamese regulator PVN has extended the license till June 15, 2026.

The company has so far not found any commercially recoverable oil and gas reserves in the block for the last 18 years it has been exploring, but has continued presence there because of India's strategic interest in the South China Sea.

Vietnam too wants the Indian firm to counter China's interventions in the contested waters.

Highlights

- » They have also granted an eighth extension for exploring for oil and gas in Block 128 in the South China Sea
- » For Block 128, Vietnamese regulator PVN has extended the license till June 15, 2026, officials said
- » OVL, the overseas investment arm of state-owned ONGC, holds a 45% stake in Block 06.1

OVL had signed a production sharing contract with Vietnam's national oil firm PetroVietnam for deepwater exploratory Block-128, having an area of 7,058 square kilometres in Offshore Phu Khanh Basin, Vietnam, in May 2006.

An investment licence was issued to it on June 16, 2006, thereby giving effect to the PSC.

The firm has completed the licence requirement of shooting 3D seismic data and reprocessing of 2D seismic data as well as drilling of the committed one well. Officials said OVL acquired 3D seismic data and reprocessed 2D seismic data to fulfil a part of the minimum work programme of the phase-1 of exploration period. Also, petroleum system modelling studies have been carried out based on data provided by PetroVietnam. To further assess the prospectivity of the block and mitigate potential risks, the company has now sought seismic data in the eastern and western regions of the block from PVN.

The block lies in the part of the South China Sea over which China claims sovereignty. In 2011, Beijing had warned OVL that its exploration activities off the Vietnam coast were illegal and violated China's sovereignty, but the company continued exploring for oil and gas.

OVL made a foray into Vietnam as early as 1988 when it bagged the exploration licence for Block 06.1. OVL's share of condensate and oil equivalent gas production from the block was 0.421 million tonnes during the 2023-24 fiscal.

Publication : Financial Express	Editions : New Delhi
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CPSE capex yet to recover, down 16% in Apr-July

PRASANTA SAHU
New Delhi, August 19

CAPITAL EXPENDITURE BY central public sector enterprises (CPSEs), including departmental agencies, fell by 16% in aggregate in April-July, indicating that public capex is yet to recover from the impact of the general elections on project implementations.

The decline in the CPSEs' capex is more prominent for the top two investors — the Railway Board and the National Highways Authority of India (NHAI) — while state-run companies have improved upon last year's performance. In the first four months of the current financial year, the railways' capex fell by 25% to ₹71,976 crore and the NHAI's by 8% to ₹58,067 crore.

Despite the Centre's policy of public capex-led economic growth revival in recent years, the pace of capex this financial year will only pick up from the second half. CPSEs' investments were severely affected in April-May due to the general elections. Investments by the railways and the NHAI are largely funded through the Budget. Together, these entities accounted for 55% of the CPSEs' capex target for FY25. The CPSEs that have an annual capex target of ₹100 crore and above have set a combined target of investing ₹7.8 lakh crore in FY25.

After the railways and the NHAI, petroleum sector undertakings in aggregate are the third biggest public sector investors among CPSEs. Fuel retailer-cum-refiner Indian Oil Corporation achieved a capex of ₹12,267 crore in the first four months of FY25, marginally lower than ₹12,350 crore in the corresponding period a year ago.

ONGC, the top state-run player in oil and gas exploration, invested ₹11,717 crore in April-July 2024, up 13% on year. NTPC, which is expanding capacity across many of its pants and foraying into cleaner energy, has doubled investment to ₹9,772 crore in April-July 2024 from the year-ago period.

In Q1FY25, the Centre's capex declined by 35% on-year to ₹1.81 lakh crore compared with ₹2.78 lakh crore in the year-ago period. States' capital expenditure likely fell by 22% on-year in the first quarter of this financial year, reflecting the decline across the public capex spectrum, largely due to the general elections and slower disbursement of capex loans to states.

Publication : Financial Express	Editions : New Delhi
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OVL GETS EXTENDED CONTRACT FOR OIL BLOCKS IN VIETNAM

INDIA'S FLAGSHIP OVERSEAS oil firm ONGC Videsh has secured a 16-year contract extension for producing oil and gas in Vietnam, alongside getting three more years to explore a separate block in the contested waters of the South China Sea, officials said. Vietnamese authorities have extended the production sharing contract (PSC) for the producing Block 06.1 in the offshore Nam Con Son basin till 2039.

Publication : Hindustan (Hindi)	Editions : New Delhi
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Headline: OVL's contract for oil block extended

ओवीएल का तेल ब्लॉक के लिए अनुबंध बढ़ा

नई दिल्ली। पेट्रोलियम कंपनी ओएनजीसी विदेश लिमिटेड (ओवीएल) ने वियतनाम में कच्चे तेल एवं गैस के उत्पादन के लिए 16 साल का अनुबंध विस्तार हासिल किया है। इसके साथ ही उसे दक्षिण चीन सागर के विवादित जलक्षेत्र में एक अन्य ब्लॉक की खोज के लिए तीन और साल मिल गए हैं। वियतनाम की सरकार ने 'नाम कोन सोन' बेसिन के ब्लॉक से उत्पादन के लिए उत्पादन साझाकरण अनुबंध (पीएससी) को वर्ष 2039 तक बढ़ा दिया है।

Publication : Hindustan Times_edge	Editions : New Delhi
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OVL secures contract extension for Vietnam oil blocks

Press Trust of India
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For Block 128, the seventh extension to explore for oil and gas was till June 15, 2023, and OVL had sought a three-year extension, officials said, adding that Vietnamese regulator PVN has extended the license till June 15, 2026.

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To further assess the prospectivity of the block and mitigate potential risks, the company has now sought seismic data in the eastern and western regions of the block from PVN.

OVL first took a two-year extension of the exploration period till June 2014 and then another for one year. A third extension was granted on May 28, 2015, and a fourth in 2016.

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Saudi puts condition for investments, asks India to resolve implementation of WCR

In June, Saudis conveyed to India that WCR was a key priority for them to arrive at a closure before other two refinery proposals could be discussed

AMITAV RANJAN

NEW DELHI: The Saudis have informed India that they will not invest in two other planned refinery projects until the Government of India does not resolve the implementation of the West Coast Refinery (WCR) which has been hanging fire for years.

A delegation of Oil & Natural Gas Corporation and Bharat Petroleum Corporation Ltd officials visited Riyadh in May 2024 and presented new refinery proposals — one by ONGC in Gujarat and the other by BPCL in Andhra Pradesh of approximately 10 million tonne each — to Saudi Arabia's Ministry of Energy and Saudi Aramco.

However, last June, the Saudis conveyed to New Delhi that the WCR was a key priority for them to arrive at a closure before the other two refinery proposals could be discussed. It said it would consider them only after a clarity on the WCR project.

Riyadh has repeatedly raised the WCR issue since 2019 but there has been no significant progress due to issues pertaining to land acquisition for the project. It also came up during discussions between Saudi Prime Minister Mohammed bin Salman and Prime Minister Narendra Modi during MBS' state visit to India in September 2023 where it was decided to establish a High-level Task Force (HLTF) to look into pending issues pertaining to Saudi investments in India.

The HLTF was finalized earlier this year with Principal Secretary to Indian PM and Saudi Minister of Energy leading it at the strategic level. The latter wants HLTF to adopt a top-down approach to resolve all issues since there have been several rounds of technical discussions without any significant outcome.

WCR or the Ratnagiri Refinery & Petrochemicals project is a joint venture formed in September 2017 by BPCL, Indian Oil Corporation and Hindustan Petroleum Corporation Ltd (HPCL). State-run Saudi Aramco plans to invest $50 billion in the proposed 60-million-tonnes-per-annum project that includes petrochemicals facility.

However, the project proposed in Maharashtra's Ratnagiri district has got delayed due to changes in its location, completion of site suitability studies, etc. Besides, the overall cost and timelines have not been determined as suitability of the site identified by the Maharashtra government has not been established.

Linked to the WCR investment is the Double Taxation Avoidance Agreement (DTAA) between the Saudis and India. The Saudis want tax exemption on incomes derived from its huge investments wherein the tax relief should encompass all incomes derived by the State as well as the entities wholly owned (whether directly or indirectly) by it such as Saudi Aramco.

India says that tax exemption to sovereign entities can only be granted through domestic laws like Section 10 (23FE) of the Income Tax Act and not through DTAA. Any other exemption, not within the scope of this section, can be conferred only by tweaking these laws and not through DTAA, it adds.

A delegation of ONGC & BPCL officials visited Riyadh in May 2024 to present new refinery proposals — one by ONGC in Gujarat and other by BPCL in Andhra

Highlights

- Riyadh has repeatedly raised WCR issue since 2019 but there has been no significant progress due to issues pertaining to land acquisition for project
- WCR or Ratnagiri Refinery & Petchem project is a JV formed in September 2017 by BPCL, IOC and HPCL
- Saudi Aramco plans to invest $50 bn in the proposed 60-mn-tonnes-per-annum project

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India taps Equinor for long-term LPG supply

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NEW DELHI

A consortium of Indian state-run oil marketing companies is in talks with Norwegian energy giant Equinor to secure long-term contracts for liquified petroleum gas (LPG), two people aware of the development said, as India looks to diversify sourcing of the cooking gas from traditional West Asian suppliers. The consortium comprises Indian Oil Corp. Ltd (IOCL), Hindustan Petroleum Corporation Ltd (HPCL), and Bharat Petroleum corporation Ltd (BPCL).

The talks with Equinor come in the backdrop of growing tensions in West Asia, as a potential escalation of the Israel-Iran conflict could affect energy prices and supplies. Currently, the United Arab Emirates (UAE), Qatar, Saudi Arabia and Kuwait are India's top LPG suppliers.

"We are in talks with Equinor for sourcing LPG, the demand for which is growing in India," one of the two people cited above said, requesting anonymity. "Equinor is offering us LPG from Norway. The terms and commercial agreement are under discussion."

The move to diversify LPG sourcing also assumes significance as the fuel comprises an estimated 62% of all cooking fuels used across households in

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Publication : Mint | Editions : New Delhi
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India eyes LPG tie-up with Equinor

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the country, with more than 60% of LPG being imported.

LPG is a new area of discussions between India and Equinor, with the two already speaking on multiple issues such as the company's participation in India's strategic petroleum reserves (SPR), and long-term deals for supply of liquified natural gas (LNG) from Equinor's extensive portfolio in the US and Qatar as reported by *Mint* earlier.

Queries emailed to the spokespersons of Indian Oil Corp, Hindustan Petroleum Corporation Ltd, Bharat Petroleum Corporation Ltd and India's ministry of petroleum and natural gas on Sunday evening remained unanswered.

An Equinor spokesperson in an emailed response said, "Equinor's policy is to not comment on rumors and market speculations."

India's new LPG playbook is on the lines of what it has been trying to do on the crude oil sourcing front. Apart from its major oil suppliers such as Iraq, Russia, Saudi Arabia, the UAE and US, India has been trying to diversify its oil supplies by procuring from countries such as Colombia, Brazil, Libya, Gabon and Equatorial Guinea, taking the total number of crude oil suppliers to 39.

LPG is a new area of discussions between India and Equinor.

The market for LPG has grown with the popularity of the Centre's Pradhan Mantri Ujjwala Yojana (PMUY) scheme.

India's LPG market has grown significantly over the past few years. LPG consumption in FY24 rose 3.7% year-on-year (y-o-y) to 29.6 million tonne (mt) from 28.5 mt in the previous fiscal, according to data from the Petroleum Planning & Analysis Cell. So far this fiscal, in the April-June period, India's total LPG consumption stood at 7.06 mt, 4.67% higher y-o-y.

LPG consumption in FY24 rose 3.7% year-on-year to 29.6 million tonne from 28.5 million tonne in the previous fiscal

To meet this growing demand, India imported 4.5 mt LPG in Q1 FY25, which is around 17.7% higher than the 3.7 mt imported in the same period of last fiscal. The imports helped meet 64% of the country's LPG demand in the first quarter.

"The government of India has promoted the use of LPG as a clean cooking fuel starting with the Pradhan Mantri Ujjwala Yojana (PMUY) scheme in 2016, which called for the distribution of 50 million LPG stoves and connections to women below the poverty level for families," the International Energy Agency (IEA) said in its report titled 'Indian Oil Market—Outlook to 2030'.

"These schemes, including the provision of stoves and subsidies, have contributed to substantially higher LPG demand, which grew by a total of 51% (5.3% per year) between 2015 and 2023. By 2021, 62% of Indian households used LPG as their primary cooking fuel," the report said.

Meanwhile, Equinor has also tied up with state run Oil and Natural Gas Corporation (ONGC) for carbon capture, utilization and storage (CCUS), offshore wind and green hydrogen. Further, Equinor-backed Scatec ASA has formed an equal joint venture (JV) with India's Acme Group for designing, developing, building and operating a large green hydrogen and green ammonia project at the SEZ at Duqm in Oman, which will require an investment of around $6 billion to supply emission-free fuel to Europe and Asia.

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ONGC Videsh secures contract extension for Vietnam oil blocks

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NEW DELHI

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OVL, the overseas investment arm of state-owned Oil and Natural Gas Corporation (ONGC), holds a 45% stake in Block 06.1, an offshore block located in Vietnam's Nam Con Son Basin. Acquired in 1988, the block has Zarubezhneft EP BV as the operator with 35% interest and PetroVietnam holding the remaining 20%.

The block, which produces about 1 million tonnes of oil and oil equivalent gas, recently got a 16-year extension of the production sharing contract effective from 19 May 2023.

OVL has secured a 16-year contract extension.

For Block 128, the seventh extension to explore for oil and gas was till 15 June 2023, and OVL had sought a three-year extension, officials said, adding that Vietnamese regulator PVN has extended the license till 15 June 2026.

The company has so far not found any commercially recoverable oil and gas reserves in the block for the last 18 years it has been exploring, but has continued presence there because of India's strategic interest in the South China Sea.

Vietnam, too, wants the Indian firm to counter China's interventions in the contested waters.

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Publication : The Economic Times	Editions : New Delhi
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OVL Vietnam Contract Gets Extension

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Publication : The Economic Times	Editions : New Delhi
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July Natgas Consumption Up, Output Dips

New Delhi: India's natural gas consumption rose 5.8% year on year in July while gas production fell 1.4%. Gas consumption stood at 5,733 million metric standard cubic meters (MMSCM) and production at 3,079 MMSCM, according to the oil ministry data. Gas imports expanded 14.8% in July to 2,704 MMSCM.

ONGC's natural gas production fell 3% to 1,594 MMSCM last month while the private sector's output remained nearly flat at 1,224 MMSCM. Domestic crude oil production fell 3%. – **Our Bureau**

Publication : The Free Press Journal	Editions : Mumbai
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OVL secures 16-yr extension for Vietnam oil blocks

PTI

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

24590 » Nifty 50 Futures

S1	S2	R1	R2	COMMENT
24510	24400	24635	24700	Go long only above 24635. Stop-loss can be placed at 24610

₹1632 » HDFC Bank

S1	S2	R1	R2	COMMENT
1620	1600	1640	1675	Go long only above 1640. Keep the stop-loss at 1630

₹1864 » Infosys

S1	S2	R1	R2	COMMENT
1850	1830	1870	1890	Go long only above 1870. Keep the stop-loss at 1860

₹501 » ITC

S1	S2	R1	R2	COMMENT
495	489	503	507	Go short now and at 502. Stop-loss can be kept at 505

₹335 » ONGC

S1	S2	R1	R2	COMMENT
333	329	338	340	Stuck in a narrow range. Avoid trading this stock now

₹2977 » Reliance Ind.

S1	S2	R1	R2	COMMENT
2945	2910	3000	3035	Wait for dips. Go long at 2955. Keep the stop-loss at 2940

₹814 » SBI

S1	S2	R1	R2	COMMENT
810	800	817	827	Go short now and at 816. Stop-loss can be kept at 819

₹4489 » TCS

S1	S2	R1	R2	COMMENT
4460	4410	4520	4600	Go long on a break above 4520. Keep the stop-loss at 4510

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

Publication : The Hindu Business Line	Editions : New Delhi
Date :20 August 2024	Page : 3

OVL extends contract for Vietnam oil blocks

Press Trust of India
New Delhi

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Publication : The Telegraph	Editions : Kolkata
Date :20 August 2024	Page : 12

OVL extends Vietnam deal

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PSC RENEWED

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PTI

Publication : Virat Vaibhav (Hindi)	Editions : New Delhi
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Headline: OVL secures contract extension for Vietnam oil blocks

ओवीएल का वियतनाम के तेल ब्लॉक के लिए अनुबंध बढ़ा

एजेंसी ■ नई दिल्ली

पेट्रोलियम कंपनी ओएनजीसी विदेश लिमिटेड (ओवीएल) ने वियतनाम में कच्चे तेल एवं गैस के उत्पादन के लिए 16 साल का अनुबंध विस्तार हासिल किया है। इसके साथ ही उसे दक्षिण चीन सागर के विवादित जलक्षेत्र में एक अन्य ब्लॉक की खोज के लिए तीन और साल मिल गए हैं। अधिकारियों ने कहा कि वियतनाम की सरकार ने नाम कोन सोन बेसिन के अपतटीय क्षेत्र में ब्लॉक 06.1 से उत्पादन के लिए उत्पादन साझाकरण अनुबंध (पीएससी) को वर्ष 2039 तक बढ़ा दिया है। इसके अलावा दक्षिण चीन सागर में ब्लॉक 128 में तेल और गैस की खोज के लिए आठवां विस्तार भी ओवीएल को दिया गया है। सार्वजनिक क्षेत्र की ओएनजीसी की विदेशों में निवेश करने वाली इकाई ओवीएल की वियतनाम के नाम कोन सोन बेसिन में स्थित अपतटीय ब्लॉक 06.1 में 45 प्रतिशत हिस्सेदारी है। वर्ष 1988 में अधिग्रहित इस ब्लॉक में 35 प्रतिशत हिस्सेदारी के साथ जारुबेजनेफ्ट ईपी बीवी ऑपरेटर है

जबकि 20 प्रतिशत हिस्सेदारी पेट्रोवियतनाम के पास है। करीब 10 लाख टन तेल एवं समकक्ष गैसों का उत्पादन करने वाले इस ब्लॉक को हाल ही में 19 मई, 2023 से प्रभावी उत्पादन साझाकरण अनुबंध का 16 साल का विस्तार मिला है। अधिकारियों ने कहा कि ब्लॉक 128 के लिए तेल एवं गैस की खोज के लिए सातवां विस्तार 15 जून, 2023 तक था जिसे तीन साल बढ़ाने की ओवीएल ने मांग की थी। उन्होंने कहा कि वियतनामी नियामक पीवीएन ने लाइसेंस को 15 जून, 2026 तक बढ़ा दिया है। कंपनी को पिछले 18 वर्षों से इस ब्लॉक में कोई व्यावसायिक रूप से प्राप्त करने योग्य तेल और गैस भंडार नहीं मिला है, लेकिन दक्षिण चीन सागर में भारत की रणनीतिक रुचि के कारण इसने वहां अपनी उपस्थिति जारी रखी है।

Publication : Deccan Herald	Editions : Bangalore
Date :20 August 2024	Page : 6

Retro taxation unfair, imposes huge burden

Last week's Supreme Court's judgement, which gave retrospective effect to its recent ruling that granted states the power to tax mining rights and mineral lands, will have a negative impact on many counts. The court's July 25 judgement had been widely welcomed for upholding the principle of fiscal federalism at a time when states have found their fiscal powers being increasingly constrained. The court had made a distinction between mining royalties and taxation, and ruled that states had the right to tax their resources. It had overturned its 1991 judgement for this. The latest judgement allows tax to be collected retrospectively. Retrospective taxation is in principle bad, and unfair. Companies and individuals make their tax decisions on the basis of existing laws. It is wrong to change them later to their disadvantage. The apex court has frowned on such practices in the past. International tribunals ruled against the retrospective tax decisions in the Cairn and Vodafone cases. The government annulled the retrospective tax provision through legislation in 2021, but it has come back with this judgement. An unstable and unpredictable tax regime does no good to India's reputation. It can dissuade investors from investing in the country.

SC decision could adversely impact mining companies

The judgement will impose a huge financial burden on mining companies. It will also lead to a cascading effect, making all downstream products costlier, and will, thus, add to the inflationary pressure. The power sector will be particularly affected as the higher cost of coal can result in increased electricity charges. Since power is an input in most industries, it can by itself create inflationary ripples. The increased cost of coal can prompt companies to import coal. It is estimated that the dues that companies may owe under the terms of the judgement would be about Rs 1.5 lakh crore. It is claimed that the liability in some cases would be more than the net worth of the company. The court has acknowledged this financial impact, and said that retrospective payment will come into effect from 2005 and not from 1991. It has also waived interest and penalty imposed before July 25, and staggered payments over 12 years. But even that would impose a high burden on companies, and impact the economy.

It is for the states to decide whether they should enforce the ruling because the court says it is the prerogative of the state legislatures to determine whether to collect or forgo past dues. Odisha is expected to gain over Rs 1 lakh crore. Other states like Jharkhand, Chhattisgarh, Karnataka, Andhra Pradesh, Rajasthan, and Madhya Pradesh will also gain. Karnataka may gain several thousand crores. Most states need revenues, and may not want to forgo them.

Publication : Mint	Editions : New Delhi
Date :20 August 2024	Page : 1

India's green energy goals face a stiff test

BY MANJUL PAUL

On 15 August, Prime Minister Narendra Modi reaffirmed India's ambitious goal to achieve 500 gigawatt (GW) of non-fossil-based energy capacity by 2030, covering renewables such as solar, wind, biomass, and small hydro power, alongside nuclear and large hydro power. Although the country missed its previous target of 175GW of renewables by 2022, recent developments suggest that India might still have a shot at reaching this goal. To meet this target, India needs to add an average of 46GW of capacity annually until 2030—a formidable task given the pace of the past few years. However, the outlook is improving. In the first six months of 2024 alone, India added 15GW, matching the entire capacity addition of 2023. The government is also ramping up efforts, aiming to invite bids for 50GW of capacity additions annually until 2027-28. If this momentum continues, India would be just in time to reach the 500GW mark by 2030, given that renewable energy projects typically take up to two years to power up.

According to the Centre for Energy Finance, an initiative of the Council on Energy, Environment and Water, about 95% of the bidding target for 2023-24 was met, though only 47% of the bids resulted in successful auctions. Meanwhile, India has the world's fourth-largest renewable power capacity (excluding hydropower plants), trailing only China and Brazil among emerging economies.

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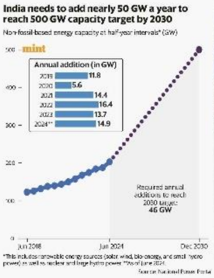
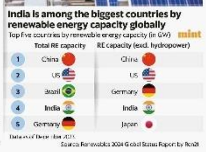
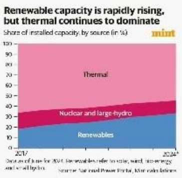


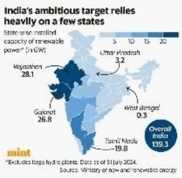


Transition Tightrope

INDIA ALSO aims to power half of its energy capacity with renewables by 2030, a goal supported by encouraging progress. Thermal power (which largely relies on coal-fired plants) now accounts for 55% of India's overall capacity, down from 66% in 2017, while renewable energy's share has increased to 33% from 18%. But while India's renewables sector is growing rapidly, its increasing power demand as a developing economy often leads it back to coal.

According to the *Global Energy Monitor*, India already has 240GW operating coal power capacity and 97GW is under development. Earlier this year, the power ministry told *Reuters* that India would start operating new coal-fired power plants totalling up to 13.9GW this year, the biggest addition in six years. At COP28 last year, India and China abstained from committing to tripling the global renewable energy capacity by 2030, as the pledge called for a phase-down of coal power.





State Pioneers

WHILE INDIA pursues ambitious goals as part of its climate pact on the global stage, only a handful of major states lead this commitment. As of July, Rajasthan and Gujarat are at the forefront with 28GW and 27GW of installed renewable capacity, respectively, followed by Tamil Nadu (20GW), Karnataka (17GW), Maharashtra (13GW), Andhra Pradesh (9GW), and Madhya Pradesh (7GW). The government has announced transmission schemes to integrate 66.5GW of renewable energy generation across these states, with projects in various stages. The state-run Solar Energy Corp. of India Ltd has identified potential zones in eight states for addition of 181.5GW.

Meanwhile, segment-wise progress within renewables will also need to be watched: Solar has led the push so far, though low installation rates in the solar rooftop sub-segment and the wind energy component were blamed by a parliamentary committee for India's failure to meet its 2022 target.

Green Budget

THE UNION budget plays a crucial role in setting the tone for clean energy acceleration each year. The 2024-25 budget saw one of the largest and most significant allocations totalling ₹18,853 crore towards central schemes and projects under the ministry of new and renewable energy—a 90% increase from the previous year and 147% jump from the 2023-24 revised estimates.

This big boost in the budget may highlight the government's dedication, but a look at historical data reveals a cautionary trend. Actual spending has lagged budgeted amounts in recent years; 2022-23 was a notable exception. As India pursues its ambitious 500GW non-fossil-based energy goal by 2030, success will depend on developing a balanced green grid, advancing research and development, and moving away from coal. Despite increased budgets and ongoing progress, these challenges must be addressed swiftly to shape India's renewable energy future.

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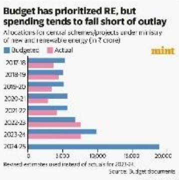

Online

Headline	Windfall tax boost: ONGC, Oil India surge up to 4% in Monday's trade		
Publication	Business Standard	Edition	Online Coverage
Published Date	19 Aug 2024		

Windfall tax boost: ONGC, Oil India surge up to 4% in Monday's trade

https://www.business-standard.com/markets/news/ongc-oil-india-gain-up-to-4-as-government-cuts-windfall-tax-on-crude-124081900314_1.html

Analysts at JM Financial believe the strong pricing power of OPEC+ will continue to support Brent at ~$80/bbl, which is the fiscal break-even crude price for Saudi Arabia and a sweet spot for OIL/ONGC

Shares of upstream oil companies Oil and Natural Gas Corporation (ONGC) and Oil India (OIL) moved up to 4 per cent higher on the BSE in Monday's intra-day trade after the central government reduced the windfall tax on petroleum crude to Rs 2,100 per metric tonne, down from Rs 4,600 per tonne, effective from August 17.

Among individual stocks, OIL rallied 4 per cent to Rs 702.60 and ONGC gained 3 per cent at Rs 338.70 on the BSE in intra-day trades. At 11:55 am; these stocks are trading 2 per cent higher, as compared to 0.06 per cent rise in the BSE Sensex

India began imposing a windfall tax on crude oil producers in July 2022 and extended it to include the export of gasoline, diesel, and aviation fuel. This move was prompted by private refiners preferring to sell fuel internationally to capitalise on refining margins rather than selling it domestically.

Earlier, on July 31, the windfall tax on crude was cut by 34.2 per cent to Rs 4,600 per tonne. Additionally, there will be no windfall tax on the export of diesel and aviation turbine fuel (ATF).

Brent crude price had corrected to ~$75/bbl in the 1st week of August 2024 due to demand growth concerns on the back of macro-economic concerns in the US and China and risk-off sentiment across financial markets. However, in the last few days, Brent has recovered to ~$80/bbl driven by continued geopolitical tension in the Middle East and some easing of macro-economic concerns.

Though the International Energy Agency (IEA) expects surplus to emerge in CY25, analysts at JM Financial Institutional Securities believe OPEC+ (Organization of the Petroleum Exporting Countries) is likely to pause/reverse easing of voluntary output cuts to ensure market remains in deficit. Hence, the brokerage firm said they still believe the strong pricing power of OPEC+ will continue to support Brent at ~$80/bbl, which is the fiscal break-even crude price for Saudi Arabia. This is a sweet spot for OIL/ONGC.

The brokerage firm maintains BUY on OIL/ONGC given robust ~30 per cent/15 per cent production growth outlook in the next 1-3 years; Oil India also benefits from lucrative Numaligarh Refinery (NRL) capacity expansion.

We have cut our estimates of ONGC by 5.3/3.3/4.5 per cent over FY25/26/27E to factor in weaker Q1FY25 performance for subsidiaries HPCL and MRPL and slight delay in KG 98/2 basin production. Stronger cashflow and production outlook, meatier subsidiary earnings over the next twothree years and higher investment value of listed investments drive the uptick in our target price (TP) to Rs 375 (from Rs 340), maintain buy' rating, said analysts at ICICI Securities in Q1FY25 results review.

OIL is one of top picks within Elara oil & gas universe. The brokerage firm raised its Target Price to Rs 780 on higher FY26E EV/EBITDA assumption at 10.0x (from 7.0x), led by expectations of strong production growth in the next five years.

OIL reiterated its production guidance of 4mn tonnes/5bcm oil/gas in the next two years as once the gas grid completes by year-end, there will be no constraint on gas offtake. OIL is planning to drill 81 wells in FY26 and 100 in FY27. Wells drilled in the previous years are as follows: 36 in FY20, 36 in FY21, 38 in FY22, 45 in FY23 and 61 in FY24.

On a conservative basis, we build in 8 per cent and 16 per cent volume CAGR over FY24-26 to 3.9mmt of oil and 4.3bcm of gas, respectively, by FY26. Net oil realization at ~US$75/bbl continues to remain at comfortable levels and gas realization would rise by US$0.25/mmBtu to US$6.75/mmBtu from 1st Apr'25, analysts at Prabhudas Lilladher said in Q1FY25 result update. The brokerage firm maintains BUY' rating on OIL; valuing the standalone business at 12x FY26 adjusted EPS and adding the value of investment in NRL to arrive at a Target Price of Rs 766.

Headline	ONGC Invites Bids for One GW Wind Solar Hybrid Energy Projects		
Publication	Chemical Industry Digest	Edition	Online Coverage
Published Date	19 Aug 2024		

ONGC Invites Bids for One GW Wind Solar Hybrid Energy Projects

https://chemindigest.com/ongc-invites-bids-for-one-gw-wind-solar-hybrid-energy-projects/

Oil and Natural Gas Corporation (ONGC) announced a tender for the development of captive wind-solar hybrid power projects connected to the ISTS, with a total capacity of 1,000 MW (500 MW solar and 500 MW wind) across various locations in India.

The projects will include operation and maintenance (O&M) services for a period of ten years. The deadline for submitting bids is October 23, 2024, and the bids will be opened the following day. Successful projects are required to be commissioned within 36 months from the date of the letter of award.

Bidders are expected to provide a bank guarantee of 80 million. The winning bidder must also submit a security deposit-cum-performance bank guarantee that is equal to 10% of the annualized contract value, excluding O&M costs.

Additionally, a bank guarantee equivalent to ten percent of the annual O&M charges for each year must be submitted one month prior to the projects commissioning and before the start of any chargeable O&M services.

As reported by construction world.in, it is crucial for bidders to ensure their submissions are complete and fully adhere to ONGCs terms, conditions, and bid evaluation criteria. Any deviation or non-compliance could lead to disqualification, highlighting the importance of accuracy and thoroughness in the bidding process.

Headline	ONGC's arm secures contract extension for producing oil and gas in Vietnam		
Publication	Citrus Interactive	Edition	Online Coverage
Published Date	19 Aug 2024		

ONGC's arm secures contract extension for producing oil and gas in Vietnam

http://www.citrusinteractive.in/News/OpenNewsContent.aspx?SecId=7&SubSecID=15&NewsID=1112394

Oil and Natural Gas Corporation's (ONGC) wholly owned subsidiary -- ONGC Videsh (OVL) has secured a 16-year contract extension for producing oil

and gas in Vietnam, alongside getting three more years to explore a separate block in the contested waters of the South China Sea. Vietnamese authorities have extended the production sharing contract (PSC) for the producing Block 06.1 in the offshore Nam Con Son basin till 2039. They have also granted an eighth extension for exploring for oil and gas in Block 128 in the South China Sea.

OVL holds a 45 per cent stake in Block 06.1, an offshore block located in Vietnam's Nam Con Son Basin. Acquired in 1988, the block has Zarubezhneft EP BV as the operator with 35 per cent interest and PetroVietnam holding the remaining 20 per cent.

ONGC is India's largest government-run corporation and produces about 70% of India's crude oil and natural gas. The corporation is the biggest public sector commercial organization in India.

Headline	ONGC Videsh secures contract extension for Vietnam oil blocks		
Publication	Daily Hunt (Mobile)	Edition	Online Coverage
Published Date	20 Aug 2024		

ONGC Videsh secures contract extension for Vietnam oil blocks

https://m.dailyhunt.in/news/india/english/millenniumpost-epaper-millpost/ongc+videsh+secures+contract+extension+for+vietnam+oil+blocks-newsid-n627259707

N ew Delhi: India's flagship overseas oil firm ONGC Videsh Ltd has secured a 16-year contract extension for producing oil and gas in Vietnam, alongside

getting three more years to explore a separate block in the contested waters of the South China Sea, officials said.

Vietnamese authorities have extended the production sharing contract (PSC) for the producing Block 06.1 in the offshore Nam Con Son basin till 2039.

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OVL, the overseas investment arm of state-owned Oil and Natural Gas Corporation (ONGC), holds a 45 per cent stake in Block 06.1, an offshore block located in Vietnam's Nam Con Son Basin. Acquired in 1988, the block has Zarubezhneft EP BV as the operator with 35 per cent interest and PetroVietnam holding the remaining 20 per cent.

The block, which produces about 1 million tonnes of oil and oil equivalent gas, recently got a 16-year extension of the production sharing contract effective from May 19, 2023.

For Block 128, the seventh extension to explore for oil and gas was till June 15, 2023, and OVL had sought a three-year extension, officials said, adding that Vietnamese regulator PVN has extended the license till June 15, 2026.

The company has so far not found any commercially recoverable oil and gas reserves in the block for the last 18 years it has been exploring, but has continued presence there because of India's strategic interest in the South China Sea.

Vietnam too wants the Indian firm to counter China's interventions in the contested waters.

OVL had signed a production sharing contract with Vietnam's national oil firm PetroVietnam for deepwater exploratory Block-128, having an area of 7,058 square kilometres in Offshore Phu Khanh Basin, Vietnam, in May 2006.

An investment licence was issued to it on June 16, 2006, thereby giving effect to the PSC.

The firm has completed the licence requirement of shooting 3D seismic data and reprocessing of 2D seismic data as well as drilling of the committed one well. Officials said OVL acquired 3D seismic data and reprocessed 2D seismic data to fulfil a part of the minimum work programme of the phase-1 of exploration period. Also, petroleum system modelling studies have been carried out based on data provided by PetroVietnam. To further assess the prospectivity of the block and mitigate potential risks, the company has now sought seismic data in the eastern and western regions of the block from PVN.

The block lies in the part of the South China Sea over which China claims sovereignty. In 2011, Beijing had warned OVL that its exploration activities off the Vietnam coast were illegal and violated China's sovereignty, but the company continued exploring for oil and gas.

OVL made a foray into Vietnam as early as 1988 when it bagged the exploration licence for Block 06.1. OVL's share of condensate and oil equivalent gas production from the block was 0.421 million tonnes during the 2023-24 fiscal.

Headline	ONGC Videsh secures contract extension for Vietnam oil blocks		
Publication	Millennium Post	Edition	Online Coverage
Published Date	19 Aug 2024		

ONGC Videsh secures contract extension for Vietnam oil blocks

https://www.millenniumpost.in/business/ongc-videsh-secures-contract-extension-for-vietnam-oil-blocks-576255

New Delhi: India's flagship overseas oil firm ONGC Videsh Ltd has secured a 16-year contract extension for producing oil and gas in Vietnam, alongside getting three more years to explore a separate block in the contested waters of the South China Sea, officials said.

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Headline	ONGC Invites Bids For 1000 MW Wind-Solar Project To Boost Renewable Energy		
Publication	Solar Quarter	Edition	Online Coverage
Published Date	19 Aug 2024		

ONGC Invites Bids For 1000 MW Wind-Solar Project To Boost Renewable Energy

https://solarquarter.com/2024/08/19/ongc-invites-bids-for-1000-mw-wind-solar-project-to-boost-renewable-energy/

The Oil and Natural Gas Corporation Limited (ONGC), a central public sector undertaking under the Ministry of Petroleum and Natural Gas, has issued a tender for the establishment of a 1000 MW wind-solar hybrid power project. This ambitious initiative is aimed at enhancing Indias renewable energy capacity, with the project to be developed on a lumpsum turnkey (LSTK) basis, and will include comprehensive operation and maintenance (O&M) services for a period of ten years.

The project comprises two equal parts: 500 MW of solar power and 500 MW of wind power, which can be located anywhere in India. The hybrid nature of the project is designed to optimize the use of renewable resources and provide a more stable and reliable power supply.

The deadline for bid submissions is October 23, 2024, at 15:00 hours.

The tender process will follow a two-bid system, consisting of an un-priced techno-commercial bid and a priced bid. Interested bidders must provide a bid security of Rs. 8 Crore (Rupees Eight Crores Only) and will also be required to furnish a security deposit cum performance bank guarantee, as well as an O&M performance guarantee.

Headline	OVL secures contract extension for Vietnam oil blocks		
Publication	The Economic Times	Edition	Online Coverage
Published Date	20 Aug 2024		

OVL secures contract extension for Vietnam oil blocks

https://economictimes.indiatimes.com/industry/energy/oil-gas/ovl-secures-contract-extension-for-vietnam-oil-blocks/articleshow/112634917.cms

Synopsis ONGC Videsh Ltd has been granted a 16-year extension to produce oil and gas in Vietnam's Nam Con Son Basin, and a three-year extension for exploring Block 128 in the South China Sea. This move aligns with India's strategic interests despite no commercially recoverable finds in the latter area over 18 years.

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To further assess the prospectivity of the block and mitigate potential risks, the company has now sought seismic data in the eastern and western regions of the block from PVN.

OVL first took a two-year extension of the exploration period till June 2014 and then another for one year. A third extension was granted on May 28, 2015, and a fourth in 2016.

It got the fifth extension for two years in 2017 and a sixth from June 16, 2019, to June 15, 2021. The seventh extension for two years was till June 15, 2023.

Another official said the company had a couple of years ago drilled a well on the block, but it could not reach the target depth. So, it now has to drill the well all over again.

The company has not found any hydrocarbon in the block but is continuing to stay invested to maintain India's strategic interest.

The block lies in the part of the South China Sea over which China claims sovereignty. In 2011, Beijing had warned OVL that its exploration activities off the Vietnam coast were illegal and violated China's sovereignty, but the company continued exploring for oil and gas.

OVL made a foray into Vietnam as early as 1988 when it bagged the exploration licence for Block 06.1. OVL owns a 45 per cent stake in Block 06.1, and its share of condensate and oil equivalent gas production from the block was 0.421 million tonnes during the 2023-24 fiscal.

The firm, in 2006, got two exploration blocks -- Block 127 and Block 128. While Block 127 was relinquished due to poor prospects, the other block was retained.

The first extension for Block 128 followed China putting the area under the block for global bidding.

Headline	Indian Economy News		
Publication	India Brand Equity Foundation	Edition	Online Coverage
Published Date	19 Aug 2024		

Indian Economy News

https://www.ibef.org/news/png-up-five-times-lpg-doubled-and-ethanol-blending-up-10-times-over-last-decade-says-minister-of-petroleum-and-natural-gas-mr-hardeep-singh-puri

PNG up five times, LPG doubled and ethanol blending up 10 times over last decade, says Minister of Petroleum and Natural Gas Mr. Hardeep Singh Puri

Minister of Petroleum and Natural Gas Mr. Hardeep Singh Puri highlighted a significant increase in piped gas connections in India, which surged to 1.32 crore in 2024 from 25 lakh in 2014. He stated, "Over the past decade, major reforms have reshaped our energy sector, enhancing energy availability, affordability, and sustainability." In a social media post, he detailed five strategies for energy independence. He noted that Indias refining capacity has risen to 256.8 million metric tonnes per annum (MMTPA) from 215 million in 2014. Additionally, ethanol blending in petrol has increased to 15% in 2024, up from 1.53% in 2014. The number of LPG connections has grown significantly, from 14.52 crore in 2014 to over 32.73 crore as of August 1, 2024, including 10.33 crore PMUY connections. The natural gas pipeline network has expanded from 15,000 km in 2014 to 24,881 km in 2024.

He also addressed fuel prices, noting that India has managed to insulate itself from rising global fuel prices by reducing excise duty by the central government. "Between January 2022 and July 2024, India successfully maintained steady fuel prices, even as many advanced nations faced significant increases," he stated. On August 14, he announced an increase in the capacity of Petronet LNG's Dahej terminal to 22.5 MMTPA from 17.5 MMTPA, supporting Indias goal of energy self-sufficiency. The Dahej LNG terminal in Gujarat remains Indias largest single-location LNG storage and regasification facility.

Headline	Govt makes offshore mineral rules stricter but eases awarding process		
Publication	Business Standard	Edition	Online Coverage
Published Date	20 Aug 2024		

Govt makes offshore mineral rules stricter but eases awarding process

https://www.business-standard.com/industry/news/govt-makes-offshore-mineral-rules-stricter-but-eases-awarding-process-124081900814_1.html

In a bid to capitalise on its underwater resources, the Indian government has introduced new rules for auctioning offshore mineral assets, aiming to ensure a transparent and competitive process. While these rules feature stringent eligibility criteria, they also simplify the awarding process. This move comes in the wake of the less-than-expected interest in critical mineral auctions.

The Offshore Areas Mineral (Auction) Rules, 2024, released on August 16, propose an ascending forward online auction for bidding.

Headline	**How Tata Steel and JSW Steel will be impacted by SC ruling on mining royalty**		
Publication	The Economic Times	Edition	Online Coverage
Published Date	19 Aug 2024		

How Tata Steel and JSW Steel will be impacted by SC ruling on mining royalty

https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/how-tata-steel-and-jsw-steel-will-be-impacted-by-sc-ruling-on-mining-royalty/articleshow/112629597.cms?from=mdr

Metal and mining companies like Tata Steel and JSW Steel could face significant increase in their operating costs if state governments impose additional mining taxes which were recently made applicable retrospectively by the Supreme Court.

As per a Fitch Ratings report, companies could face increased risks from sustained weakening of their EBITDA margins because of the said levies. Furthermore, given limited headroom in passing on the potential increase in operating costs, metal and mining companies stand to face a higher impact from the ruling in comparison to power, cement companies.

SC ruling's effect on companies

Fitch Ratings expects Tata Steel's low rating headroom to expose it to greater credit risks from the impact of prospective taxes when compared to JSW Steel. Tata Steel's average EBITDA for FY21-FY24 is expected to be lower by around 9 per cent and its EBITDA leverage to be higher by around 0.3x, if it were to treat the respective year’s tax imposed by Odisha state as operating cost, instead of additional contingent liability.

When it comes to the impact of past dues, Fitch Ratings expects the impact to be lower for JSW Steel than for Tata Steel, given the former’s lower scale of mining operations than TSL. In addition, it also has shorter ownership period of its mining assets. Tata Steel had Rs 17,300 crore worth of accumulated contingent liabilities to the state of Odisha as of June 2024.

"We believe additional state taxes on coal will lead to an increase in electricity prices, as fuel cost changes are passed through to consumers under the power purchase agreements of most of the domestic coal-based power plants, and more than two-thirds of India’s power generation remains coal-based. The higher prices should quicken the pace of investments and growth in renewable power generation," Fitch Ratings said in its report.

Make it retrospective: SC ruling on mining royalty

On July 25, the Supreme Court delivered an 8:1 verdict affirming that the power to tax mineral rights lies with the states, overturning a 1989 ruling that granted this authority exclusively to the Centre. Industry experts have warned that the Supreme Court's ruling on mining royalties could deliver a substantial blow to the Indian mining sector, with potential financial repercussions amounting to Rs 1.5-2 lakh crore in arrears dating back to April 2005. The court allowed states to levy taxes on mineral rights and mineral-bearing land, and to claim refunds of royalties from April 1, 2005, onward.

Experts said that decision is expected to severely impact not only the mining industry but the entire value chain, leading to significant inflationary pressures on end products.

Miners' body FIMI said the Indian mining sector is already saddled with highest taxation in the world. The July 25 judgement of the Supreme Court has given unbridled powers to states for imposing various taxes and levies, B K Bhatia, Additional Secretary General FIMI, told PTI.

"Now this order of 14th August mandating collecting dues retrospectively with effect from 1st April, 2005 will give further jolt to the Indian mining industry as arrears may work out to the tune of more than Rs 1.5 to Rs 2 lakh crore and the mines in the states like Odisha and Jharkhand would be most affected," Bhatia added.

Headline	Vietnam steel probe may have minimal impact on India’s market, says CLSA		
Publication	Money Control	Edition	Online Coverage
Published Date	20 Aug 2024		

Vietnam steel probe may have minimal impact on India’s market, says CLSA

https://www.moneycontrol.com/news/business/markets/vietnam-steel-probe-may-have-minimal-impact-on-indias-market-says-clsa-12800345.html

India has initiated an anti-dumping investigation into steel imports from Vietnam, but international brokerage CLSA suggests this move is unlikely to significantly impact the domestic market.

Currently, Vietnam contributes less than 10 percent of India's steel imports. With domestic steel prices already at an 8 percent premium to global parity and since India is now a net exporter of steel, substantial duties would be required to have any significant impact on prices.

The current valuations of steel stocks indicated that the market is foreseeing a sharp rise in profitability. However, this is seen as challenging due to weak spreads and a potential surplus of flat steel in the domestic market.

CLSA maintained its "underperform" ratings on steel stocks, stating that any uptick should be viewed as an exit opportunity. On August 14, the Director General of Trade Remedies (DGTR) announced that it was starting an anti-dumping investigation on imports of Hot rolled flat products of alloy or non-alloy steel originating in or exported from Vietnam, following a petition by the Indian Steel Association (ISA), which claimed the same are being sold at low prices, causing harm to the domestic industry.

"There is sufficient prima facie evidence that the domestic industry has suffered material injury and there is a threat of injury due to dumped imports from the subject country to justify the initiation of the anti-dumping investigation," according to a gazette notification from the Ministry of Commerce and Industry dated August 14 that was notified on Friday.