ONGC News as on 17 November 2023 (Print)

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सरकार द्वारा कच्चे तेल पर अप्रत्याशित कर में कटौती से ओएनजीसी व ऑयल इंडिया लिमिटेड को होगा फायदा

नई दिल्ली, 16 नवम्बर (एजेंसियां)। सरकार ने गुरुवार को अपनी पाक्षिक समीक्षा में कच्चे तेल पर अप्रत्याशित कर को 9,800 रुपये से घटाकर 6,300 रुपये प्रति टन कर दिया। इससे ओएनजीसी और ऑयल इंडिया लिमिटेड सहित अपस्ट्रीम तेल कंपनियों को फायदा होगा। 31 अक्टूबर को पिछली पाक्षिक समीक्षा में, सरकार ने तेल की कीमतें बढ़ने के कारण कच्चे तेल पर अप्रत्याशित कर को 1 नवम्बर से 9,050 रुपए से बढ़ाकर 9,800 रुपए प्रति टन कर दिया था। अप्रत्याशित कर में वृद्धि से सरकार को राजकोषीय घाटे को नियंत्रण में रखते हुए एलपीजी और सीएनजी पर सब्सिडी के वित्तपोषण के लिए अधिक धन जुटाने में मदद मिलती है। हालांकि, ओएनजीसी और ऑयल इंडिया जैसी कंपनियों को नुकसान होता है, क्योंकि उन्हें अपने कच्चे तेल की बढ़ती अंतरराष्ट्रीय कीमतों का पूरा लाभ नहीं मिल पाता है। अधिसूचना के अनुसार, डीजल पर विशेष अतिरिक्त उत्पाद शुल्क भी 2 रुपए प्रति लीटर से आधा कर 1 रुपए कर दिया गया। सरकार ने पहली बार पिछले साल जुलाई में कच्चे तेल पर अप्रत्याशित कर लगाया और गैसोलीन, डीजल और विमानन ईंधन के निर्यात पर लेवी बढ़ा दी, जब निजी रिफाइनरों ने घरेलू बिक्री के बजाय विदेशी बाजारों में मजबूत रिफाइनिंग मार्जिन से लाभ कमाना शुरू कर दिया।

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INDIA 1ST IMPOSED WINDFALL PROFIT TAXES ON JULY 1 LAST YEAR

Govt slashes windfall tax on crude oil, diesel exports

MPOST BUREAU

NEW DELHI: The government on Thursday cut the windfall profit tax on crude oil produced in the country and on exports of diesel in line with softening international oil prices.

The tax, levied in the form of Special Additional Excise Duty or SAED, on domestically produced crude oil has been reduced to Rs 6,300 per tonne from Rs 9,800 per tonne, according to an official notification.

SAED on the export of diesel was reduced to Re 1 per litre from Rs 2 per litre.

The levy on the export of jet fuel or ATF and petrol will continue to be zero. The new tax rates came into effect from Thursday.

At the last revision effective from November 1, the government had increased the tax on crude oil to Rs 9,800 per tonne from Rs 9,050 per tonne. Simultaneously, the levy on the export of diesel was halved to Rs 2 and that on jet fuel was brought to nil from Re 1 per litre.

International oil prices have softened since the last revision, necessitating the reduction. The basket of crude oil that India imports has averaged $84.78 per barrel this month as against $90.08 a barrel average in the month of October and $93.54 in September.

India first imposed windfall profit taxes on July 1 last year, joining a growing number of nations that tax supernormal profits of energy companies. At that time, export duties of Rs 6 per litre ($12 per barrel) each were levied on petrol and ATF and Rs 13 a litre ($26 a barrel) on diesel.

A Rs 23,250 per tonne ($40 per barrel) windfall profit tax on crude oil produced by companies such as Oil and Natural Gas Corporation (ONGC) was also levied. The tax rates are reviewed every fortnight based on average oil prices in the previous two weeks.

A windfall tax is levied on domestic crude oil if rates of the global

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Govt slashes windfall tax

benchmark rise above $75 per barrel. Export of diesel, ATF and petrol attract the levy if product cracks (or margins) rise above $20 per barrel. Product cracks or margins are the difference between crude oil (raw material) and finished petroleum products.

The levy on domestic crude oil dropped to nil in the first half of April as international crude oil prices fell but was back in the second half in step with a rise in rates. The levy on diesel became nil in April but the levy was brought back in August. Levy on ATF became nil in March and was brought back in the second half of August. The export tax on petrol was scrapped in the very first review.

Publication : The Free Press Journal	Editions : Mumbai
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Govt slashes windfall gains tax on domestic crude, diesel exports

INFORMIST / New Delhi

The government has slashed the windfall gains tax on domestically-produced crude oil by 3,500 rupees a tn to 6,300 rupees per tn, the finance ministry said in a notification today. The government also halved the cess on diesel exports to 1 rupee per ltr. The special duty on aviation turbine fuel remained at nil.

This is the 30th revision in the windfall gains tax since it was first imposed in July last year. These taxes, which are in the form of cess, are for taxing supernormal gains of oil producers and fuel exporters.

The cess on petrol continues to be nil. These tax changes reflect the movement of international crude oil and fuel margins over the past couple of weeks.

These tax changes reflect the movement of intl crude oil and fuel margins over the past couple of weeks

Brent crude oil prices traded in the range of \$79.5-\$86.85 per barrel over the last two weeks, lower than the \$87.5-\$97.5 per bbl range in the previous two weeks. Prices had touched lows of \$73-\$76 per barrel in June, but have been on an upward trend since early July.

The revised cess translates to around \$10 per bbl. When the government had first levied the cess on domestic crude, it was 23,250 rupees per tn, and translated to around \$40 a bbl.

The reduction in windfall gain taxes comes as a positive for upstream oil companies such as Oil and Natural Gas Corp Ltd, Oil India Ltd and Vedanta Ltd, and the cut in levies on diesel exports is positive for major fuel exporters like Reliance Industries Ltd and Nayara Energy Ltd.

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Centre slashes windfall tax on crude oil, diesel exports

EASING CURBS. Follows moderation of crude prices; likely to affect oil exploration firms

Shishir Sinha
New Delhi

The Finance Ministry on Thursday lowered the Special Additional Excise Duty (SAED), better known as windfall gain levy on domestically produced crude, to ₹6,300 per tonne from ₹9,800. The change has been made effective from Thursday, November 16.

This decision has been taken as crude prices saw some moderation earlier. This will likely impact oil exploration companies such as ONGC and Oil India.

SLIPPING UP. The duty on domestically produced crude has been reduced to ₹6,300 per tonne from ₹9,800

DOWNWARD REVISION

SAED will decrease to ₹1 per litre from ₹2 per litre currently. The duty on jet fuel or ATF and petrol, bound for export, will continue to be NIL, according to a Finance Ministry notification. Product prices have come down, so windfall gain tax has been revised downward. The basket of crude oil that India imports has averaged $84.78 per barrel this month as against $90.08 a barrel average in the month of October and $93.54 in September.

Cutting the windfall levy on diesel and ATF for export will impact Reliance Industries and Rosneft-backed Nayara Energy as primary fuel exporters. India first imposed windfall profit taxes on July 1, 2022. joining several nations that tax supernormal profits of energy companies. At that time, export duty of ₹6 per litre ($12/bbl) was levied on petrol and ATF, and ₹13 a litre ($26/bbl) on diesel.

A ₹23,250 per tonne ($40/bbl) windfall profit tax on domestic crude production was also levied. The tax rates are reviewed every fortnight based on the average oil prices in the previous two weeks.

The domestic producers of petroleum crude, like ONGC, sell their crude at international parity price. As international crude prices rose sharply, these producers made super-normal profits. The prices of diesel, petrol and ATF rose even more sharply, which led to extraordinary cracking margins (difference between the product price and the crude price) on exports of these products. The cess/duties were imposed in this background.

The government levies a tax on windfall profits from oil producers on any price above a threshold of $75 per barrel. According to the Finance Ministry, the data for SAED on crude oil production is not maintained separately.

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Day trading guide

₹19835 » **Nifty 50 Futures**

S1	S2	R1	R2	COMMENT
19790	19720	19880	19945	Go long only above 19880. Stop-loss can be kept at 19860

₹1508 » **HDFC Bank**

S1	S2	R1	R2	COMMENT
1495	1475	1520	1550	Wait for dips. Go long at 1500. Keep the stop-loss at 1485

₹1444 » **Infosys**

S1	S2	R1	R2	COMMENT
1420	1395	1455	1485	Go long only above 1455. Keep the stop-loss at 1445

₹439 » **ITC**

S1	S2	R1	R2	COMMENT
437	434	443	446	Go long now and at 438. Stop-loss can be kept at 436

₹202 » **ONGC**

S1	S2	R1	R2	COMMENT
200	197	204	207	Wait for dips. Go long at 201. Keep the stop-loss at 199

₹2363 » **Reliance Ind.**

S1	S2	R1	R2	COMMENT
2350	2325	2375	2400	Go long on dips at 2355. Keep a tight stop-loss at 2340

₹584 » **SBI**

S1	S2	R1	R2	COMMENT
582	579	589	592	Go short below 582. Stop-loss can be placed at 583

₹3498 » **TCS**

S1	S2	R1	R2	COMMENT
3470	3430	3535	3575	Wait for dips. Go long at 3475. Keep the stop-loss at 3460

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

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IOC, BPCL, HPCL Shares Shine on Good Q2

Sanjeev.Choudhary @timesgroup.com

New Delhi: Stocks of Indian Oil, Bharat Petroleum (BPCL) and Hindustan Petroleum (HPCL) have risen 18-22% after they reported strong earnings for the second quarter.

The companies have reported a dramatic improvement in their earnings this financial year. Their combined profit of ₹26,600 crore for the second quarter has provided a big support to share prices, analysts said. They had reported a combined loss of ₹2,500 crore in the same period last year.

Their aggregate profit of ₹57,000 crore for the first half of the current fiscal year is the highest ever for a six-month period for them and is in stark contrast to the loss of ₹21,200 crore in the first half of last year.

Besides robust earnings, a decline in oil prices from recent highs and expectations of healthy refining and marketing margins in the current quarter have helped shares, analysts said.

The oil majors have reported a combined profit of ₹26,600 cr for Q2

A big share of discounted Russian oil in the crude mix processed by Indian refiners, and a freeze on domestic pump prices have helped companies make decent margins this year, analysts said.

Strong earnings have strengthened the balance sheets of state oil companies, which were hurt by high oil prices and the inability to increase domestic retail prices last year. Leverage had increased and share prices were struggling. In a year, share prices of Indian Oil and HPCL are up 50% while that of BPCL is 30% higher.

Indian Oil's and HPCL's debt-equity ratio has halved in a year while BPCL's has fallen by two-thirds. Indian Oil's debt-equity ratio has changed to 0.61 from 1.16 while that of HPCL has improved to 1.32 from 2.84. BPCL's debt-equity has improved to 0.32 from 1.1. The net worth of these companies has expanded by 33% to 60% in a year.

Crude oil is currently trading around \$80 per barrel, with expectations that the conflict in the Middle East will remain contained to Gaza and not hit the global oil supply chain. Despite the G7 sanctions, Russian oil has been easily trading, keeping the global market well supplied. If the producer club OPEC+ were to reduce their voluntary curbs on production, oil prices could further ease.

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CORPORATE BRIEFS

DIVIDEND—NBCC
NBCC and its subsidiary HSCL paid Dividend of Rs.60 Cr & Rs.5.89 Cr respectively to the GOI for FY 2022-23 on Nov. 14, 2023. The Dividend cheque(s) were handed over to Hardeep Singh Puri, MoHUA & Petroleum & Natural Gas by K.P Mahadevaswamy, CMD, NBCC and Chairman, HSCL in the presence of Manoj Joshi, Secretary (MoHUA).

INAUGURATION— LIC
Llc stall at the 42nd India International Trade Fair was inaugurated by ED (CC), A Gupta. The occasion was also graced by Zonal Manager, Northern Zone, JPS Bajaj & other sr. officials. During the 14 day period of the India International Trade Fair, in the LIC stall, information regarding various plans of the Corporation & Career opportunity for recruitment as agents will be available.

MoU— REC
REC signed an MoU with RailTel recently to extend financial assistance upto Rs. 30,000 Cr for Infrastructure Projects to be executed by RailTel in next 5 yrs. These projects encompass a wide range of areas, including Data Center products and services, Telecom & IT products & services, Railways & Metro projects, & the KAVACH Train Collision Prevention System.

SAMVAAD— BHEL
BHEL organised BHEL SAMVAAD 3.0 - the third edition of its dialogue with domestic business partners, industry associations, academia, research institutes, government organisations and other ministries like CEA, DoE, DPIIT, & MoP, MoSteel & MeitY, etc. at Bharat Mandapam. The theme of the event, organised under the aegis of Ministry of Heavy Industries, was 'Development powered by Research and Innovation.

MEETING —NBCC
NBCC is actively exploring business opportunities in Kingdom of Saudi Arabia. an e-meeting was held under the chairmanship of Jt Secy., (HFA), M/o Housing & Urban Affairs on cooperation in Housing & other infrastructure. The meeting was attended by A Altawil, Dy Minister, Real Estate Development, Saudi Arabia, representatives from the NHC, Saudi Arabia and senior NBCC officials.

MoU— THDCIL
Under the visionary guidance of RK Vishnoi, CMD, THDCIL signed MoUs with KPCL & KREDL at Bangalore recently for the development of Renewable Energy projects in the state of Karnataka. These collaborative efforts encompass the development of a diverse range of Projects, spanning ground-mounted, floating solar Projects, & hybrid projects.

MoA—REC
The REC Foundation, CSR arm of REC Ltd., signed a MoA with ALIMCO to provide assistance of Rs.10.00 cr for the project "Distribution of aids & assistive devices to persons with disabilities" in 25 locations across the country. The MoA was signed by Bhupesh Chandolia, Senior GM & HoD, REC Foundation & Ajay Chaudhary, GM Marketing, ALIMCO.

CELEBRATION— MUTHOOT GROUP
Muthoot Finance celebrated the 74 th birth anniversary of their legendary and beloved leader Late MGG Muthoot, Former Group Chairman of The Muthoot Group of Companies through a series of impactful CSR activities conducted across India on 02nd November 2023. These significant initiatives, emblematic of Muthoot Finance's unwavering commitment to societal welfare are deeply rooted in the values of trust and humanity.

AWARD— GAIL
GAIL gets two prestigious awards at the Asian Oil and Gas Awards event held at Kulalumpur, Malaysia. The coveted "the Innovation Award – India" was given to GAIL for reduction in LNG Shipping cost & emissions through Ship-to-Ship transfer of LNG with backhauling. Another top notch award "Midstream Project of the Year – India" has been given for the installation of the first floating Compressed Natural Gas (CNG) station at Varanasi. The Award recognizes the most outstanding players in Asia's oil and gas sector. GAIL charter hired LNG vessel Al Gharrafa from QatarGas in Gibraltar and transferred cargo from Castillo De Santisteban into Al Gharrafa through STS transfer. This is the world's first STS between a large conventional LNG vessel and a Q-Flex LNG Vessel. Qatar Gas Vessel proceeded to Dahej to discharge the Cargo originally planned to be discharged by GAIL's Vessel and the vessel returned back from Gibraltar to the next loading port.

INAUGURATING—ITPO
The India Trade Promotion Organisation deserves all appreciation as this edition has been organised with larger participation than the previous editions. Every year, IITF is growing in size and scale, and it is hoped that the next editions of such events will be held with more participation. ITPO is consistently delivering IITF as a world-class event as stated by Mrs. Anupriya Patel, Minister of State, Commerce & Industry while inaugurating the 42 nd edition of the IITF of ITPO at a well-attended function held at Bharat Mandapam, Pragati Maidan, New Delhi. Present on the occasion were Som Prakash, MoS, Commerce & Industry, Mauro Mendes Ferreira, Governor of Mato Grosso, Brazil, Saurabh Bharadwaj, Industries Minister, Govt. of Delhi, Kundan Kumar, Resident Commissioner Govt. of Bihar, Ajit Kumar, Resident Commissioner, Govt. of Kerala, Pradeep Singh Kharola, CMD, ITPO & Rajat Agarwal, ED, ITPO, foreign delegates, participants and media persons.

FOUNDATION DAY— TMB
The Bank celebrated its 102nd Foundation day on this day in a grand manner at Thoothukudi. The bank had invited Dr.Smt. Tamilisai Soundararajan, Governor of Telangana & Lt.Governor of Puducherry, as the Chief Guest for the function. She declared open the Bank's 545th branch at Belur, Salem District through video conference. During the event, she also launched the new digital lending platform of the Bank called "Do it yourself", a lending platform in which MSME customers can apply and know their loan eligible value online instantaneously. While the chief guest delivering her presidential address, she conveyed her wishes to the Bank, its Founders' family members, Board of Directors and all staff members. As a part of the celebration, the Bank had carried out many social welfare activities on this day. Conducted various Blood Donation camps and Eye camps at various locations including Thoothukudi. The Bank distributed the required essentials to various schools, orphanages,old age homes and to needy poor individuals for their livelihood.

INAUGURATION—BANK OF MAHARASHTRA
Bank of Maharashtra a premier public sector bank in the country, has inaugurated its 66th Branch of Noida Zone at Noida West Sector-16B, in UP State at the hands of honourable ED Rohit Rishi. Mukesh Kumar Sharma, Zonal Manager (Noida Zone), Sujeet Jha, Deputy Zonal manager (Noida Zone) along with Branch Head Smt.Shivangi Yadav is also present in the event. With the opening of Noida West Sector-16B Branch, BoM now has a total no 127 branches in Uttar Pradesh state and Bank is further planning to open more Branches to extend its footprints across the state.

GAIL On the Occasion of Diwali, GAIL Gas Ltd. has reduced CNG and PNG prices for Industrial & Commercial Units GAIL Gas Ltd., a City Gas Distribution Company for Dehradun has reduced its CNG Prices by Rs 1 per kg & Industrial PNG Prices by Rs. 10/SCM . Earlier the Prices for industrial PNG were Rs. 65/ SCM and after the reduction, the prices will be Rs. 55/SCM. However, the New CNG prices w.e.f from 10th of Nov., 2023 will be Rs 91/Kg In line with the company's commitment to promote cleaner fuels and supporting India's transition towards a gas-based economy, GAIL Gas is passing on the benefits of lower international LNG prices to the end users.

SAIL has declared its financial results today for the quarter & half year ending 30 th Sept., 2023.The Company has achieved its best ever performance in production & sales for H-1 & Q2 of the current financial yr. The crude steel production & sales volume have registered a growth of 9.7% & 17.4% respectively during H1 FY'24 over CPLY. Similarly, in Q2 of this fy, crude steel production and sales volume have increased by 11.6% & 13.3% respectively over CPLY. The consistent efforts by the Company towards increasing its volumes have had a positive impact on the financial performance despite the significant decline in the price realization in the market.

LIC The Board of Directors of LIC approved and adopted the standalone and consolidated financial results for the 6 months ending Sept. 30th, 23. Below are key highlights of our standalone results. The Profit after Tax for the half yr ended Sept. 30th, 2023 was Rs.17,469 cr. The current period profit includes an amount of Rs.13,768 cr (Net of Tax), pertaining to the accretions on the available solvency margin, transferred from Non - Par fund to shareholders account. The PAT for similar 6 month period ended Sept. 30th,2022 was Rs.16,635 cr is not comparable since it included an amount of Rs.4,542 cr (Net of Tax) pertaining to the accretions on the Available Solvency Margin for the last quarter of FY 2021-22 which was transferred from Non-par fund to shareholders account on Sept. 30th 2022. For 6 months ended Sept. 30th, 2023,

ACADEMICS

ANTI CRACKER DRIVE With an aim to spread awareness about firecrackers causing environmental pollution and numerous health hazards, the students of Sarla Chopra DAV Public School, Noida,on 8th November 2023,took the initiative to aware everyone about celebrating a clean & green Diwali.The school Principal,Mrs.Chitra Kant appreciated the efforts of these enthusiastic planet pals in showcasing their concern for the harmful effects of cracker to health and environment.

DIWALI CELEBRATION
Interact Club students of Sarla Chopra DAV Public School, Noida, celebrated Diwali with the students of Saksham School, Nithari on 9th Nov. DAV students presented sweets, biscuits, candles etc. as gifts to the children and exchanged greetings in presence of Interact Club Incharge Ms. Geetu Sabharwal, Junior Wing Incharge Mrs.Renu Chhibber, Mrs.Priya Arora,Mrs. Rachna Singh(Interact Club & Rotary Committee President), Mrs.Tyag Rajan(Senior Rotarian). On this occasion,DAV Principal Mrs.Chitrakanth wished everyone a happy and prosperous Diwali.

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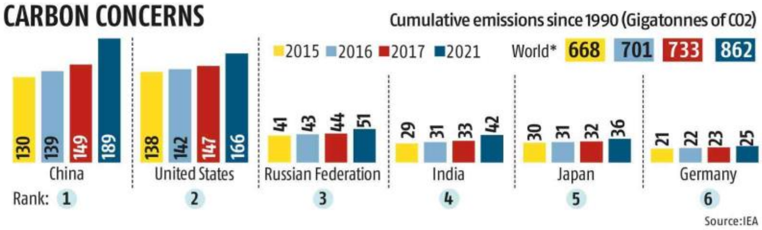

A blueprint for climate finance at COP28

India must advocate for reshaping the discourse on climate finance, shifting the focus from annual to cumulative emissions

The Chair of the 28th session of the Conference of the Parties (COP28) has called for a new paradigm in climate finance. Climate change has prompted us to consider alternative pathways for development. Energy specialists are back at the drawing board, making suggestions on how to transition to renewable energy, including solar, wind, hydropower, and other sources, coupled with appropriate storage solutions such as batteries, pumped hydropower, hydrogen, and more. On the other hand, consumers are contemplating energy efficiency, electric vehicles, lifestyle changes, and so on.

Although eventually cost-effective, the transition would require considerable additional investment for decades. Therefore, at every COP for Climate Change, a major annual event for climate negotiations, the issue of finance is raised by the developing countries that have not significantly contributed to emissions. In 2009, then-President of the United States, Barack Obama, and others promised \$100 billion every year in a new Green Climate Fund (GCF) from 2020 onwards, a landmark that has not been reached even in 2023. As of April 2023, the total amount received over the years by the GCF was around \$20 billion!

JYOTI PARIKH & KIRIT PARIKH

Since then, the theme of climate finance has been a contentious issue every year. India could push for an alternative solution that can raise climate finance with fairness to all, and accelerate action by all countries for mitigation and adaptation, based on scientifically sound principles. Unfortunately, suggestions like a carbon tax or "cap and trade" — which gives a quota to every country based on their current annual emissions — are unfair to the developing countries that have not been significant emitters in the past. On the other hand, the developed countries feel that the emissions by the developing countries are rising and would add considerable carbon emissions to the already existing stock.

India could try to shift the discourse from annual emissions to cumulative emissions. Nearly 862 Gigatonnes (Gt) CO2 was emitted during 1990-2021. The year 1990 is taken as the reference year because all countries became aware of the threat of climate change due to the Rio Summit. The emphasis on annual emissions gives us a false sense of comfort. For example, the sustainable development scenario of the International Energy Agency (IEA) projects global emissions in 2050 to be 10 Gt annually, and the drop from 33 Gt of CO2 in 2021 seems to be an achievement. However, despite the drop, the cumulative emissions from 1990 to 2050 may reach around 1,400 Gt, nearly twice as much as in 2017. That shows how fast we need to mitigate CO2 emissions.

Since warming is caused by the stock of greenhouse gases (GHGs) in the atmosphere, financing responsibility should be linked to it. The global atmosphere is like a parking space for GHG emissions. It has to be either rented or regulated. Rent is a self-implementing mechanism generally preferred by economists.

An annual rent or a "parking fee" from all countries for every tonne of atmospheric space occupied by their accumulated GHG emissions from 1990 onwards has many advantages. All countries pay the parking fee, and no distinction between Annex 1 and non-Annex 1 is needed. It focuses on the cumulative emissions of a pathway followed by each country. Currently, there is no incentive or reward to remove or reduce emissions that would eventually reduce flow and later the stock. A rebate can be given for legitimate mitigation expenses. There would be an agreement and convincing audit process of how these should be accounted for.

An illustrative parking fee of \$1.0 per tCO2 can raise globally close to \$900 billion annually. This would mean China pays or spends \$189 billion, US \$166 billion, and India \$42 billion annually.

Still, a global consensus on such a proposal will depend on what is done with the collected fees. They could be distributed for three broad objectives, which could be debated at COP and other platforms:

(a) A large part of it, say 80 to 90 per cent, could be returned as reimbursement to each country for its actual expenditure utilised domestically to support ambitious domestic activities for mitigation, climate adaptation, and resilience. This would require agreed-upon robust accounting systems.

(b) A fixed share should go to the GCF to support poorer countries that may be likely to suffer more from climate change than the 90 per cent return can cover.

(c) A small share should go to global governance to support innovation and to ensure access for all countries by buying patents, collective action against disasters, building up global resilience, and for capacity building in urban, agricultural, and food sectors.

This would leave around \$100 billion, which may be given to multilateral financial institutions for subsidising interest and providing low-interest finance for climate action. This can significantly multiply the \$100 billion to maybe a trillion a year.

At a discount rate of 4 per cent, the annual parking fee of \$1 per tonne of CO2 is equivalent to a carbon tax of \$25 per tonne of CO2. Currently, different researchers have suggested a carbon tax of \$ 75 to \$150.

The amount raised by the suggested parking fee may seem large. However, it is not large when compared with the sums going into renewable energy transition, climate adaptation and resilience. Countries (including developed countries) spent around \$340 billion for investment in solar and wind power plants in 2022. Considering grid, nuclear, storage, etc the expected investment in 2023 is \$1.7 trillion. In addition, the loss and damage due to climate change already cost billions. The London School of Economics estimates the loss and damage, excluding adaptation, could cost developing countries a total of \$290–580 billion in 2030. In fact, we may need a much higher parking fee, but can begin with the idea with less, while developing an accounting system for climate finance.

If the world is serious about addressing climate change, the industrialised countries must step up financing for their own mitigation, adaptation, and resilience efforts, and provide finance to developing countries. As the COP28 President–designate said on November 12, this requires a new paradigm for climate finance.

Note: The piece considers only CO2, not all greenhouse gases, as CO2 data is the most reliable, and has a lifetime of more than 100 years in the atmosphere, whereas methane has a lifetime of around 12 years.

The writers are, respectively, executive director and chairman at Integrated Research and Action for Development, New Delhi

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Crude oil prices plunge $3/bbl

CRUDE OIL PRICES fell more than $3 a barrel on Thursday, extending losses from the previous session, as investors in New York responded to signals of higher supply in the US and expectations of weak energy demand in China. Brent futures fell $2.60, or 3.2%, to $78.58 a barrel by 1526 GMT. US West Texas Intermediate crude (shed $2.65 to $74.01. Both the benchmarks dropped more than 1.5% in the last session. —**REUTERS**

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THROUGH THE LOOKING GLASS

RICH FINANCIAL AND SOCIAL RETURNS CAN FLOW FROM A SHARED UNDERSTANDING OF EQUITY

Getting green investment right

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Views are personal

SOMETIMES, THE BEST ideas come from completely unexpected places. A panel discussion on Sustainable Transition led to an insight on the differential usage of 'equity' on the spectrum of finance and society.

As a finance and investment professional, I spoke on the need for risk-capital in transition projects; such risk-capital being termed 'equity' in the investing lexicon. Another panellist, who had a more academic and social lens to the issues of transition, referred to how transition should take into considerations matters of 'equity'; in her case, the idea was predicated more on aspects of just transition which takes all stakeholders along. Let's call these financial and social capital, respectively.

Not just word play

This difference in the application of the word 'equity' is at the core of differences in approaches and expected outcomes for both sides.

An investor looking at investing equity thinks of it as the riskiest piece of capital: one that will absorb the losses, if any, from the project first. On the social side, equity seeks to bring flows of capital, projects, jobs, and a more stable life to those at the losing end of the climate-induced transition.

For a financial investor, the decision to bring in equity is a calculated move with expectations of high rewards if projects go through as planned; for the social sector, equity is a project for the well-being and upliftment of the society, an aspect that typically lies in the domain of public (government) investments.

Different roles and outcomes of public and private

Given the difference in approaches and expected outcomes, when equity is seen as a means of social harmony, such investment is typically left for the State to invest in.

In the parlance of climate-related investments, this largely (though, not exclusively) means investments in adaptation and resilience. Such investments seek to protect the citizenry from, or equip them to cope with, the impacts of climate change. These investments are typically not structured as commercial in nature; they almost always come from the public purse.

Think, for example, the creation of dykes for rising sea water or the training of the future generations in new skills for an impacted industry. The State may borrow from the banking or financial sector to invest in such projects; however, they are backed by the State's ability to repay, not the projects'.

Pushing for social equity can make investment more viable. Adaptive locations can generate long-term value

Creating public private partnerships

Commercial investors, who bring in equity capital, typically seek projects which have become investment-worthy due to a proper structuring of the transactions that allocates risk and rewards in a manner that makes it viable to generate risk-adjusted returns. Most such investments are largely in the field of mitigation of climate change—think of industries like renewable energy, electric vehicles, etc.

Such projects tend to benefit from a wider commercial adoption of the technology, explicit or implicit pricing of carbon, and regulations that support the industry (by either creating incentives for adoption or disincentives against competing products). The typical role the governments play in such projects and investments is to create a stable, facilitative regime.

When industries are younger (because either the technology is not mature or the economic viability is low), governments sometimes create pools of capital or facilitative regulations that support the growth of the industry. In such cases, the expectation is that the private sector can eventually find a pathway to profitability and returns in a stable manner. Think, for example, industries like pumped hydro storage, offshore wind, or green hydrogen.

In case the private sector does not find the industry economically viable, even after all the incentives of regulation or capital, the industry may either not take off or need to be created in public hands. This means that the government is putting in equity in these industries as an investor; such investments are typically justified from a social equity perspective for the population due to climate or other benefits.

Capital is global, society is local

The flow of financial capital is, by and large, global in nature. Investors seek opportunities around the world and bring equity in countries where they expect to generate the highest risk-adjusted return. Social capital largely requires investment in local communities, and their adaptation and resilience.

The global social linkage for capital comes through the climate finance flowing from global North to global South. There have been commitments of $100 billion a year of climate finance flowing through from developed countries to developing. Even as we belatedly reach this annual commitment, a vast majority of such financial flows are still commercial in nature (debt or equity).

An interesting outcome of the COP27 in Egypt was the idea of a loss and damage fund. There is expectation that COP28 could create structures on blended finance or exchange rate protection for global South to make larger flows of capital possible.

Bringing the two together

Return on equity is an important, but not the only metric that a private investor assess a project or investment on. It is important to demonstrate to both internal decision makers and external policy makers that the returns are sustainable. Sustainability can take a wide range of meanings: from commercial sustainability (ability of consumers to pay and for the firm to produce economically) to a harmonious relationship with the stakeholders (on the site and wider ecosystem). Private investments these days take into account aspects of ESG seriously in their return considerations. Tracking ESG metrics and performance can help create more sustainability in their returns.

Similarly, investments in social equity can create more viable investment opportunities. A more resilient and adaptive location and citizenry can help generate long-term value. If the value loss due to climate-related catastrophic elements can be minimised or avoided, this can lead to more sustainable financial outcomes for both industry and people associated with it. Investments in a properly trained workforce, which can adapt more rapidly to the changing industries and job patterns, can create income and social stability.

An investment in social equity can unlock larger equity investments.

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Coal-based plants to meet much of power demand

FE BUREAU
New Delhi, November 16

THE PLANT LOAD factor or capacity utilisation of coal-fired thermal power plants is expected to improve 100 basis points to 65% this financial year despite strides achieved in renewable energy capacity addition, according to a study.

Power demand is seen growing 5-6% and a large portion will be met by existing coal-based plants despite renewable energy accounting for 90% of the 34 GW capacity added in the last two years, Crisil said in its report.

In GW terms, this is a 9% growth in power capacities but on normative terms, this is only 4-5% growth because renewables operate at 20% (for solar and wind) and 40% (for hydel) capacity. Thermal plants function at 65% plant load factor so in this incremental supply by coal-based power plants remains an important cog accounting for 69-71% of total power generation.

"That said, a good portion of the incremental generation will be met by existing coal-based power plants as material coal-based capacity is envisaged this fiscal and relatively low-capacity addition of hydro, biomass and nuclear," Crisil said.

The higher PLFs will continue to be supported by conducive fuel supply as domestic coal production, building upon its record high of 893 million tonne (MT) last fiscal, is on track to achieve 11-13% growth projected for this fiscal, director at Crisil Ratings, Ankit Hakhu, said.

Moreover, coal allocation under various e-auction modes has notably improved, Crisil noted.

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SJVN signs PPA for 200 MW Wind Project with SECI

Nand Lal Sharma, Chairman & Managing Director, SJVN apprised that SJVN has signed a Power Purchase Agreement (PPA) for 200 MW Grid Connected Wind Power Project with Solar Energy Corporation of India Limited (SECI). Nand Lal Sharma informed that SJVN Green Energy Limited (SGEL) a wholly owned subsidiary had participated in the Tariff based competitive Bidding process conducted by SECI for Selection of Wind Power Developers for setting up 1200 MW grid connected Wind Power Projects anywhere in India. SGEL bagged 200 MW at a tariff of Rs. 3.24 per unit on Build Own and Operate (BOO) basis in Open Competitive Tariff bidding process. Sharma further apprised that the 200 MW Wind Project will be developed by SGEL anywhere in India through EPC contract. With the allotment of this project, the wind portfolio of SJVN now stands at 497.6 MW. The two projects with cumulative capacity of 97.6 MW are under operation and remaining three projects with cumulative capacity of 400 MW are under various stages of development. Nand Lal Sharma stated that the tentative cost for development of this project is Rs 1400 Crores. The project is expected to generate 482 million units in the first year after commissioning and the projected cumulative energy generation over a period of 25 years is 12050 million units. The Project will be commissioned by November 2025 i.e. within 24 Months from effective date of PPA signing. This capacity addition will strengthen the footprints of SJVN in the renewable energy sector and will help in achieving the Government of India's target of 50 percent installed capacity from non-fossil fuel sources by 2030. This will also help in achieving the company's new Mission of 12000 MW by 2026 and the ambitious Shared Vision of 50,000 MW installed capacity by 2040.

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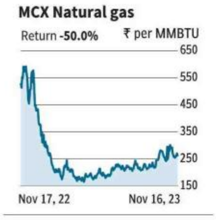
Go long in natural gas in 3 tranches, exit at ₹285

Gurumurthy K
bl. research bureau

Natural gas prices have been under pressure since the beginning of the week. The natural gas futures contract on the MCX reached a high of ₹304 per mmBtu in the last week of October and has declined from there. The contract had tumbled about 18 per cent from that high to make a low ₹250 earlier this week. It is currently trading at ₹263 per mmBtu.

The immediate outlook is mixed. There is room for the contract to fall further. However, strong support is there to limit the downside. The levels of ₹240 and ₹230 are important supports. We can expect the natural gas futures contract to reverse higher anywhere from the ₹240-230 region. Such a reversal will potentially take the contract up to ₹300-305 again. The view will go wrong only if the contract declines below ₹230. In that case, a fall to ₹220-210 and even lower levels can be seen. Traders can wait for dips.



Go long in three tranches at ₹242, ₹238 and at ₹234. So, the average entry level will be at ₹238. Keep the stop-loss at ₹224. Trail the stop-loss up to ₹248 as soon as the contract moves up to ₹256. Move the stop-loss further up to ₹264 when the price touches ₹272. Exit the long positions at ₹285.

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ReNew commissions first inter-State transmission project in Karnataka

Our Bureau
New Delhi

ReNew said on Thursday that it has commissioned its first inter-State transmission project, the Koppal Transmission Scheme, which will help in the transmission of 1,500 megawatts (MW) of renewable energy in the Koppal area of Karnataka.

The Koppal Transmission Scheme was awarded in FY22 and covers the construction of a new 400/220 kV sub-station at Koppal along with 276 circuit km of 400 kV D/C quad moose transmission line with the extension of the 400 kV GIS Bays at the PGCIL Narendra (New) substation, the NASDAQ-listed firm said.

Following the commissioning of the 1,500 MW Koppal Transmission Scheme, the remaining transmission for 3,500 MW is expected to be completed by June 2024, it added.

After the announcement, an agreement was signed on Wednesday on the second joint investment in the transmission sector with Norfund, the Norwegian government's investment fund for developing countries and KLP, Norway's largest pension company, through their joint company KNI India AS.

NORFUND

Norfund's share is from Norway's newly established Climate Investment Fund, managed by Norfund.

This marks Norfund's and the Climate Investment Fund's ongoing support in the transmission sector, helping to accelerate the transition to renewable energy, ReNew said.

The investment by Norfund and KLP in ReNew's transmission projects is in line with ReNew's farm-down strategy, enabling it to add further capacity, it added.

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Crude oil extends slide after US inventories swell to 3-month high

Bloomberg

CLOGGED. US Energy Information Administration data show that crude stockpiles rose to the highest level since August REUTERS

Oil fell as an increase in US inventories added to market sentiment over weaker demand and steady supplies.

West Texas Intermediate held near $76 a barrel after losing 2 per cent in the previous session, while global benchmark Brent traded around $81. US Energy Information Administration data on Wednesday confirmed that crude stockpiles rose to the highest level since August, including a build at the key hub in Cushing, Oklahoma.

"The EIA report set in motion a resumption of the weakness that has troubled the market recently as fundamentals have started to loosen up," said Ole Hansen, head of commodities strategy at Saxo Bank A/S.

CONFLICTING SIGNALS

Crude trading has been buffeted by conflicting signals, with prices sinking to a three-month low last week before staging a modest recovery. The International Energy Agency said on Tuesday that production growth means markets won't be as tight as had been expected this quarter. And while OPEC on Monday highlighted robust demand trends, traders expect the group's biggest producer, Saudi Arabia, to prolong a supply cut.

The US data showed some ambiguity, with a drawdown in product inventories signalling stronger demand for gasoline, diesel and jet fuel, which would also boost crude consumption. In addition, implied gasoline consumption rose, although it remains below the five-year seasonal average.

Still, signs of softness are evident along the oil futures curve. The spread between WTI's two nearest contracts has flipped back to contango — where near-term prices are below longer-dated ones — and the second-third month differential has followed suit in another indication that conditions are loosening.

Meanwhile, President Joe Biden's energy security adviser, Amos Hochstein, said the US will enforce sanctions on more than 1 million barrels a day of oil exports from Iran amid the conflict in the Middle East.

A resurgence in flows from Venezuela after the easing of US curbs could help offset any supply losses, with Vitol Group hiring a supertanker to load oil from the Latin American nation.