



## ONGC News 19.02.2023 Print

ONGC plans big pipeline replacement	Sunday guardine	1,16	Shantanu Guhu Ray
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# ONGC PLANS BIG PIPELINE REPLACEMENT

**SHANTANU GUHA RAY**  
NEW DELHI

Oil and Natural Gas Corporation, India's state-owned hydrocarbon giant, has initiated a big buck pipeline replacement project that is crucial to the company's production from key west coast fields, a top official

said.

Pankaj Kumar, Director (Offshore), ONGC, said the \$446 million project will ensure steady supply of oil and gas from ONGC wells spread across a whopping 40,000 square kilometres along the western coast.

ONGC operates some of India's largest oil and gas

fields in western offshore. A few of these fields are maturing and need investment which, in turn, enhances production.

"This project is important to ensure supply of oil and gas to our platforms so that the well fluid can be processed and the oil and gas can be pumped to the on-

shore terminal uninterruptedly. Pipelines which are in good condition help us do the job better," Kumar said in a telephonic interview from the ONGC headquarters in Mumbai.

It needs to be mentioned here that the pipe replacement programme—referred to as PRP by ONGC em-

ployees—started way back in 2003. ONGC has carried out six expansion phases of its PRP over the past decade to sustain uninterrupted production of oil and gas and maintain the reservoir health through systematic water injection network.

The current project, which

■P16

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**CONTINUED FROM P1** is the seventh phase (PRP-7), is being undertaken by engineering giant Larsen & Toubro (L&T) Hydrocarbon Engineering, a subsidiary of L&T that emerged as the lowest bidder. The other bidders were Abu Dhabi-based National Petroleum Construction Company, and a consortium led by Iranian Offshore Engineering & Construction. The repair and replacement work will be carried out across ONGC's Mumbai High, Neelam Heera and Bassein and Satel-

ite assets and some smaller discoveries and minor fields.

Tender for the project was floated in end 2021.

ONGC has earmarked a budget of nearly \$5 billion for some of its turn-key projects, services and procuring materials for onshore and offshore development.

"The next phase of our PRP project is on the board and it will be executed in a couple of months," said Kumar. He said a significant portion of the ONGC budget would be spent on onshore and offshore developments.

"It will enhance production and supplies for both domestic and industrial use. ONGC's deep sea pipeline strength stretches up to 7,000 kilometres,"



Pankaj Kumar Director (Offshore)

added Kumar. It is the largest in South Asia.

With the development of the fields over the years, vast infrastructure fa-

cilities were developed which consisted of process complexes, well platforms and a large network of subsea pipelines for transporting the well fluids, injection water and lift gas along with oil and gas export pipelines. The active pipeline network of western offshore spans more than 7,000 km, including trunk lines.

The western offshore fields of ONGC mainly consist of major fields like Mumbai High, Neelam and Heera, Bassein and several smaller discoveries/marginal fields. The major producer, Mumbai High field, was discovered in 1974 and put on production in 1976. Several development schemes have been implemented in the field over the years since inception.

# RAISING THE SPIRIT

As India prepares to roll out E20 petrol from April, ethanol supply can make or break its flex-fuel dreams

Richa Sharma & Prashant Mukherjee

In 1826, when independent efforts by Henry Meinel in Great Britain and SG Sérullas in France gave the world its first synthetically prepared ethanol, little did anyone know that one day the chemical compound would become much more than an intoxicating ingredient in alcoholic beverages. Ethanol was used as lamp fuel in the pre-Civil War period in the US and powered the early Model T cars. But it couldn't compete with petroleum products due to the latter's low cost and availability.

Centuries later, ethanol is back in action, in India. With a view to decarbonise the transport sector, the government is promoting the use of biofuels in the country and has mandated 20% ethanol blending in petrol by 2025. While India started a pilot in 2001, it was in June 2022 that it achieved the target of supplying 10% ethanol-blended petrol.

For a country that heavily depends on imports to meet its oil needs (86% is imported), shifting to blended fuel will save precious forex. That is the aim of the National Biofuel Policy introduced in 2018. But making enough ethanol available for blending is easier said than done.

Here's why. On February 6, Prime Minister Narendra Modi rolled out 20% ethanol-blended petrol (E20 flex fuel) in 11 states, ahead of its planned launch in April. But there are some obvious challenges in adopting ethanol. The immediate constraint is capacity.

Although India produces a lot of ethanol, not all can be used to optimise blend rates. For instance, back in 2016, India produced around 3 billion litres of ethanol. But almost half of it was diverted to distilleries. After all, liquor is a major revenue source for most states. Another 600-800 million litres from the supply pool were used to produce chemicals.

Efforts are now being made to iron out this challenge with higher ethanol production.

The current annual ethanol production capacity in the country is approximately 10.37 billion litres, which includes approximately 7 billion litres of molasses-based and around 3.37 billion litres of grain-based production capacity. Oil central public sector enterprises (CPSEs) are now setting up second-generation (2G) ethanol bio-refineries

in Panipat (Haryana), Bathinda (Punjab) and Bargarh (Odisha), each with a production capacity of 100 kilo litres per day and at Numaligarh (Assam) with a production capacity of 185 kilo litres per day. Pankaj Kasliwal, deputy general manager-research and development at Indian Oil Corporation, says, "The government has mandated 2025 for meeting 20% ethanol blending in gasoline and we are geared up to do it by 2024. For that, we require almost 10.15 billion litres of ethanol. As of date, the production is 50%. But 11 commercial plants of 100 kilo litres per day of ethanol production are coming up very soon. These include three each of IOCL, HPCL and BPCL, and one each of MRPL and NRL. This will increase the production of ethanol to meet the target. Post-2025, when production starts, ethanol is going to be surplus".

As per the road map prepared by NITI Aayog, which is based on the projected sale of motor spirit (MS), the estimated requirement of ethanol for blending with petrol is 5.42 billion litres for ethanol supply year (ESY) 2022-23, 6.96 billion litres for ESY 2023-24, 9.88 billion litres for ESY 2024-25, and 10.16 billion litres for ESY 2025-26.

Also, under the Ethanol Interest Subvention Scheme to encourage sugar mills and distilleries, 1,141 projects with an estimated ethanol production capacity of 40.12 billion litres have been approved.

Senior officials of Indian Oil Corporation say they have got a surplus of waste available, but the challenge is that it is in pockets. "Molasses is available only in areas where there is cane industry—like UP, Haryana and Maharashtra. Where it is not available, there needs to be a network for transporting and blending ethanol. Transportation will be a challenge and we should not spend more money on it than the fuel itself. Pipeline is the cheapest mode of transport. Once there is surplus (ethanol), pipelines and biorefinery can be put up in nearby places and oil-marketing companies can have marketing terminals like Amazon has warehouses," says Kasliwal.

According to a BPCL official, "We have to double ethanol blending by 2025. All oil marketing companies, along with the government, have decided that 130-150 new distilleries need to be set up to meet the requirement. At present, distilleries are present in Maharashtra and UP—basically the sugarcane crop area. But now it has been decided that new distilleries will be set up in other states like Madhya Pradesh so that it can be locally procured and supplied to nearby depots and refineries."

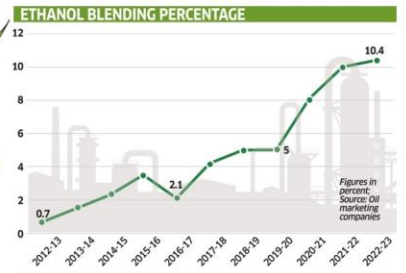
BPCL is setting up an integrated bio-ethanol refinery at Bargarh, which is likely to start production by the end of 2023. Constructed at a cost of ₹1,607 crore, the daily capacity will be 100 kilo litres of 1G and 2G ethanol. The first generation uses sucrose and starch-containing feedstock like sugarcane, rice, maize, barley, sugar beet and sweet sorghum, while 2G uses lignocellulosic biomass like straw, grass and wood.

### MAKING ENGINES BLEND-READY

For flex fuel, the plan is simple: ramp up ethanol production, slowly start blending it with petrol and get to a point where the country could reduce oil imports by a substantial amount. Another major variable in the flex fuel equation is the engine of the vehicles that will have to use the blended compound.

"For 10% ethanol blending, no change was required for existing engines. With 20%, while the fuel can be used, there can be effects on the engine over prolonged usage. Ethanol is corrosive in nature and rubber-related materials can be impacted, and their life could be reduced. So, during regular services, customers would be asked to get some changes made and that will be the responsibility of automobile companies," says the BPCL official quoted above.

Eventually, India will need flex-fuel engines that can take more than 20% ethanol in petrol. Toyota and other automakers have been working to bring flex-fuel



Different levels of ethanol-blended fuel

### MANY TAKERS FOR ETHANOL

In 2016, India produced around 3 billion litres of ethanol. But almost half of it was diverted to distilleries. Another 600-800 million litres were used to produce chemicals.

How Much Ethanol Is Required to Blend With Petrol

5.42 bn litres for 2022-23  
6.98 bn litres for 2023-24  
9.88 bn litres for 2024-25  
10.16 bn litres for 2025-26

The government has mandated 2025 for meeting 20% ethanol in gasoline and we are geared up to do it by 2024. For that, we require almost 10.15 billion litres of ethanol. As of date, the production is 50%. But 11 commercial plants of 100 kilo litres per day of ethanol production are coming up. Post-2025, ethanol is going to be surplus"

PANKAJ KASLIWAL, deputy general manager-research and development, IOC

vehicles to the Indian car market. Brazil has spearheaded some of the big shifts in the field of biofuels, especially ethanol. Today, it is home to the world's largest fleet of cars that use ethanol—27 million cars, 73% of the total, can use a mix of ethanol and gasoline.

In the UK, petrol is currently mixed with 5% ethanol, which is due to increase to 10% this year. However, in places such as Brazil and the US, the use of ethanol as fuel is far more widespread.

To learn from global experiences, the Society of Indian Automobile Manufacturers (SIAM) recently entered into an agreement with the US Grains Council (USGC), a nonprofit developing export markets for ethanol, to establish a framework of cooperation covering scientific, technical and policy aspects of producing, blending, distributing and marketing ethanol as well as automobile compatibility in a sustainable and environment-friendly manner.

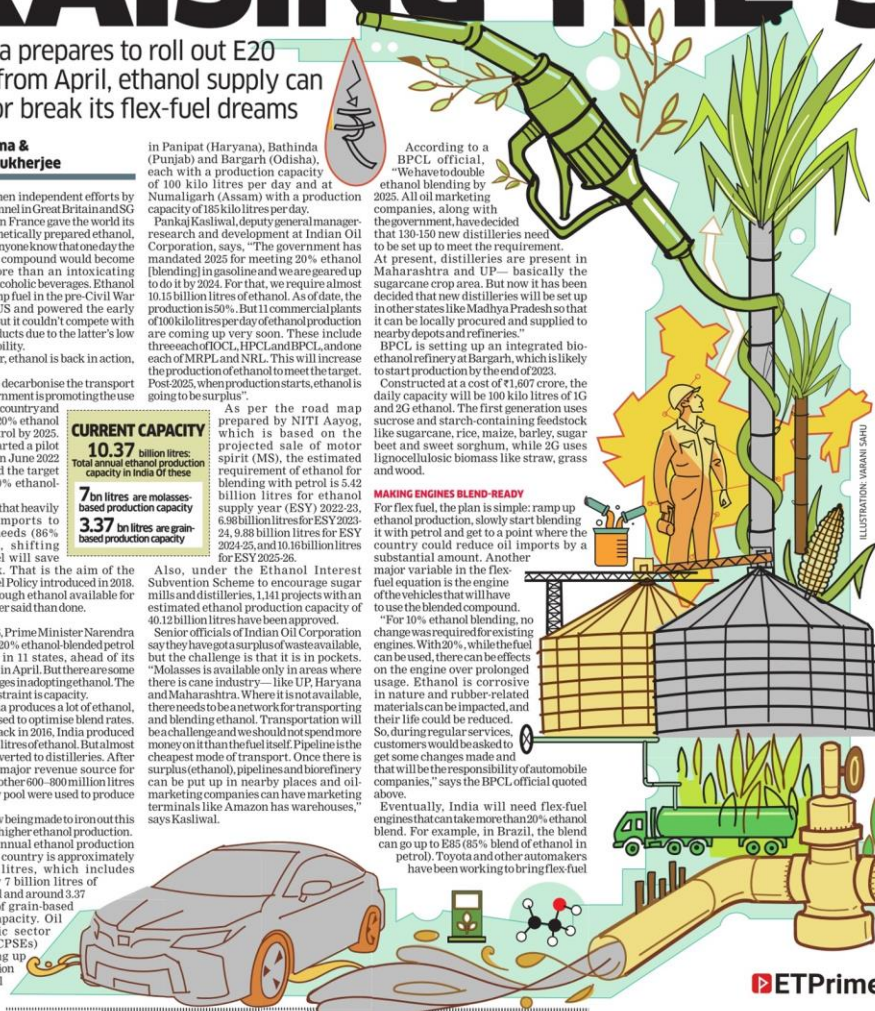
"Corn is a predominant part of ethanol in the US and the mandate is 10%, like in India, but there is the availability of E85 (85% blending). On price difference, from E9 to E85, the cost goes down by around 40%," says an official of the council.

### BOTTOM LINE

India has been working hard to reduce its dependency on foreign oil, and blending domestically produced ethanol with conventional fossil fuels is an opportunity to reduce reliance on oil imports. But ethanol is a complex derivative extracted as a by-product during the process of making sugar from sugarcane. There are also concerns that ethanol production will increase the demand for water-intensive sugarcane crop. However, the India Sugar Mills Association says that as of now only surplus sugar syrup is diverted for ethanol and "the future plan is to increase yield productivity rather than increase land acreage".

On paper, blending is a cost-effective measure as the price of ethanol is much lower than petrol. In the last quarter, ethanol price was ₹60 per litre and before that it was ₹63 per litre. Can the consumer expect some price relief once blending of ethanol with petrol becomes more widespread?

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ETPrime

## BANDU'S BLOCKBUSTERS.

On April 1, four years back, piqued by the incessant jokes in the village at his expense, Bandu Barve decided he'd had enough. It was time for him to turn 'smart'. His dead granny's voice rang in his ears — "Read the papers, Bandya, they tell you all." So, off went Bandu to the stash of newspapers on his father's desk. As luck would have it, the first paper Bandu got his hands on was The Hindu businessline. The stock recos, in particular, had him in thrall. Soon Bandu metamorphosed into an ace investor and trader.

These days, Bandu picks five stocks each Sunday, which he believes will be blockbusters over the next week

BANDU'S PICKS

- 1 Oil India
- 2 KSB
- 3 KPR Mill
- 4 ONGC
- 5 Vaibhav Global

Last week's prize winner  
**Sukumar K**

Last week's winning stock  
**KPIT Technologies**

Closing price (Feb 10)  
**₹854.80**

Closing price (Feb 17)  
**₹855.95**

Return:  
**0.13 per cent**

Here's your chance to match step with Bandu. Guess the stock that will give the best return by next Friday (BSE prices). By Wednesday noon, mail us your pick and its expected price rise to [bandublockbuster@gmail.com](mailto:bandublockbuster@gmail.com) with your name, mobile number and address. One lucky winner will get a prize of ₹2,000.

Tax hike on fuel, liquor push retail inflation	Morning Standard	2	MS Vidyanandan
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## Tax hike on fuel, liquor may push retail inflation

MS VIDYANANDAN @TPuram

THE budgetary hike in fuel tax could further accentuate inflation in the state which touched a high of 6.45% in January. In September 2022, retail inflation in Kerala had touched a record high of 6.45%, but had tapered down to 5.90% in November.

Retail inflation in Kerala has remained lower than the national average for most of the past 12 months largely due to

lower price hikes in food and beverages. However, experts caution that coupled with the hike in liquor tax, the overall impact of the inflation would be severe on the common man and could edge up to new highs.

According to the data released by National Statistical Office early this week, retail inflation based on the Consumer Price Index was



6.45% in Kerala in January 2023, when compared to 6.52% for the country. Inflation touched a high of 6.45% in Kerala in September 2022 too.

Rural Kerala was more affected by the price rise of essentials, showed January figures. The inflation rate was 6.54% as against 6.20% in urban areas.

The NSO calculates the inflation rate based on the prices of

six baskets or groups of goods and services. They are 'food and beverages', 'pan, tobacco and intoxicants', 'clothing and footwear', 'housing', 'fuel and light', and 'miscellaneous'.

The separate CPI for each basket is not available for January. The previous months' data showed that the state's retail inflation was nudged up by high prices for 'fuel and light' and 'food and beverages' baskets.