

# Maha fishermen up in arms against ONGC survey in peak season

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**VASAI:** Fishermen from Vasai, Dahanu and other parts of Palghar district have opposed the annual 56-day seismic oil survey by Oil and Natural Gas Commission (ONGC) that will be performed in Palghar in January.

The survey will be conducted around 50 nautical miles off Palghar coast owing to which the ONGC has banned fishing during the period. Fishermen alleged ONGC did not give prior intimation for the annual survey between January 1 and 25. They added the survey can be conducted between May 15 and August 15, when the state bans fishing.

Narendra Patil from Maharashtra Machhimar Kruti Samiti said, "ONGC can reschedule its survey. Banning fishermen from entering the sea during peak season will render them jobless. We

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NARENDRA PATIL, Maharashtra Machhimar Kruti Samiti

do not want to block the survey. But ONGC must consider our side as well."

Hitendra Naik, local fisherman and Samiti member, said the nets and lines were destroyed during the last year's survey and ONGC did not compensate for the losses the fishermen incurred.

Despite repeated attempts, Pallabh Bhattacharya, corporate communications, ONGC, remained unavailable for comment.

# Marketing margins up, but no respite for OMCs

SAURABH KUMAR  
New Delhi, December 29

WITH FALLING CRUDE oil prices, the net marketing margins of oil marketing companies (OMCs) have improved drastically in the last two months, given the refinery transfer price (RTP) has fallen, and the healthy trend has persisted over most parts of the current quarter. However, finances of the OMCs — Indian Oil, BPCL and HPCL — are expected to remain under pressure due to various factors.

A steep fall in RTP is a result of crude oil prices — which affect international product prices — softening from the highs of \$85-plus per barrel in early October to around \$50 now.

As per a recent report by ICICI Securities, the net fuel marketing margin — profit

made by refiners due to mark-up at which fuel is sold to dealers minus marketing cost — turned from a negative ₹1.31 per litre on November 15 to a positive ₹2.39 per litre on November 16 due to an estimated steep fall in RTP. The OMCs did not increase prices during the April-May period.

**Finances of the OMCs — Indian Oil, BPCL and HPCL — are expected to remain under pressure due to various factors**

Refiners use rolling 15-day price of petroleum products in the international markets to arrive at cost of fuel daily using a formula which includes a trade parity price. Various charges such as BS premium, inland freight and delivery charges as also marketing costs and margins of OMCs are added to the TPP — which is also the RTP or the price at which the refiners sell products to OMCs — to find the price to dealers.

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## Marketing margins up, but no respite for OMCs

While ICICI Securities expects the current level of marketing margin to fall as OMCs pass on benefit to customers, “Auto fuel net margin may average a healthy around ₹1 per litre in Q3FY19, despite a weak start to the quarter, if margins sustain at current levels throughout the quarter.” While improved margins should boost the finances of OMCs in the current quarter, a few factors are expected to keep up the pressure. Moody’s Investors Service in its outlook for FY19 noted that “downstream companies’ increase in capital spending and dividend payments will keep free cash flow negative.” OMCs are at present in the process of upgrading their refineries to comply with BS VI norms, which will require massive capital expenditure. The OMCs have spent around 68% of the targeted capital expenditure of ₹38,687 crore for FY19 by the end of October.

Indian Oil and HPCL executives in the post-September quarter result interaction said there will be shutdown in all refineries next year to hook up to BS VI. However, these will be coordinated short breaks among the refiners and spread out so that there is no shortage of fuel. A coordination committee including officials from the ministry of petroleum and natural gas has been formed for the refinery shutdown programme.

While OMCs already supply BS VI fuel in Delhi, the nationwide roll-out of the higher and cleanest grade of fuel available across the world is slated for April 2020. Another factor affecting profitability of OMCs in the December quarter will be the impact of absorbing ₹1 for each litre of diesel and petrol sold. To cool down the skyrocketing fuel prices, the government asked

OMCs to absorb ₹1 for each litre of fuel sold despite the prices being deregulated. Moody’s said the “government’s fuel pricing policy to hurt earnings of downstream companies”. HPCL CMD MK Surana had earlier said the impact of the government’s move will be visible in the third quarter. India’s largest retailer Indian Oil will see an impact of ₹2,200 crore in the second half of the financial year, according to company chairman Sanjiv Singh. Indian Oil in particular will be buying back shares worth ₹4,435 crore as the government is woefully short of its disinvestment target. As on date, the government has received ₹34,000 crore as disinvestment proceeds compared with a target of ₹80,000 crore for FY19. Moody’s believes that this is one more factor to monitor in the remaining months of the current financial year. While lower inventory gains and higher foreign exchange losses affected the September-quarter earnings of all the three OMCs, operating profits of these companies dropped by at least one-third. The Ebitda fell by 46% for Indian Oil, 38% for BPCL and 34% for HPCL in the September quarter.

## Fuel prices down 30 paise, petrol at new 2018 low



IANAS ■ NEW DELHI

Domestic fuel prices fell around 30 paise on Saturday as the cost of petrol touched fresh low levels for 2018 across the four metros.

In the national capital, petrol price was at ₹69.26 per litre, 29 paise down from the Friday's levels of ₹69.55 per litre, data on the Indian Oil Corp's website showed.

Cost of the fuel in Delhi fell below the ₹70 per litre mark on December 24 for the first time in the year since January.

In Kolkata, Mumbai and Chennai too, prices of the fuel fell to new lows for the year at ₹71.37, ₹74.89 and ₹71.85 respectively, down from the previous levels of ₹71.65, ₹75.18 and ₹72.16 per litre.

The decline in domestic fuel prices comes amid the recent fall in global crude oil prices.

As per the country's dynamic pricing mechanism, the domestic fuel prices depend upon international fuel prices on a 15-day average and the value of the rupee.

Diesel prices also declined in line with petrol. In Delhi, Kolkata, Mumbai and Chennai, diesel prices fell to ₹63.32, ₹65.07, ₹66.25 and ₹66.84, from the previous levels of ₹63.62, ₹65.37, ₹66.57, ₹67.16 per litre.

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# Safety in the pipeline

Triggered by Metro digging, the accidental gas pipeline leak has not changed public perception about PNG as a safer option to LPG cylinders

Nothing like Piped Natural Gas (PNG) to score a safety point over the LPG cylinders...Sparing no effort in driving home this advantage, the Gas Authority of India Limited (Gail) appeared to win the battle of perceptions. But did that image take a hit with the accidental leakage in October?

For the record, the accident was established as entirely of the Metro's making. A Gail spokesperson hastens to add that since PNG is lighter than air, the gas dispersed and there was no safety issue at all. The entire leakage could have been avoided if the Metro had informed the gas authority in advance.

## Low gas pressure

Gail's trunk pipeline ferries the gas at a high pressure of 80-90 bar. But once it enters Bengaluru city, the pressure is reduced to 19 bar. "When the gas reaches the kitchen, the pressure is as low as 21



A Gail team inspects leakages near the spot where Metro digging work damaged an underground pipeline. The incident was reported from Garudacharpalya, Whitefield Main Road on October 29.

millibar. The risk of any incident reduces drastically," the spokesperson explains.

Yet, this low risk profile has not pushed connectivity to a large scale. Despite years of infrastructure build-up and awareness creation, only about 9,500 households use PNG in the city. Besides, the risk of another accidental leakage remains high, since inter-agency

coordination is a non-starter in the city.

But Gail's subsidiary, GAIL Gas Ltd (GGL) is optimistic about the future. No issues have emerged from areas such as HSR Layout, Mangammanapalya, BEL Colony and Jindal Colony, where the piped gas is already being supplied. Another 1.8 lakh residents have registered for the PNG gas

connection.

## Future projections

By the end of the 2018-19 financial year, the industrial customer base of PNG in the city will exceed 100, informs a Gail official. Commercial establishments, mainly hotels big and small, have also signed up besides 140 apartments. The Authority is also in talks



Gail personnel inspect the spot where its gas pipeline was damaged due to Metro work digging in October

Gail has adopted the trenchless Horizontal Directional Drilling (HDD) method wherever feasible. However, this is not possible on smaller roads.



with the Hoteliers Association to get connected wherever feasible.

Live industrial customers in the Gail fold include the Bharat Electronics Limited (BEL), Bharat Heavy Electricals Limited (BHEL), Rail Wheel Factory, Intel, Biocon and Wipro. Several smaller units in the Peenya and Bommasandra industrial areas are also part of the network.

**Gated communities**

Unlike individual houses, gated communities are now eager to take the Gail route to piped gas. Big builders too are in talks with GCL to build the infrastructure required to supply PNG in upcoming apartment blocks. GCL is convinced that eventually, PNG will be the default gas connection in the city even if it takes time.

In certain pockets of the city, however, pipe-laying work has been slow. The work has actually ground to a halt in the HAL area. A Gail official attributes this to permission issues with the Hindustan Aeronautics Limited (HAL). "We are in talks with HAL to sort this out," the official assures.

Residents frown upon open cutting of roads to lay the pipeline. Coordinating with the Bruhath Bengaluru Mahanagara Palike (BBMP) is critical. But Gail has an alternative option called Horizontal Directional Drilling (HDD), a method of installing underground pipelines through trenchless methods.

**Horizontal drilling**

The process involves the use of a directional drilling machine, and associated attachments, to accurately drill along the chosen bore path and back ream the required pipe. But this process is not viable on smaller roads as the HDD machines occupy much space. "We have interactions with the local communities to bear with the inconvenience for a short while. Citizens understand, since we have been generally good at road restoration," the official explains.

PNG's ease of use, billing that aids pay according to use, and the recent hikes in LPG cylinder prices have also worked in favour of the piped gas. The piped gas is currently priced at Rs 26 / cubic metre. A family of four typically consumes 0.5 to 0.7 cubic metres every day. Usage is billed bi-monthly by smart metres, with payment options available both online and offline.

**CNG stations**

Besides PNG, Gail's Compressed Natural Gas (CNG) offering in the city is gathering momentum. Currently, the city has eight commissioned CNG stations including the ones in Laggere, Prem Nagar; APC Circle, Jigani; Peenya Industrial Area; Sunkadakatte; Bommasandra Industrial Area. By March 31, 2019, Bengaluru will have 25 CNG stations, according to Gail.

In June this year, Gail and app-based taxi aggregator, Uber had inked a Memorandum of Understanding (MoU) to promote use of CNG as fuel in the city. Under this partnership, dubbed 'Hasiru Bengaluru,' Gail is to provide free CNG to the first 500 cars signing onto the programme, capped at a maximum of Rs 10,000 per car.

A top Gail official had estimated that the use of CNG could lead to monthly savings of up to Rs 15,000 for Uber drivers in Bengaluru.



**Timely restoration of roads dug up for gas pipeline-laying work is critical. Residents have complained of slow progress, although Gail officials say the roads are restored without much delay. Residents want better coordination between Gail and BBMP.**

**Game-changer**

But for large-scale adoption of CNG as an alternative fuel in the city, Gail is clear about one game-changer: A large fleet of BMTc buses plying on the green fuel. This was precisely its objective when it set up three CNG filling stations at three BMTc depots nearly three years ago.

However, the Transport Corporation's progress on this count has been too slow to Gail's liking. For BMTc, it has always been a question of financial viability. The deadlock continues.

**Rasheed Kappan**

**ROSHAN K S**  
Resident, Attiguppe

Natural gas is odourless and can't be detected by smell. The leak may go undetected and may also be very expensive to detect and fix. I feel the piped natural gas project demands huge investments and expertise.



**SATYANARAYANA RAO**  
Social worker, Vijayanagar

PNG ends the inconvenience to consumers as they need not wait till the LPG cylinder is delivered. Moreover, compared to LPG, PNG is the safest mode and facilitates consumption only up to what they actually require.



**SHREESHAIL**  
PNG consumer

The pressure of the gas is similar to LPG. But in case of any leakage anywhere in the pipe, the regulator gets switched off automatically. Once the switch is turned off, the leak can be plugged and the system normalised.



**ARUNKUMAR JODALLI**  
Resident, Hosur Road

Piped gas is cheaper than LPG cylinders, prices of which have gone up drastically. The continuous supply of gas through the Gail pipeline has made life much easier, as we do not have to wait for the cylinder to be delivered at our doorstep.





**A Gail CNG filling station opened inside the Peenya BMTC depot in Bengaluru.**

## Profit from every CNG bus: Gail

The Gas Authority of India Limited (Gail) wants BMTC to take the lead and show everyone in the city that Compressed Natural Gas (CNG) vehicles are the green way to go. Driven by concerns of financial viability, BMTC is however, reluctant.

Gail's answer, articulated by a senior official, is this: The Transport Corporation can make a profit from every bus within one year to 18 months. If Mumbai and Delhi can do it, why not Bengaluru? This is Gail's poser, after setting up CNG filling stations at over three BMTC depots in the city.

A large fleet of BMTC buses fuelled by CNG will be a game-changer for Bengaluru, the official points out.

### PNG Emergency? Here's what to do...

- Turn off the valve available on gas line near PNG meter and regulator
- Open all the doors and windows of the area
- Stop the gas stove immediately, do not use any open flame such as the one from a match stick
- Do not switch on / off any electrical appliance
- Cover the gas leakage point with a wet cloth
- Keep people away from the leakage area
- Do not panic, do not spread rumours
- Immediately inform Gail Gas regional office and local fire brigade

### Precautions while using PNG

- Use only approved gas appliances
- Connect the gas appliance and valve correctly
- Keep the windows open or exhaust fan on while using the gas
- Turn off the valve when gas is not in use
- Check and replace the rubber tube if required
- Check and maintain the PNG setup, including meter, regularly
- Do not use LPG cylinder in PNG burner
- Do not tamper with the PNG pipeline
- Do not bring any burning object near PNG pipeline or meter
- Do not leave gas stove unattended after use
- Do not use spray cans or cleaning solvent, or leave papers / clothes near gas appliance

# Less risky and cumbersome than LPG cylinders, say PNG users

**S**lowly but surely, the Piped Natural Gas (PNG) network is spreading its tentacles across the city. As an alternative to the cumbersome LPG cylinders, dedicated gas lines are gaining acceptance among the public.

To understand the public perception, DH did a reality check and found that the new system is cost effective and less risky than the cylinders.

New apartment constructions mushrooming across the

city now favour piped gas to LPG cylinders. The apartment buyers are also convinced that this is the safer way to go, although they want to be fully aware of the hazards associated with PNG as well.

Arunkumar Jodalli, a resident of Hosur Road puts things in perspective, when he says, "Piped gas is cheaper than LPG cylinders. Cylinder prices have gone up drastically, they are no longer affordable to everyone. The continuous

**Many feel the LPG cylinder, unlike PNG, takes much space in the kitchen, and they have to be fully alert to avoid gas leakages. The distinctive odour from a leaking cylinder can trigger panic.**

supply of gas through the Gail pipeline has made life much easier, as we do not have to wait for the cylinder to be delivered at our doorstep."

Many feel the LPG cylinder takes much space in the kitchen, and they have to be fully alert to avoid gas leakages. The distinctive odour from a leaking cylinder can trigger panic. To be on the safer side, they prefer to keep the cylinder at least a metre away from the stove.

On the safety aspect of PNG, a user Shreeshail shares, "The pressure of the gas is similar to LPG. But in case of any leakage anywhere in the pipe, the regulator gets switched off automatically. Once the switch is turned off, the leak can be plugged and the system normalised."

Several houses in BEL Colony, HSR Layout and Jindal Colony have had piped gas connection now for a couple of years. The general consensus

is this: Billing is a breeze as the smart meter shows your usage and you pay once every two months.

Gail's mobile app allows customers to view and pay their bills through various payment gateways. A user from Yeshwanthapura says piped gas is not risky at all since the gas supplied is at a pressure that is hundred times lower than LPG.

Besides, there is no question of waiting for the cylinder

delivery boy, delayed booking or safety issues associated with cylinder openings. Shreeshail adds that since PNG is a bio-fuel, users have the satisfaction of being eco-friendly.

For Satyanarayana Rao, a social worker from Vijayanagar, PNG is a good project for the city since it has many benefits. He explains, "It ends the inconvenience to consumers as they need not wait till the LPG cylinder is delivered. Moreover, compared to LPG,

PNG is the safest mode and facilitates consumption only up to what they actually require."

However, not everyone is convinced. Contends Roshan K S from Attiguppe, "Natural gas is odourless and can't be detected by smell. The leak may go undetected and may also be very expensive to detect and fix. The project demands huge investments and expertise."

**Pooja Deshpande**



