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# ONGC move to meet green objectives

STATESMAN NEWS SERVICE  
NEW DELHI, 3 DECEMBER

State-run oil major Oil and Natural Gas Corporation (ONGC) has joined hands with Solar Energy Corporation of India to realise its green energy objectives and undertake renewable energy projects including solar, wind, EV value chain and storage of green hydrogen.

ONGC has signed a memorandum of understanding (MoU) with SECI to realise its green energy objectives, said a senior officer of the petroleum ministry here today.

The MoU was signed by ONGC chairman and managing director Subhash Kumar and SECI managing director Suman Sharma on behalf of the two national energy companies.

## INKS MoU WITH SECI



ONGC has a multipronged strategy to make its green energy portfolio richer and has plans to progressively move towards carbon neutrality by effective carbon management and adding renewable energy capacity.

**SUBHASH KUMAR**  
CHAIRMAN & MD, ONGC

“While we appreciate the magnitude and urgency of the climate change challenge, we also understand our commitment towards energy security of the country and are committed to carrying out our

business in a sustainable manner. ONGC has a multipronged strategy to make its green energy portfolio richer and has plans to progressively move towards carbon neutrality by effective carbon man-

agement and adding renewable energy capacity,” Subhash Kumar said while signing the MoU.

ONGC had been pursuing a green energy agenda through various alternatives and renewable sources of energy and has set a target of producing a minimum of 10 GW of renewable power by 2040 while continuing its focus on the core exploration and production business, said a senior officer of the petroleum ministry here today.

ONGC is the first non-American company in the world to be a part of Global Methane Initiative (GMI). Through this programme alone, it has so far prevented about 20.48 MMSCM (million metric standard cubic meters) of methane gas leakages into the

atmosphere.

This has saved nearly three lakh tons of CO2 equivalent, the ministry said.

“Considering the strategic significance of CCUS technology towards transition to net-zero emissions, ONGC is also partnering with IOC for setting up a CCUS project for enhanced oil recovery (EOR) from depleted oil fields,” the petroleum ministry said.

The project would utilise CO2 captured from IOC’s Koyali refinery for injecting it into the depleted reservoirs of Gandhar oil field in Gujarat. ONGC is also considering India’s first 200-300 MW demonstration wind offshore power project for which feasibility study is carried out jointly with NTPC, the ministry said.

THE COMPASS

# A crude conundrum for oil marketing companies

Lower prices can improve margins, but could impact inventory

DEVANGSHU DATTA

The supply-demand equation in the global crude oil market is expected to change from a supply deficit to supply-surplus by January. Crude oil and gas prices have started correcting as a result.

One reason for this is that the US and Canada are ramping up production. Also, global growth estimates have been downgraded because of the current Covid-19 wave.

In general, lower energy prices are good for India. But it will mean lower growth on the export front, if there's a trade slowdown. If domestic lockdowns are reimposed due to a third wave, it will definitely hurt Indian growth as well. The Indian crude basket saw a small decline in price to \$80.64 per barrel in November, versus a calendar year high of \$82.11 in October. But a sharper decline could occur through December 2021-June 2022.

A change in prices leads to a review of the PSU oil marketing companies (OMCs) BPCL, HPCL, and IOC. They



import feedstock, refine, and sell products from retail outlets (and to aviation companies). If prices drop, refining margins rise. On the other hand, revaluation of inventory could mean a (non-cash) hit on the bottom line if inventory was acquired at higher prices.

While in theory OMCs set prices according to market rates, there are political considerations. Given several Assembly polls due in 2022, it is possible the government will ask for price cuts.

Consumption data for the April-October period across categories was 113.5 million

tonnes (MT) versus 103.6 MT in FY21, and 123.9 MT in pre-pandemic FY20.

In terms of financial results, HPCL declared consolidated PAT of ₹1,919 crore in Q2FY22, versus ₹2,976 crore in Q2FY21. IOC's consolidated PAT was ₹6,235 crore in Q2, versus ₹6,165 crore in Q2FY21. For BPCL it was ₹2,694 crore in Q2, versus ₹2,589 crore in Q2FY21. There is an indication of margin pressures when comparing results. This is due to differences in crude prices, which averaged \$43 per barrel in Q2FY21 and averaged \$72 in Q2FY22. All three companies gained from this.

The share prices of all three OMCs have seen big corrections in the last month. BPCL is down 7 per cent, IOC 7.8 per cent, and HPCL 5 per cent. If crude prices drop, and demand does not reduce, there could be an upside for these stocks. But if there's a downgrade to domestic growth due to a third wave, or global growth falling, there would be a reduction in consumption, which would hurt them.

## EV charging stations being set up at 22k petrol pumps

**WORK IS UNDERWAY** to set up charging stations for electric vehicles at 22,000 of the 70,000 petrol pumps across the country, the government informed Rajya Sabha on Friday.

Replying to supplementaries during the Question Hour, Heavy Industries Minister Mahendra Nath Pandey said the first priority would be to set up such charging stations for electric vehicles at express highways, highways and populated cities.

He also said the government under the Faster Adoption and Manufacturing of (Hybrid) Electric Vehicles in India (FAME India)-II scheme has directed the ARAI in Pune, an institution working in the field of automobiles, to develop a prototype for fast charging of electric vehicles.

— PTI

# Freight demand drops in November

## OUR BUREAU

Mumbai, December 3

The freight movement dipped last month due to slower industrial activity and high cost of transportation.

The quantum of freight moved was flat to negative in the month after the pre-festive buzz in October, according to a Crisil Research report. However, the cut in taxes and fall in crude oil prices is expected lower the cost of transportation.

## Transport firms hit

Despite cut in diesel prices, profit of transport companies fell month-on-month in November as freight demand dipped.

However, freight rates for haulage of essentials such as FMCG had remained relatively resilient in November. After the festive stock-up, freight rates for discretionary goods such as auto carriers and textiles are seeing more pressure compared to other sectors. Mining, cement and steel freight rates have also fallen as infrastructure activity was subdued month-on-month. However, the drop is not significantly more than the fall in diesel price in the case of cement, said the report.

In the first week of November, the Centre announced a ₹10 per litre reduction in the Central Excise applicable on diesel. A few States also followed suit by announcing additional cuts in State taxes on diesel.

This augurs well for the profitability of transporters. However, the freight industry is very dynamic and competitive, so demand-supply factors also play a material role in freight rates.

The excise duty cut translates to a 3-5 per cent reduction in the cost structure of a transporter. Add the cropping of VAT rates by a few States, and the reduction would be 4-6 per cent.



## **KEC International bags ₹1,065-cr orders**

INFRASTRUCTURE ENGINEERING, PROCUREMENT and construction (EPC) major KEC International on Friday said it has bagged orders worth ₹1,065 crore across businesses. Its transmission & distribution business has secured orders for projects in India, West Asia, Africa, and Americas. Its railways and civil, and oil & gas pipelines businesses have bagged orders in India. The cable business has bagged orders in India and overseas.

## Oil up after Opec+ takes flexible stance on supply

BLOOMBERG  
3 December

Oil jumped after the Opec+ alliance left the door open to reversing its decision to boost output at any moment, with the impact of the omicron variant on demand remaining highly uncertain.

West Texas Intermediate climbed above \$68 a barrel after closing higher on Thursday following the producer group's decision.

Opec+ agreed to add 400,000 barrels a day of crude to global markets in January, but it essentially put a floor under prices by giving itself the option to change the plan on short notice.

That's an unusual step that underscores the difficulty in assessing the supply-demand balance over the



short term due to the omicron variant and the US-led release of national reserves.

Crude has dropped sharply since late October amid moves by major nations to tap their reserves, the emergence of the new virus variant and a more hawkish Federal

Reserve. Some analysts think the declines have been excessive, with Goldman Sachs Group Inc. saying prices have "far overshot" the impact of the omicron variant and Bank of America sticking to its \$85-a-barrel forecast in 2022.

"The bottom might have been reached on Thursday, unless we get some bad news on the new variant," said Giovanni Staunovo, a commodity analyst at UBS Group.

Mint

### PM Modi to launch 2 projects worth over Rs 9,600 cr on 7 Dec

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## PM Modi to launch 2 projects worth over ₹9,600 cr on 7 Dec



AFP

**New Delhi:** Prime Minister Narendra Modi will on Tuesday visit Gorakhpur and dedicate to the nation two projects worth over ₹9,600 crore—a revived fertilizer plant and a new complex of All India Institute of Medical Sciences (AIIMS). The Gorakhpur Fertilizer Plant, which was idle for more than 30 years, has been revived by Hindustan Urvarak & Rasayan Ltd, a joint venture of National Thermal Power Corp., Coal India Ltd, Indian Oil Corp. Ltd, Fertilizer Corp. of India and Hindustan Fertilizer Corp. Ltd. for a cost of around ₹8,600 crore.

STAFF WRITER

## Anjani Kumar Tiwari assumes charge as Member at PNGRB

**NEW DELHI:** Anjani Kumar Tiwari assumes the charge as Member, PNGRB on Wednesday. Before joining Member, PNGRB, Tiwari worked in GAIL (India) Limited and as Director (Finance). He held the position of Director in GAIL Gas Ltd., Green Gas Ltd., Bhagyanagar Gas Ltd, GAIL Gas (USA) Inc, and GAIL Global (USA) LNG LLC. PNGRB Board quorum is complete now with joining of Tiwari. Gajender Singh has already joined the board. With 11th round bidding, 96 per cent of India's population and 86 per cent of its geographical area will cover for City Gas Distribution in the country. PNGRB is focusing on increasing share of natural gas in India's energy mix. Besides, creation of infrastructure to support higher consumption of natural gas in India, PNGRB is committed to balance the interest of consumers, transporters and producers.



MPOST



## Gail to invest in startups; calls for new plans

**NEW DELHI:** In a bid to support the Start-Ups operating in identified focus areas, GAIL (India) Limited plans to invest in such companies through its Start-Up initiative 'Pankh'.

GAIL has now opened a fresh Round for Solicitation of Investment Proposals from the Start-Ups operating in areas such as natural gas, petrochemi-

cals, energy, project management, bio manure marketing, nano materials, IoT and data mining, environment, health and social, etc.

The current Solicitation Round will remain open from 1st December, 2021 to 15th January, 2022.

Further details of focus areas are available on GAIL's website

under GAIL Pankh Section. The Start-Ups that are interested in equity investment from GAIL can apply through link 'GAIL Pankh' on GAIL's website <https://gailonline.com>. **MPOST**

The Asian Age

### Govt plans to free up more oil reserve space for companies

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# Govt plans to free up more oil reserve space for companies

**DEBJIT CHAKRABORTY**  
DEC. 3

India is seeking to make more of its strategic crude reserve space available for companies to store oil to help cut its stockpiling costs.

The world's third biggest oil consumer is seeking to free up as much as 12 million barrels of space for commercial storage at its underground caverns, H.P.S. Ahuja, the chief executive and managing director of Indian Strategic Petroleum Reserves Ltd.,

said in a Bloomberg Television interview. That's equivalent to about a third of current capacity.

In 2016, India exempted foreign companies from federal income taxes on local sales of oil kept in its strategic caverns to entice more commercial storage. A year later, Abu Dhabi National Oil Co agreed to a lease with a capacity to store more than 5 million barrels at Mangalore.

"We have got to lease out 30 per cent of our available reserves and we

are in the process of evacuating some of the crude from the storages," said Ahuja. "As soon as they clear the space, we will be able to lease out the storages, which I believe should happen by January."

India has started selling some stockpiled crude to refiners Mangalore Refinery & Petrochemicals Ltd and Hindustan Petroleum Corp, which will also lease some of the capacity for commercial storage. The space left by the sale of 5 million barrels

of reserves that India committed under a US-led release by global consumers could also create space to be leased.

The nation holds 9.5 days of its oil requirements at three locations — Padur, Vishakhapatnam and Mangalore—and is seeking investment from global oil producers and traders to build additional reserves capacity of about 48 million barrels. India will seek proposals from private companies in January, Ahuja said.

—Bloomberg

# Sri Lanka suffers major power outage

**MEERA SRINIVASAN**

COLOMBO

Sri Lanka experienced an island-wide power outage on Friday, for over five hours, amid persisting fears of a fuel crisis and a shortage of LPG cylinders.

The outage was due to the failure of a key transmission line, a spokesman of the Ceylon Electricity Board (CEB) told *Reuters*. However, the power cut also disrupted water supply in many areas.

The development comes amid growing resistance within the state-run CEB over the decision to award an energy deal to U.S.-based LNG company New Fortress Energy, giving it a monopoly over supply.

## तेल उत्पादन में मामूली बढ़ोतरी जारी रखेगा ओपेक

नई दिल्ली, प्रेस: तेल निर्यातक देशों के संगठन (ओपेक) और उसके सहयोगी देशों ने गुरुवार को तेल उत्पादन में मामूली मासिक वृद्धि बनाए रखने पर सहमति जताई। कोरोना का नया वैरिएंट सामने आने के चलते ग्लोबल बाजार में अनिश्चितता की स्थिति बनी है। सऊदी अरब के नेतृत्व में ओपेक देशों के प्रतिनिधियों और रूस की अगुआई में उनके सहयोगी देशों ने गुरुवार को तेल उत्पादन में पहले की तरह थोड़ी मासिक वृद्धि जारी रखने के पक्ष में मतदान किया। ईंधन के दम में तेजी को देखते हुए अमेरिका और अन्य प्रमुख तेल उत्पादक ओपेक से उत्पादन में ज्यादा बढ़ोतरी चाहते थे। इस पर कई दौर की वार्ता भी हुई थी। लेकिन कई सदस्यों ने पूर्व में इस पर सहमति नहीं जताई। अब कोरोना के नए वैरिएंट से बाजार में अस्थिरता को देखते हुए यह सहमति बनी है कि उत्पादन में मामूली बढ़ोतरी की जाए।