ONGC News as on 09 December 2024 (Print & Online)

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India plans final refinery expansion as EV era looms

S DINAKAR
8 December

In what may be the last wave of grassroots refinery projects, the crude oil-refining capacity of state-run companies may go up by 500,000-600,000 barrels per day (bpd) in a little more than 10 years, according to industry executives and government officials.

This comes even as New Delhi is struggling to strike a balance between rapidly adopting electric vehicles and bolstering energy security by taking recourse to affordable and more reliable transport fuels.

There are plans for three new refineries, which are in addition to the ongoing addition of around 800,000 bpd, around 16 per cent of the current capacity, according to the industry data.

The proposed projects — in Andhra Pradesh, Uttar Pradesh, and Gujarat — are still on the drawing-board, with Bharat Petroleum Corporation Ltd (BPCL) and Oil and Natural Gas Corporation (ONGC) trying to identify the right type of land, hard and strong with little need for expensive piling, for a refinery-cum-petrochemicals plant. Soft, soggy land can drive up the project cost, an industry official said.

Costs are more critical today than for projects planned earlier because the shelf life of transport fuels is on the wane as India projects Net Zero emission by 2070.

BPCL is leading in this with an emphasis on petrochemicals and fuel export, an atypical strategy for Indian state refiners, which have traditionally met the country's needs for transport and cooking fuels.

BPCL's focus on a proposed 240,000 bpd refinery in Andhra Pradesh is on petrochemicals with an oil-to-chemical conversion intensity of as much as 40 per cent — nearly twice that of Hindustan Petroleum's upcoming grassroots refinery project in Barmer, industry sources said.

Simultaneously, it is studying the potential for a smaller 120,000 bpd refinery venture in Allahabad, where it owns land provided BPCL can find investors for both projects. It will need pipeline infrastructure to source crude oil from the west coast. The proposed facility in Allahabad will focus on transport fuels, with India's northern region the biggest growth guzzler of petrol and diesel.

ONGC is evaluating plans for a refinery in Gujarat, a state with the highest refining intensity in the country. But industry sources say the explorer's interests in Gujarat may be because of land available at existing projects. Earlier this year, the company completed ownership of OPAL, a mega petrochemicals complex spread over 5 square km in the port city of Dahej.

India programme of refinery addition, which started before the pandemic, will lead to an addition of 1.06 million bpd by 2028, taking the total to 6.2 million bpd, which includes HPCL's 180,000 bpd Barmer plant and India Oil's 180,000 bpd project in Nagapattinam (Tamil Nadu), according to Petroleum Minister Hardeep Puri: After meeting the domestic oil demand of around 5.5 million bpd, refiners will have a capacity of at least 700,000 bpd for export.

CRISIL said in September India's oil-marketing companies were expected to add 800,000 bpd of refining capacity by 2029-30, requiring an expenditure of ₹2.2 trillion.

"Project risk in these investments is expected to be low, which coupled with the expectations of steady returns from the business will support credit risk profiles of OMCs," it said.

Top officials in the industry have had talks with Saudi Aramco, seeking investment in new refineries, but the kingdom's insistence on long-term oil supply conditions to ensure a captive market for its crude oil is delaying negotiations, sources said.

Saudi Arabia and the United Arab Emirates had agreed to take a 50 per cent stake in a 1.2 million bpd plant, along with chemicals ($44 billion), in Ratnagiri, Maharashtra, during Prime Minister Narendra Modi's first term. But politics and protests over land acquisition torpedoed the project.

India will be the biggest contributor to oil demand growth this year, with consumption growing at six times China's pace, according to the data from global forecasters like the International Energy Agency and US Energy Information Administration.

FUELLING UP

Ongoing refining capacity expansions (000' barrels per day)

Company (refinery)	Nature	Capacity addition
HPCL (Barmer)	Grassroot	180
IOC (Panipat)	Brownroot	200
IOC (Nagapattinam)	Grassroot	180
NRL (Numaligarh)	Brownroot	120
IOC (Koyali)	Brownroot	86
BPCL (Bina)	Brownroot	64
IOC (Barauni)	Brownroot	60
HPCL (Vizag)	Brownroot	26
Total additions		916
TOTAL EXISTING CAPACITY		5,020

Note: All expansions by 2027-28

Source: Company

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The new Oilfields Bill, concerns it raises about states' rights

AJOY SINHA KARPURAM
NEW DELHI, DECEMBER 8

EXPLAINED POLICY

RAJYA SABHA passed the Oilfields (Regulation and Development) Amendment Bill, 2024 (Oilfields Bill) last week. It seeks to amend the Oilfields (Regulation and Development) Act, 1948 (Oilfields Act), which governs the exploration and extraction of natural gas and petroleum in the country.

The Centre expects the amendments would encourage domestic production of petroleum and other mineral oils, and push private investment in these sectors to reduce India's reliance on oil imports. However, Opposition parties have criticised the Bill for several reasons.

What amendments the Bill seeks to introduce?

The Bill seeks to introduce four major amendments to the Oilfields Act. These are:

Expanding Definition Of Mineral Oil: Currently, in the Act, petroleum and natural gas are the only two that have been defined as mineral oil. The Bill expands the definition to include any naturally occurring hydrocarbon, coal bed methane, and shale gas/oil. However, the Bill clarifies that the definition will not include "coal, lignite and helium occurring in association with petroleum or coal or shale".

Introducing Petroleum Lease: The Act defines and regulates a mining lease. The Bill seeks to replace it with a "petroleum lease", which has been defined as "prospecting, exploration, development, production, making merchantable, carrying away or disposing of mineral oils". All the mining leases currently in use will remain valid and none of the leases will be "altered to the disadvantage of the lessee during the period of the lease".

Expanding Centre's Regulatory Powers: The Act gives power to the Centre to make rules on matters such as the grant of leases, deciding the terms and conditions of the lease, conservation and development of mineral oils, methods for producing oil etc., according to the legislative research organisation PRS. The Oilfields Bill retains these provisions and further expands the Centre's power by allowing it to make rules for leases to reduce greenhouse gas emissions, sharing of oil production and processing units, merger of leases, and resolving disputes on leases.

Decriminalisation Of Offences: The Bill seeks to scrap criminal punishment for those who contravene provisions of the Oilfields Act, replacing it with fines. Currently, under the Act, any violation of its provisions or connected rules passed by the Centre may be punished with up to six months imprisonment and a fine of Rs 1,000. The Bill instead mentions a penalty of up to Rs 25 lakh, with the possibility of a further penalty of Rs 10 lakh per day starting from the date of the first penalty if the violations persist. The Bill also adds the following offences: undertaking activities related to mineral oils such as exploring, prospecting, and production without a valid lease; and non-payment of royalty, according to PRS.

ONGC processing platform at the Mumbai High offshore oilfield. *Wikimedia Commons*

Why is the Bill being criticised?

Several Opposition parties have raised concerns about how the Bill would affect the rights of states. For instance, Dravida Munnetra Kazhagam (DMK) MP N R Elango said that the word "mining" is being "replaced only to take away the rights of the states". He demanded that the Bill be sent to a Select Committee of Parliament for review.

On July 25 this year, a nine-judge Bench of the Supreme Court held that states had the exclusive power to tax mining activities and collect royalties from mining leaseholders. This power, the court held, stems from Entry 50 of the State List in the Indian Constitution, which gives states the power to impose taxes on "mineral rights".

However, if mining leases are replaced with petroleum leases in the Oilfields Act, the law would fall under Entry 53 of the Union List. This gives Parliament the power to create laws regarding the "Regulation and development of oilfields and mineral oil resources; petroleum and petroleum products; other liquids and substances declared by Parliament by law to be dangerously inflammable".

Another concern is that the provisions of the Bill give private players a certain amount of discretion in how they operate. This would happen as the Bill removes the possibility of criminal punishment, according to Communist Party of India (CPI) MP P P Suneer. He said that public sector undertakings such as the Oil and Natural Gas Corporation (ONGC) should be given priority over private players.

Critics have also claimed that a larger role of private companies in the oil and petroleum sectors could lead to severe environmental impacts.

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Headline: GAIL signs deal for LNG vessel

गेल ने एलएनजी जहाज के लिए समझौता किया

नई दिल्ली। गेल (इंडिया) लिमिटेड ने एलएनजी जहाज के लिए के लाइन के साथ एक दीर्घकालिक चार्टर समझौता किया है। यह जहाज 2027 में परिचालन शुरू करेगा। गेल ने सिंगापुर में एक जहाज स्वामित्व कंपनी के जरिये यह समझौता किया है। इसके तहत एलएनजी जहाज एक आधुनिक दो-स्ट्रोक वेसल होगा, जिसकी टैंक क्षमता 1.74 लाख घन मीटर होगी। यह जहाज सैमसंग हेवी इंडस्ट्रीज को लिमिटेड, कोरिया द्वारा निर्मित किया जाएगा। गेल के पास वर्तमान में एलएनजी परिवहन के लिए चार जहाज हैं और अगले साल दो और जहाज इसके बेड़े में शामिल होंगे।

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Petroleum sector tax revenues may plunge in FY25

Collections from windfall tax had cooled even before it was withdrawn on December 2

SUBHAYAN CHAKRABORTY
New Delhi, 8 December

Sluggish collection of excise duty from petroleum and natural gas — even before the windfall tax regime got scrapped in December — shows that the sector's overall tax contribution to the public exchequer may drop significantly in FY25, said officials.

Tax collected by the Centre from petroleum as excise duty was ₹1.22 trillion during the first six months (April-September) of FY25. This is less than half of the ₹2.73 trillion collected for the full FY24, data from the Petroleum and Natural Gas Ministry submitted to Parliament last week showed. The slow pace of collections in the first six months of FY25 is due to lower receipts from the windfall tax, Petroleum Ministry officials said.

MONEY MATTERS

Figures in ₹crore

	FY20	FY21	FY22	FY23	FY24	FY25*
Excise duty	223,057	372,970	363,305	287,575	273,684	122,507
Corporate/income tax	23,134	21,909	29,219	33,292	57,493	19,053
IGST	13,099	11,594	19,726	22,236	20,930	10,364
Cess on crude oil	14,789	10,676	19,214	21,445	19,580	7,769
Dividend income to central govt	12,270	10,393	22,612	15,673	19,310	4,294
Other taxes and duties	269,021	245,168	320,349	368,497	360,159	175,198
Total contribution to exchequer**	555,370	672,710	774,425	748,718	751,156	339,185

Note: *Apr-Sep; **includes both Central and state exchequer

Source : Petroleum and natural gas ministry

"With the windfall tax now being junked by the Centre in early-December, the government expects lesser tax from the sector in the current year," an official said.

Excise duties on petrol and diesel were last changed in May 2022.

Meanwhile, fuel consumption, a proxy for oil demand, hit a record 157.53 million tonnes (mt) in the first eight months of the current year. This was up from 152.37 mt in the same period of the previous financial year. It signifies that oil demand is not behind the fall in excise collections.

Excise duty is levied by the Centre on the domestic sale of petrol and diesel. Currently, it is ₹19.90 per litre for petrol and ₹15.80 per litre for diesel. On top of that is the state government levy of value added tax (VAT), sales tax and other additional charges.

Meanwhile, classified as special additional excise duty, windfall tax was levied on domestically-produced crude oil, and export of diesel, petrol, and aviation turbine fuel (ATF).

In place since July 1, 2022, it was designed to tax the profits of oil companies as a result of the Russia-Ukraine conflict.

But falling global prices of crude oil have ended the justification for the tax, and it was discontinued last week, after 29 months.

The sector's total contribution had risen in FY23, albeit by a marginal 0.38 per cent to ₹7.51 trillion from ₹7.48 trillion in FY24. It had shrunk by 3.4 per cent in FY23 compared to FY22.

Within this, its contribution to the central government through taxes shrank to ₹3.5 trillion in FY24 from ₹3.7 trillion in the year before.

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Saudi reduces Asia crude prices to lowest since 2021

Saudi Aramco, the world's biggest crude oil exporter, has cut its January 2025 prices for Asian buyers to the lowest level since early 2021, it said on Sunday, as weak demand from top importer China weighs on the market. Aramco cut the official selling price for flagship Arab Light crude by 80 cents to 90 cents per barrel above the Oman/Dubai benchmark average. **REUTERS**

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A dangerous failure

Plastic waste urgently needs a global solution

This month negotiators at the fifth Intergovernmental Negotiating Committee (INC-5) meeting in Busan, South Korea, failed to finalise the global treaty on reducing plastic pollution. By squandering a chance to unite behind a programme, first articulated in March 2022 at the United Nations (UN) Environment Assembly in Nairobi, Kenya, to counter the escalating environmental and health problems posed by plastic pollution, the INC-5's failure has added to the planet's existential threat. The principal problem was the negotiators' inability to agree on a text for "upstream measures" — that is, reducing plastic production, and eliminating specified plastic products and certain chemicals in plastic products. Given that plastics are made from fossil fuel, the principal opposition has come from the world's major producers of oil and gas — Russia, Saudi Arabia, Bahrain, and Kuwait. None of these countries was willing to agree to production cuts principally because plastics are seen as a growth area in the oil and gas business as renewable energy gains traction. The encouraging news is that the door for further negotiations is still open. There is talk of negotiations in 2025 — dubbed INC-5.2 — though a date has not been set.

The need for a global agreement is critical. As with other contributors to climate change, the proliferation of plastic trash is not a localised problem. It is contaminating soil and water everywhere with toxic chemicals, and changing the chemical composition of the oceans and impacting their ability to act as an effective carbon sink. Humongous quantities of plastics are draining into oceans and washing up on distant foreign shores, including uninhabited islands. Without an agreement to cut production and use, the problem will become overwhelming in less than 20 years. The irony is that unlike global carbon emission, plastic made from fossil fuel is just about a century old. Over half the plastics have been made over the past 15 years; nearly 500 million tonnes of new plastics are produced every year and it is reckoned that without a cut it will grow by 70 per cent by the end of this year. The undoubted benefits of plastic in medical devices, and in fuel-saving auto parts are increasingly being offset by the throwaway culture in society; as a result, single-use plastics account for 40 per cent of annual plastic production in the form of cutlery, plastic bags, and food wrappers.

Though the INC-5 negotiations would have been helpful, a casual observer can easily conclude that India is suffering from a plastic-waste crisis already. A recent study reveals India accounts for almost 20 per cent of global plastic waste annually, which is the fallout from rapid urbanisation and faster economic growth. The chief contributors to this catastrophe are inefficient urban-garbage collection mechanisms, the burning of plastic waste in open landfills, adding to toxic emissions, and a growing mountain of non-recyclable single-use plastic and the low viability of the recycling business. Only about 60 per cent of plastic waste is recycled, mostly by the inefficient informal sector. Increasingly stringent regulatory restrictions have been largely ineffective because they have not been backed by efficient monitoring or implementation — the widespread use of plastic straws despite a ban being one example. It does not need an elaborate UN treaty to underline the urgent need for the state administrations to tackle this national hazard with a sense of urgency.

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Saudi cuts oil prices after OPEC+ delays

SAUDI ARABIA IS cutting oil prices for buyers in Asia by more than expected after OPEC+ further delayed an output revival. Saudi Aramco will sell its main Arab Light crude grade at a premium of 90 cents a barrel to the regional benchmark in January.

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'Inflation data, global trends & FII trading to drive markets this week'

NEW DELHI: Investors' sentiments will be guided by a host of domestic and global macroeconomic data announcements this week, along with the trading activity of foreign investors and trends in world stocks, analysts said.

Besides, the rupee-dollar trend and movement of global oil benchmark Brent crude will also be crucial in dictating terms in the market, experts added.

"The domestic stock market is likely to be shaped by a mix of global cues, domestic economic indicators, and the flow of investments from foreign and domestic institutional investors. Key factors like the rupee's exchange rate and crude oil prices will play a critical role in determining market trends.

"Globally, geopolitical tensions, particularly the ongoing Russia-Ukraine conflict, continue to pose challenges.

'Rupee-dollar trend & movement of global oil benchmark Brent crude will also be crucial in dictating terms in the market'

However, recent declines in the dollar index and US bond yields have created a more favourable environment for emerging markets like India," Pravesh Gour, Senior Technical Analyst, Swastika Investmart Ltd, said.

On the economic front, significant macroeconomic releases, including retail inflation and industrial production data from India as well as US core CPI, are expected to influence overall market sentiment, Gour added.

Last week, the BSE benchmark jumped 1,906.33 points or 2.38 per cent, and the NSE Nifty climbed 546.7 points or 2.26 per cent.

"FIIs turning buyers in early December, in a total reversal of their sustained selling strategy during the last two months, has altered the market sentiments. The change in FII (Foreign Institutional Investors) strategy is getting reflected in stock price movements, particularly in large-cap banking stocks in which FIIs have been sellers," VK Vijayakumar, Chief Investment Strategist, Geojit Financial Services, said. PTI

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Saudy Aramco also cut prices for north-west Europe and the Mediterranean.. AP

Saudi Arabia cuts oil prices for Asia

Saudi Arabia is cutting oil prices for buyers in Asia by more than expected after OPEC+ further delayed an output revival, underscoring how the outlook for the market remains weak.

State oil producer Saudi Aramco will sell its main Arab Light crude grade at a premium of 90 cents a barrel to the regional benchmark in January, according to a price list seen by *Bloomberg*. That compares with $1.70 for this month. The firm was expected to lower the premium by slightly less, to $1, according to a survey of traders and refiners. Aramco also cut prices for north-west Europe, Mediterranean. It made no change for North America.

Benchmark oil prices in London are lower down this year on concerns sluggish demand growth, especially in China, will leave the global market in a surplus next year. Brent crude is now just over $71 a barrel and trading in a tight range as a ceasefire between Israel and Hezbollah in Lebanon has so far held, largely eroding a risk premium that traders had priced into the market.

Earlier, Opec+ agreed to push back production increases planned for the start of January by another three months. **BLOOMBERG**

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NGEL, Maersk talk green fuel

Rituraj Baruah
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NEW DELHI

NTPC Green Energy Ltd, (NGEL) a subsidiary of India's largest power generation utility NTPC is in talks with global shipping major A.P. Møller–Mærsk A/S to sell green methanol for its ships, said two people in the know of the developments.

This comes against the backdrop of tightening of marine fuel standards globally, including the European Union's Fuel Maritime Regulation that calls for a 2% reduction in greenhouse gas intensity by 2025 and an 80% reduction by 2050. Green methanol is created by combining green hydrogen with captured carbon dioxide.

"Talks have been underway for sometime now with some potential off-takers. Maersk is key among them. Discussions are in the initial stage and yet to be finalized," said one of the two people mentioned above.

In response to *Mint*'s, query a Maersk spokesperson confirmed that discussions were on at a nascent stage.

"India's strategic location with proximity to major shipping routes, unique agrarian profile offering abundant biomass resources, vast solar and wind resources, ambition targets, policy framework and investment in the production of technologies for renewable energy, green hydrogen and biofuels drive an overall conducive environment for the country to be a sourcing destination for low emission fuels," said the company spokesperson.

NGEL's move comes against the backdrop of tightening of marine fuel standards globally.

In a mailed response, the spokesperson noted that Maersk has ordered several dual-fuel vessels that can run on bio- or e-methanol or liquified gas such as biomethane.

"On this background, Maersk is in talks with several energy producers who are in a position to supply methanol, NTPC being one of them, for its growing fleet of dual-fuel vessels that can run on methanol. At the moment, the discussions are at a very nascent stage as we explore all opportunities," the spokesperson added.

Queries to NGEL remained unanswered till press time.

The green energy arm of NTPC plans to produce a host of green molecules, including green methanol, green ammonia, and green urea apart from green hydrogen at the proposed hub. The planned hub in Andhra Pradesh is expected to export 2 million metric tonnes of green methanol annually, according to NTPC's annual report for the last fiscal (FY24).

In its bid to reduce carbon footprint, NTPC is working on pilot projects that aim to capture carbon dioxide (CO2) from a thermal plant and convert it into valuable products like methanol, ethanol, and carbonated coarse aggregates. It is setting up a 10-tonne-per-day "CO2-to-methanol" demo plant in the NTPC-Vindhyachal thermal power plant. It aims for an indigenous development of catalyst and reactor for conversion of CO2 to methanol, said the annual report.

For an extended version of this story, go to livemint.com.

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LAST-MILE UTILITY

Splicing solar, micro-hydropower

Our Bureau

ISTOCK.COM

Hengbung, a remote village in Manipur, has a first-of-its-kind utility worth replicating elsewhere too — a micro solar pumped storage facility supplying 24x7 power to 50 households.

Today, large-scale pumped hydro systems are the in-thing and many companies are pursuing them as an infrastructure for storage services. But Hengbung seems to illustrate that micro-scale systems are feasible too.

The system utilises solar energy to pump water from a lower reservoir to an upper reservoir during periods of high solar irradiance. This stored water can then be released through a micro-hydro turbine to generate electricity when solar power is not available or when there is high energy demand.

"This innovative technology combines solar power and micro hydropower benefits, creating a hybrid system that can efficiently store and dispatch energy as needed," says a case study published in *Akshay Urja*, an in-house publication of the Ministry of New and Renewable Energy.

RELIABILITY

The key components of the system include a 40-kWp solar photovoltaic array, upper and lower pumped storage reservoirs of 900 cubic metre capacity each, a 4x10 HP solar pumping system, and a 12-kW micro-hydro unit, which can handle loads up to 12.5 kVA while maintaining voltage stability of 217-243 V and frequency between 48.75 Hz and 51.25 Hz.

The micro system has achieved an average generation consistency of 88.6 per cent, "indicating its reliability in meeting the energy demands of rural communities".

The article notes that by harnessing solar power and micro-hydropower, the system has achieved a 92 per cent reduction in greenhouse gas emissions compared with conventional grid power.

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Compressed biogas: Far short of the 5,000-plant mark, but getting there?

The initiative to step up production of the sustainable fuel has faced challenges such as unremunerative pricing and lack of infrastructure to move the gas

M Ramesh

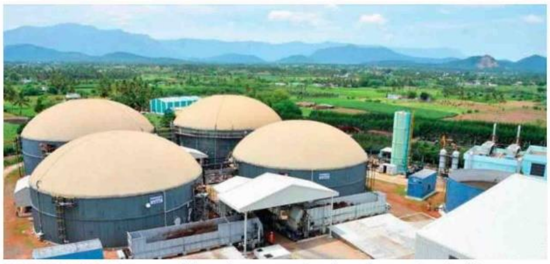
A recent press release from the government stated that there has been an "impressive year-on-year growth" in the number of compressed biogas (CBG) plants set up in India, "from only 19 functional plants in 2020 to 125 currently".

Well, here is something that is not so impressive: In October 2018, when the government launched the 'Sustainable Alternative Towards Affordable Transportation' (SATAT) initiative, it said it aimed for 5,000 CBG plants, with total output of 15 million tonnes a year (equivalent to 54 million MMSCMD, or metric standard cubic metres per day, of natural gas), by 2023-24.

While the government release mentions 125 plants, the SATAT portal says 77 plants have been commissioned, and 17,801 tonnes of gas was sold in 2024-25 — a far cry from 15 million tonnes.

The initiative has faced several challenges such as unremunerative pricing and lack of infrastructure to move the gas.

However, according to industry sources, these issues have largely been resolved and things are looking better, even though the trajectory is not yet good enough for the target.



GREEN FEEDSTOCK. Compressed biogas plants are set up in rural areas for assured supply of biomass

DECEPTIVE PRACTICE

That the CBG scheme has not taken off as expected was noted, back in December 2022, by a report of the Standing Committee on Petroleum and Natural Gas. It observed that the scheme "has not been able to encourage investors/ entrepreneurs to establish CBG plants".

It also flagged several hurdles in the scheme's implementation, including the multiple letters of intent that the Ministry of Petroleum and Natural Gas issued "to show that targets under the scheme will be met". Without mincing words, the committee said it "found the practice to be deceptive on the part of MoPNG and oil and gas marketing companies". Moreover, when entrepreneurs approached banks for loans towards setting up CBG plants, "the banks are not extending loans for more than one project to entrepreneurs with multiple letters of intent".

It also noted that "CBG plants have a very low internal rate of return" and that the pricing of gas "needs to be remunerative to the marketing companies".

IMPROVED SCENARIO

Mohit Gupta, COO, GPS Renewables, however insists that things are looking better. Reliance, Adani and several other big players have announced projects. Also, the median size of projects has gone up. When the SATAT scheme was launched, it was assumed that each plant's capacity would be 5 tonnes a day, but most plants are now planned for 15-20 tpd, some even 40 tpd. Based on the announcements, Gupta reckons that, in three years, India could have at least 500 plants (it takes roughly ₹100 crore to set up one plant). In terms of capacity, these would be equivalent to 2,000 plants of the originally envisaged size. But that is still far short of the targeted 5,000.

A critical issue that remains unaddressed, says Gupta, whose company has announced it would set up eight CBG plants in a joint venture with Oil India Ltd, is the regulation for injecting the gas into pipelines. Today, you can sell the gas only within a certain geographical limit. Since CBG plants are typically set up in rural areas, where the feedstock biomass is available, the gas is produced in low-consumption centres. To supply to high-consumption centres, such as cities, it needs to be transported by road in cylinders. If CBG companies are allowed to transport the gas via pipeline, its reach and business prospects would improve. The government is said to be looking into this.

Today, CBG prices are linked to natural gas prices (at 20 per cent discount). The Indian Biogas Association has called for a ₹10-15 per kg premium to CNG, to recognise the green credentials of CBG.

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India, Norway discuss ways to ease investments under EFTA

FE BUREAU
New Delhi, December 8

INDIA AND NORWAY on Sunday held discussions to identify areas where investments can be channelled under the Trade and Economic Partnership Agreement (TEPA) that was signed between India and the European Free Trade Association (EFTA) in March this year.

Areas for investments which were explored at the meeting of India-Norway business roundtable in Mumbai included logistics, supply chain, connectivity, maritime, energy, circular economy, food and agri, infrastructure and technology.

Norway is one of the key members of the EFTA which also includes Switzerland, Iceland and Liechtenstein. Commerce and industry minister Piyush Goyal led the Indian delegation while the Norwegian side was headed by ambassador of Norway to India May-Elin Stener.

Stener noted Norway's plans to ratify TEPA by 2025 and emphasised areas of focus like renewable energy, maritime industries, climate and sustainability.

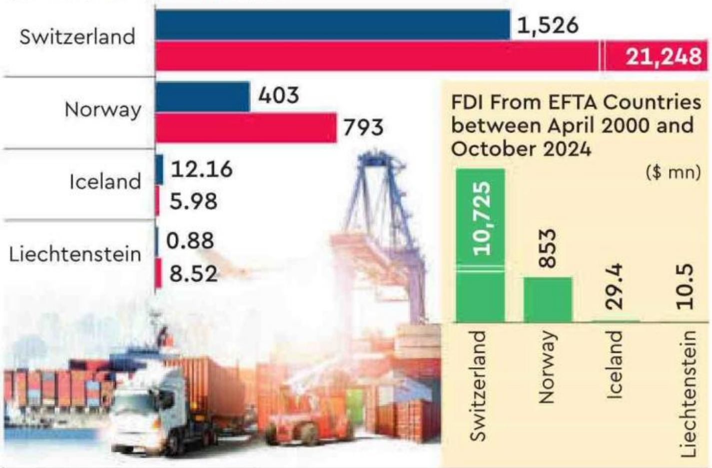
Businesses from India under the umbrella of Confederation of Indian Industry (CII) and others important for the India-Norway corridor also participated in the discussions, apart from business leaders from Norway.

The TEPA has an investment commitment from the EFTA members in exchange for lower tariffs on their goods exported to India. The four-nation economic bloc will collectively invest $100 billion in India over the next 15 years, generating one million jobs. The investment that would count towards the commitment is foreign direct investment. Portfolio investments are out of this.

Discussions were also held on the current business climate in India and key government reforms and policies. If investments do not materialise, India can roll back tariff concessions after a mutual review.

TRADE TALKS

India's Trade With EFTA Block Members (2023-24)
($ Million) Export Import



ओएनजीसी ONGC

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Wind power generation declines sharply in Rajasthan, AP, Maharashtra

Avinash Nair
Ahmedabad

Despite a 1,830 MW of wind power capacity getting added in the first six months of FY25, leading wind power generating States like Rajasthan, Andhra Pradesh, Maharashtra and Gujarat have generated less compared to the same period last year.

Gujarat is the biggest wind energy producer with 15,300 MW of installed capacity. However, between April and September 2024, wind generation fell by almost 2 per cent to 15,332 million units. Tamil Nadu too saw a 2 per cent fall, producing 13,000 million units during the first half of the current fiscal. This comes despite both States increasing their wind generation capacities by 5 per cent during April-September. While Gujarat added 592 MW, Tamil Nadu added 525 MW of wind generation capacity.

HARD HIT

This fiscal, the biggest decline in wind power generation was in Rajasthan. The State, at 4,332 million units, produced 20 per cent less wind power compared to the same period last year. Andhra Pradesh, which generated 5,300 million units, too saw a 14 per cent decline in wind generation. Both Rajasthan and Andhra Pradesh did not add wind generation capacity during the last six months.

It has been a similar story in Maharashtra and Madhya Pradesh, where wind generation declined 7-9 per cent.

Rajasthan saw the biggest decline in wind power generation this year

Overall, wind power generation in India fell by 3 per cent to 55,888 million units (57,618 million units).

However, wind generation in Karnataka rose to 9,043 MU (7,415 million units) last year. During these six months, the installed wind generation capacity also rose by 12 per cent to 6,724 MW.

In comparison, solar energy generation in India rose 18 per cent to 67,929 MU during the period.

INTEGRATED APPROACH

Atanu Mukherjee, CEO & President, Dastur Energy says, "Such instances as seen in the first half of this fiscal underscore the critical need for India to approach renewable capacity additions as part of a well-integrated electricity system, rather than simply expanding capacity to capitalise on subsidies."

In the case of wind, power generation and transmission face unique challenges, as demand centres are often far away from generation points. "That means one needs to have a grid connection and transmission infrastructure to transport wind energy. Both connectivity to the grid and transmission capacity have been lacking in these States.

CONNECTIVITY ISSUES

Right of way issues for transmission lines have been a large factor in delaying connectivity. Investment in transmission infrastructure is capital intensive, and delays and curtailed investments are likely, unless there is a clear business case for investing in transmission.

In the absence of grid connectivity and transmission capacity, investments in wind will fall — as generation of wind power for mostly local/regional consumption will lead to high curtailment and even negative wind electricity prices."

A leading wind turbine manufacturer who did not wish to be named told *businessline*, "Unlike in a thermal project, the plant load factor for wind power projects is calculated based on the 25-year-long lifecycle of the project.

"Therefore, investors in a wind power project are looking at the returns from the entire project-life and not on a year-on-year basis.

"Therefore a year-on-year comparison of wind power generation is not right. Also, in our experience, wind data measurements have to be studied for an 8-10 year period," the manufacturer added.

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CII warns against growth risks from tight fiscal deficit targets in Budget 2025-26

KR Srivats
New Delhi

The Confederation of Indian Industry (CII) has urged the Centre to strike a careful balance between fiscal deficit targets and growth support in the upcoming Budget, cautioning that overly aggressive deficit reductions could hinder economic growth.

The apex industry chamber has, in its submissions for the Budget, suggested sticking to the fiscal deficit target of 4.9 per cent of GDP for FY25 and pegging a target of 4.5 per cent for FY26. Noting that India has been growing rapidly amidst a slowing global economy, Chandrajit Banerjee, Director General, CII, said that prudent fiscal management for macroeconomic stability has been pivotal to this growth.

Banerjee said that the fiscal management so far has maintained the perfect balance between the fiscal deficit and fiscal support to growth. This has provided macroeconomic stability to the economy and helped build resilience in an environment of great global economic uncertainty, he added.

Banerjee's remarks are particularly significant, as they come amid a sharp slowdown in India's economic momentum. The country's GDP growth in the second quarter hit a seven-quarter low of 5.4 per cent, prompting the Reserve Bank of India (RBI) to revise its full-year growth projection downward to 6.6 per cent from the earlier estimate of 7.2 per cent.

GLIDE PATH

CII has also welcomed the Budget 2024-25 announcement to keep the fiscal deficit at levels that help reduce the debt-to-GDP ratio. In preparation for this, the forthcoming budget could lay out a glide path to bring the Centre's debt to below 50 per cent of GDP in the medium term (by 2030-31), and below 40 per cent of GDP in the long term, CII has suggested.

Such an explicit target would have a positive impact on India's sovereign credit rating and on the interest rates in the economy, in general, it added.

STABILITY REPORTING

To aid longer term fiscal planning, the government should consider instituting fiscal stability reporting, Banerjee suggested. This could include issuing annual reports on fiscal risks under different stress scenarios and the outlook for fiscal sta-

Chandrajit Banerjee, Director General, CII

bility. The exercise will help forecast potential economic headwinds or tailwinds and assess their impact on the fiscal path.

The reporting can also include long-term (10-25 years) forecasting of fiscal positions accounting for impact of factors like economic growth, technological change, climate change and demographic changes. Several countries have adopted this proactively ranging from 10 years in Brazil to 50 years in the UK. "In addition to the fiscal prudence at the Centre, fiscal prudence at the State level is equally crucial for the overall macroeconomic stability and fiscal sustainability. Today, the combined spending by State governments is higher than that of Union Government," Banerjee added.

CII has suggested three interventions to nudge the states towards fiscal prudence. One, the States could be encouraged to institute state-level fiscal stability reporting. Two, States have been allowed to borrow directly from the market, following the recommendations of the 12th Finance Commission. States can also provide guarantees in case of borrowing by state PSEs, which have implications for the State's fiscal health.

Three, the Centre could create an independent and transparent credit rating system for the states to incentivise them to maintain fiscal prudence. Rating of states could be used to grant them greater autonomy in deciding how to borrow and spend.

Such rewards will act as a strong incentive for State governments to prioritise fiscal prudence and fiscal sustainability of finances, Banerjee said.

Online

Headline	Oilfields Amendment Act to ensure self-reliance and attract investment: Mahendra Bhatt		
Publication	Garhwal Post	Edition	Online Coverage
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Oilfields Amendment Act to ensure self-reliance and attract investment: Mahendra Bhatt

https://garhwalpost.in/oilfields-amendment-act-to-ensure-self-reliance-and-attract-investment-mahendra-bhatt/

SHARE By Our Staff Reporter New Delhi, 3 Dec: Rajya Sabha MP and State BJP President Mahendra Bhatt today participated in a discussion

on the Oil Sector Amendment Act Bill tabled in the Rajya Sabha. During his address, he emphasised on the significance of the Oil Sector (Regulation and Development) Amendment Act-2024 in advancing self-reliance and promoting investment in the petroleum sector.

Bhatt criticised the Congress and TMC-led state governments, accusing them of neglecting the development of the crucial Petroleum sector during their tenure. Speaking in the Rajya Sabha as a member of the Advisory Committee in the Ministry of Petroleum, Bhatt praised the bill introduced by Union Minister Hardeep Singh Puri. He stressed that the amendment is essential for improving the oil and gas production sector, aligning with India's growing energy demands as the country rapidly progresses under the leadership of Prime Minister Narendra Modi.

Bhatt reminded that while India's economic growth has spurred industrial development, it has also led to a sharp increase in energy demand. Despite an increase in crude oil production since independence, this growth has been limited to a few states. He noted that India's crude oil requirement stands at 230 MMT, with 85 percent of this demand being met through imports. Presently, India produces 1,16,370 barrels of oil per day, ranking 20th globally.

Bhatt also stressed that various provisions of the amendment act are aimed at streamlining approvals for petroleum operations and mining units across government departments. He added that the amendments will also enable small investors to participate through partnerships in oil and gas exploration and will also address major technical and capital risks faced by investors in the sector.

The bill also introduces financial penalties in place of life imprisonment for certain violations, considering human factors.

Bhatt insisted that that these changes would foster greater participation from both public and private sector entrepreneurs, thereby boosting production and reducing dependence on foreign imports.

During the discussion, Bhatt criticised the previous UPA government and opposition-led states for failing to prioritise the oil and gas sector. He alleged that prior to 2014, no significant production units were established in nominated areas. Taking a jab at TMC MPs, Bhatt reminded that ONGC had invested over Rs 1,000 crores in a Bengal-based project and added that despite this investment and despite the potential benefits of up to Rs 8,000 crores upon the project completion, the state government failed to take any further action.

In his address, Bhatt expressed optimism that the amendment would spur natural gas production, enhance competition in the industry, and lower market rates. He reiterated Prime Minister Modi's vision of addressing lagging sectors to achieve national self-reliance, emphasising that the amendment aligns with this goal.

Headline	Oil prices mixed as rising Mideast tensions offset demand concerns		
Publication	ET Energy World	Edition	Online Coverage
Published Date	9 Dec 2024		

Oil prices mixed as rising Mideast tensions offset demand concerns

https://energy.economictimes.indiatimes.com/news/oil-and-gas/oil-prices-mixed-as-rising-mideast-tensions-offset-demand-concerns/116120554

TOKYO: Oil prices were mixed in early Asia trade on Monday as concerns over weak Chinese demand were offset by rising tensions in the Middle East following the rebel overthrow of Syrian President Bashar al-Assad.

Brent crude futures fell by 1 cent to $71.11 per barrel by 1117 GMT. U.S. West Texas Intermediate crude futures rose by 1 cent to $67.21 per barrel.

Brent lost more than 2.5 Percent last week, while WTI saw a drop of 1.2 Percent as analysts projected a supply surplus next year on weak demand despite an OPEC+ decision to delay output hikes and extend deep production cuts to the end of 2026.

Headline	Oil demand to persist despite emissions reduction, says Rystad		
Publication	Upstream Online	Edition	Online Coverage
Published Date	9 Dec 2024		

Oil demand to persist despite emissions reduction, says Rystad

https://www.upstreamonline.com/production/oil-demand-to-persist-despite-emissions-reduction-says-rystad/2-1-1749498

With ongoing technological innovation, strong policies and market incentives, meeting ambitious climate goals remains achievable but will require continued collaboration among governments, industries and investors

As the global energy transition accelerates, oil demand will continue to play a significant role, though at a slower pace, according to Jarand Rystad, founder of Norwegian energy consultancy Rystad Energy.

In an interview with Upstream in Shanghai, Rystad said that even under scenarios aimed at cutting emissions, oil will remain essential, requiring ongoing investment.

In a scenario targeting a 1.5 degrees Celsius global temperature rise, Rystad predicts that the oil market will need an additional 800,000 barrels per day by 2030.