ONGC News as on 23 December 2024 (Print & Online)

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ONGC

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Oil & gas CPSEs may top IEBR capex target in FY25

More than 145 projects worth ₹100 crore and above under implementation

SUBHAYAN CHAKRABORTY
New Delhi, 22 December

Central public sector enterprises (CPSEs) in the oil and gas sector are set to exceed their annual internal and extra budgetary resources (IEBR) capital expenditure targets in FY25 for the fifth year in a row, according to officials.

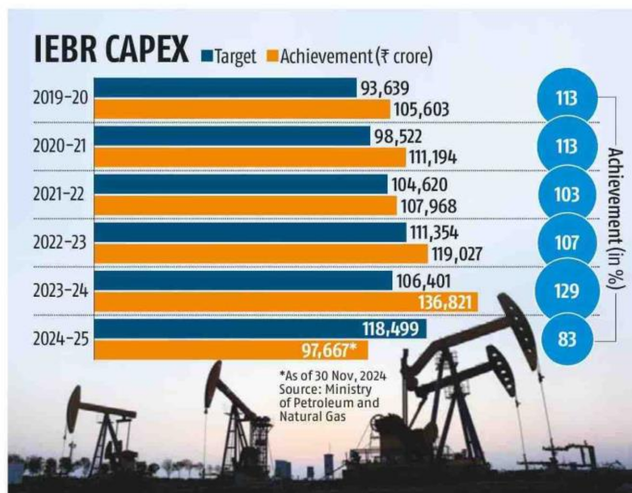
In the first eight months of the financial year, CPSEs in the sector have completed 83 per cent or ₹97,667 crore of their ₹1.18-trillion capex target, Petroleum and Natural Gas Ministry officials said.

IEBR capex refers to the resources that are not part of the Budget, but are used by the government for spending.

These resources include bonds, extra commercial borrowings and other similar mobilisations made by public enterprises, and exclude borrowings guaranteed by the government.

"CPSEs in the sector have had a good track record of exceeding their IEBR targets. Given the wide scale of projects underway, this has helped in funding, and meeting project deadlines," an official said.

A total of 145 projects costing ₹100 crore and above are currently under implementation by public sector oil and gas companies, according to the ministry's Pariyojana portal.



These have a total approved project cost of ₹5.65 trillion. Among these, 78 projects costing ₹2.84 trillion are greenfield projects while 67 projects costing ₹2.81 trillion are capacity expansion ones.

In FY24, 54 projects were completed at an anticipated cost of ₹525 crore. Refineries and marketing make up the majority of these at 31 and 10 projects each. Eight are in the exploration and production domain, while four are gas projects. None of the 12 ongoing projects in the compressed biogas segment has been completed so far, data shows.

Upstream oil companies Oil and Natural Gas Corporation and Oil India, oil marketing companies Indian Oil Corporation, Bharat Petroleum Corporation and Hindustan Petroleum Corporation, and natural gas supplier GAIL are Maharatna CPSEs from the sector.

Meanwhile, a total of 379 projects costing ₹100 crore and above have been completed since 2014 at a total cost of ₹4.86 trillion. Of these, 225 projects costing ₹2.52 trillion were greenfield projects and 154 projects costing ₹2.34 trillion were brownfield.

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Headline: Profit of central government companies increased by 47 percent in the year 2023-24

केंद्रीय सरकारी कंपनियों का मुनाफा वर्ष 2023-24 में 47 प्रतिशत बढ़ा

नई दिल्ली, 22 दिसम्बर (एजेंसियां)। केंद्रीय सार्वजनिक क्षेत्र के उद्यमों (सीपीएसई) का कुल शुद्ध लाभ वित्त वर्ष 2023-24 में सालाना आधार पर 47 प्रतिशत बढ़कर 3.22 लाख करोड़ रुपए हो गया, जबकि वित्त वर्ष 2022-23 में यह 2.18 लाख करोड़ रुपए था। यह जानकारी एक आधिकारिक रिपोर्ट में दी गई। इस दौरान सीपीएसई का कुल बाजार पूंजीकरण (मार्केट कैप) भी दोगुना हो गया है।

बाजार पूंजीकरण में वृद्धि में मुख्य योगदान एनटीपीसी लिमिटेड, ऑयल एंड नेचुरल गैस कॉर्पोरेशन लिमिटेड, हिंदुस्तान एयरोनॉटिक्स लिमिटेड, कोल इंडिया लिमिटेड और इंडियन रेलवे फाइनेंस कॉर्पोरेशन लिमिटेड का रहा है। वित्त मंत्रालय के सार्वजनिक उद्यम विभाग द्वारा जारी रिपोर्ट के अनुसार, लाभ में वृद्धि का एक बड़ा हिस्सा पेट्रोलियम (रिफाइनरी और मार्केटिंग) समूह से आया है। रिपोर्ट में आगे कहा गया कि पेट्रोलियम (रिफाइनरी और मार्केटिंग) समूह में कुल शुद्ध लाभ में बढ़ाने में प्रमुख योगदान इंडियन ऑयल कॉर्पोरेशन लिमिटेड (0.31 लाख करोड़ रुपए) का है। वित्त वर्ष 2023-24 में घाटे में चल रहे सीपीएसई ने 0.21 लाख करोड़ रुपए का नुकसान दर्ज किया है। यह वित्त वर्ष 2022-23 के आंकड़े 0.29 लाख करोड़ रुपए से 27 प्रतिशत कम है।

सीपीएसई का कुल बाजार पूंजीकरण हुआ दोगुना

Publication : Western Times	Editions : Ahmedabad
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Govt abolishes windfall tax on crude oil, ATF, petrol, and diesel exports

(Agency) New Delhi: The Indian government announced that it has abolished the windfall tax on aviation turbine fuel (ATF), crude oil, petrol, and diesel, effective immediately. This move marks the end of a levy introduced in July 2022 and aims to provide relief to oil producers and refiners. The decision is expected to benefit major oil players like Reliance Industries and ONGC by boosting their gross refining margins a measure of profitability in refining crude oil.

Additionally, the government has removed the Road and Infrastructure Cess (RIC) on petrol and diesel exports, further alleviating financial pressure on the oil sector.

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TVS Motors, Reliance Jio, Tata AIG among winners of 17th BML Munjal awards

(Agency) New Delhi: TVS Motors, Reliance Jio, Tata AIG, OYO, ONGC Videsh and HPCL have been adjudged winners of the 17th BML Munjal Awards for Business Excellence in Learning & Development.

TVS Motors won in the Private Sector (manufacturing) category, Reliance Jio Infocomm and Tata AIG General Insurance won in the Private Sector (Services) category, Oravel Stays (OYO) won in the Emerging Stars category, ONGC Videsh won in the Public Sector category and Hindustan Petroleum (HPCL) won in the Sustained Excellence category. The BML Munjal Awards annually celebrate excellence in Learning and Development (L&D) and are a tribute to the enduring legacy of the late Dr. Brijmohan Lall Munjal, founder of the Hero Group.

The six winners were eventually picked by an independent jury comprising of Sanjay Nayar, Founder and Chairman, Sorin Investment Fund, Gopal Srinivasan, Chairman & Managing Director, TVS Capital Funds, Rajat Dhawan, India Managing Partner & Senior Partner, McKinsey & Company, Vishesh Chandiok, CEO, Grant Thornton Bharat, Padmaja Ruparel, Co-Founder, Indian Angel Network, Simrit Kaur, Principal, Shri Ram College of Commerce, Rajeev Dubey, Editor In Chief, Fortune India and Sunil Kant Munjal, Chairman, Hero Enterprise.

Announcing this year's awards, Sunil Kant Munjal, Chairman of Hero Enterprise, stated that people are the only assets that appreciate as time goes on, and they need to be placed at the centre of every model, whether it is for a business enterprise or a social venture.

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ONGC aims to increase green energy portfolio

(Agencu) New Delhi: State-run ONGC is focusing on increasing its green energy portfolio and may come up with listing of its green energy subsidiary ONGC Green Ltd in opportune time, said the company's Director (Exploration), Sushma Rawat. ONGC has already setup a wholly owned subsidiary ONGC Green Ltd to work exclusively on green and renewable energy projects.I think there is still a lot of homework needs to be done, Rawat told FE. The company has been diversifying into renewable energy including solar, wind, and green hydrogen given the country's target of achieving net zero by 2070. The company aims to curtail carbon emissions by 1 billion tonnes and simultaneously reduce carbon intensity by 45% by 2030. It had earlier revealed its plans of investing around Rs 1 trillion by the end of 2030 on its multiple green initiatives and is planning to scale up its renewable portfolio to 10 GW.Moreover, the company is also focusing on downstream integration and expanding its petchem business. Petchem is the next profitable area for any company with our kind of background and expertise to move into as even if we don't produce as much, there is always going to be availability of crude worldwide, Rawat said.

ONGC is also in advanced stages of discussions with various domestic and international leading players in the energy sector for collaboration in renewables, green hydrogen, green ammonia and other derivatives of green hydrogen.

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IOC starts probe into allegation of US firm bribing its officers

State-owned Indian Oil Corporation (IOC) has begun a probe into allegations of a US speciality chemicals firm bribing its officials 15 years back to obtain contracts to supply catalysts, according to the firm's regulatory filing. Albemarle Corporation, a global speciality chemicals supplier that develops and sells catalysts used in the operation of oil refineries, was caught for bribery by the US authorities in 2017 and then settled the case in September 2023 by paying a hefty fine of more than $198 million to avoid prosecution. PTI

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IOC probing into allegations of US firm bribing its officers

State-owned Indian Oil (IOC) has begun a probe into allegations of a US speciality chemicals firm bribing its officials 15 years back to obtain contracts to supply catalysts, the firm said in a regulatory filing. Albemarle, a global speciality chemicals supplier, allegedly "paid around $1.14 million in commission to intermediary company relating to IOC business," according to a US SEC order dated September 28, 2023.

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Ajmer highway blaze: SIT launches manhunt for tanker driver, to probe cause of accident

Dishank Purohit & Nitesh Kumar | TNN

Jaipur: The special investigation team (SIT) of Rajasthan police is working to piece together events leading up to Friday's accident on Jaipur-Ajmer highway that claimed 13 lives and left over 30 injured. Police sources said they have requested detailed information regarding rules and regulations governing the transport of petroleum, oil, and gas products on roads from relevant companies. The SIT was constituted to investigate the cause of the accident.

The accident occurred when an LPG tanker, carrying gas from Mundra Port in Gujarat to Uttar Pradesh via the Ajmer-Jaipur National Highway, attempted to make a U-turn in Bhankrota area. Shortly after, at 5.44am, a truck filled with blankets and bedsheets, approaching from the opposite direction, collided with the tanker while it was negotiating the turn.

File photo

'DRIVER ESCAPED UNSCATHED'

Officials said the driver of the tanker involved in the accident was identified. He had managed to escape the impact zone. "We contacted the vehicle's owner on Friday and tried reaching him again on Saturday, but he was untraceable. SIT is now looking for whereabouts of the driver," the official said.

"The nozzles and what appear to be safety valves could not withstand the pressure and broke. However, we have to check if the nozzles and valves broke because of the crash with the truck," officials said. "Our primary assessment is that the tanker driver is the only person who escaped unscathed from the impact zone," the official said.

Sources said while there have been prior incidents of LPG and CNG tankers overturning on highways, this is the first time that the city police have seen safety valves and nozzles come undone immediately after a crash. The SIT requested the tanker's fitness certificates and details of the LPG content at the time of the accident, among other things. "We will also approach BPCL regarding their regulatory policies concerning transportation of LPG via roads," an official said.

"Modern tanks are designed to withstand shocks encountered during transport, but for valves to break off is a cause of concern," an official remarked.

Oil marketing firms gear up for better performance

A recovery in the refining segment, strong marketing margins as well as range-bound oil prices are set to drive the profitability of OMCs in the second half of 2024-25.

by **Sameer Bhardwaj**

Oil marketing companies (OMCs) weighed down the performance of corporate India in the September quarter. The weak performance of the refining segment, inventory losses and significant LPG under-recoveries contributed to the poor show. The three OMCs—Bharat Petroleum Corporation (BPCL), Hindustan Petroleum (HP) and Indian Oil Corporation (IOC)—reported a combined consolidated net profit of ₹1,991.1 crore, falling by 92.8% year-on-year.

The impact of OMCs on India Inc.'s overall performance can be assessed by comparing the aggregate PAT growth of all companies in the BSE 500 index and the index's aggregate PAT growth (excluding OMCs). The data from Reuters-Refinitiv for 498 companies in the BSE 500 index shows a 1.7% y-o-y decline in the aggregate consolidated net profits (not adjusted for extraordinary items). After excluding OMCs, the aggregate net profit growth improves to 5.6% y-o-y. However, after the poor September quarter, the performance is set to improve in the second half of 2024-25. Recent reports from multiple brokerage houses, such as ICICI Securities, Prabhudas Lilladher, Antique Stock Broking, Motilal Oswal, and YES Securities, have been positive on the performance of OMCs.

What led to poor show?

The refining segment was muted amid the excess supply and demand concerns (especially from China). The benchmark Singapore GRMs (gross refining margins) averaged $3.7/barrel in the September 2024 quarter, compared to $9.6/barrel in the September 2023 quarter. A fall in crude oil prices led to inventory losses. The Brent crude averaged $78.71/barrel in the second quarter of 2024-25, compared to $85.92/barrel in the corresponding period of the previous year.

In addition, the marketing segment earnings were hit due to the decline in product cracks and LPG losses. The petrol and diesel cracks (price difference between petroleum products like diesel, gasoline and fuel oil, and the input, which is crude oil) fell significantly on both quarter-over-quarter and y-o-y basis in the September quarter. The LPG subsidy has burdened the OMCs by ₹17,490 crore in the first half of 2024-25, which dented their profitability due to lack of government support.

Indian Oil Corporation

12-month forward PBV	Current price (₹)	1-year target price (₹)*	POTENTIAL UPSIDE	BUY	HOLD	SELL
0.93	140	175	24.89%	15	6	10

Bharat Petroleum Corporation

12-month forward PBV	Current price (₹)	1-year target price (₹)*	POTENTIAL UPSIDE	BUY	HOLD	SELL
1.41	293	374	27.73%	16	7	8

Hindustan Petroleum Corporation

12-month forward PBV	Current price (₹)	1-year target price (₹)*	POTENTIAL UPSIDE	BUY	HOLD	SELL
1.59	407	466	14.47%	17	5	9

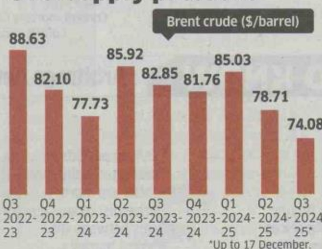
BUY / HOLD / SELL: Analysts' recommendations.

Oil & gas refining and marketing sector 12-M forward industry median PBV: 1.33. *Averaged for only those brokerages that have revised target prices in December 2024. Current price as on 17 December 2024. **Source:** Reuters-Refinitiv

What will drive revival?

The recovery in the refining segment and improvement in product cracks is expected to support performance. Singapore GRMs hit a three-month high of $6/barrel in November 2024, according to the data compiled from an ICICI Securities report. The report lists a drawdown in crude and product inventories in the US over the past several weeks, a marginal uptick in demand and refining capacity disruptions as reasons for the jump in the benchmark refining margins. The strong marketing margins will boost the profitability of OMCs in the second half of 2024-25. Steady retail prices of petrol and diesel, coupled with expectations of range-bound crude oil prices, will continue to support the marketing margins.

Weak demand and oversupply pressure



*Up to 17 December.

Range-bound oil prices to help

Moreover, range-bound oil prices will minimise the impact of inventory, which in turn will support the profitability of OMCs. The Brent crude price averaged $72.7/barrel in December 2024 (up to 16 December), and prices are under pressure amid concerns over lower demand (due to weak economic activity in China and increased adoption of electric vehicles) and potential oversupply, due to the likelihood of an increase in non-OPEC oil. Despite the downward pressure on the oil price, a recent JM Financial report states that OPEC+ will continue to use its pricing power to support Brent crude price around $75/barrel by further deferring the unwinding of output cuts to ensure the market remains in deficit or minimal surplus. Reuters forecasts Brent crude to average $74.53/barrel in 2025.

The capping of the downside in oil prices will not only benefit OMCs but also the upstream players—ONGC and Oil India. This is because stable oil prices will support the net realisation of the upstream companies. Net realisation is the price at which the company sells oil and gas in the open market after subtracting subsidies.

Margins to offset LPG losses

LPG burden will continue to remain significant in the second half. A YES Securities report estimates an additional burden of ₹22,500 crore for OMCs. Nevertheless, the report is optimistic as healthy refining and marketing margins are likely to offset the impact of under-recoveries even in a worst-case scenario of zero government aid, states the report. A report from Antique Stock Broking also states that LPG burden is not a serious concern. "Our calculations indicate that another two months of marketing margin cushion can set off the LPG burden," adds the Antique report.

Company wise assessment

ICICI Securities and Antique Stock Broking reports remain positive on all three OMCs, whereas YES Securities prefer Hindustan Petroleum and BPCL. Motilal Oswal prefers Hindustan Petroleum among the three OMCs.

Apart from margin (refining and marketing) tailwinds, analysts list ambitious expansion plans and comfortable leverage as the key strongholds of IOC, whereas the revival of the Mozambique project by the fourth quarter of 2024-25 is the key positive for BPCL. Demerger and potential listing of the lubricant business and the start of the Rajasthan refinery in early 2025-26 are the growth catalysts for Hindustan Petroleum.

Please send your feedback to etwealth@timesofindia.com

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Iran's regime in 'dire straits' as it faces energy crisis

Industries are forced to shut down due to the grim situation

FARNAZ FASSIHI & LEILY NIKOUNAZAR
22 December

Government offices in Iran are closed or operating at reduced hours. Schools and colleges have moved to online only. Highways and shopping malls have descended into darkness, and industrial plants have been denied power, bringing manufacturing to a near halt.

Although Iran has one of the biggest supplies of natural gas and crude oil in the world, it is in a full-blown energy crisis that can be attributed to years of sanctions, mismanagement, aging infrastructure, wasteful consumption, and targeted attacks by Israel.

"We are facing very dire imbalances in gas, electricity, energy, water, money and environment," said President Masoud Pezeshkian in a live televised address to the nation this month. "All of them are at a level that could turn into a crisis."

"We must apologise to the people that we are in a situation where they have to bear the brunt," Pezeshkian said. "Officials have said the deficit in the amount of gas the country needs to function amounts to about 350 million cubic meters a day, and as temperatures have plunged and demand has spiked, officials have had to resort to extreme measures to ration gas.

Energy crisis can be attributed to years of sanctions, mismanagement, aging infrastructure, and targeted attacks by Israel

The government faced two stark choices. It either had to cut gas service to residential homes or shut down the supply to power plants that generated electricity.

It chose the latter, as turning gas off to residential units would come with serious safety hazards and would cut off the primary source of heat for most Iranians.

By Friday, 17 power plants had been completely taken off line and the rest were only partially operational.

Tavanir, the state power company, warned producers of everything from steel to glass to food products to medicine that they needed to brace for widespread power cuts that could last days or weeks. The news has sent both state-controlled and private industries into a tailspin.

Mehdi Bostanchi, the head of the country's Coordination Council of Industries, a nationwide body that acts as a liaison between industries and the government, said in an interview from Tehran that the situation was catastrophic and unlike anything industries had ever experienced.

He estimated that losses from just this past week could reduce manufacturing in Iran by at least 30 percent to 50 percent and amount to tens of billions of dollars in losses. He said that while no enterprise had been spared, smaller and medium factories were hit the hardest. "Naturally, the damages from the widespread and abrupt power outage that has lasted all week will be extremely serious for industries," Bostanchi said.

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India's natural gas imports surge 21% in April-November

ARUNIMA BHARADWAJ
New Delhi, December 22

INDIA'S NATURAL GAS imports surged 21% to 24,798 mmscm (million metric standard cubic metre per day) during April-November 2024, compared to 20,486 mmscm in the same period last year, driven by higher consumption from city gas distribution companies and the power sector, according to data from the Petroleum Planning and Analysis Cell (PPAC). The import bill also increased by nearly 15% to $10 billion during the period, up from $8.7 billion in April-November 2023.

In November alone, imports rose 21.7% to 2,941 mmscm compared to 2,416 mmscm in November 2023.

India's import dependency on natural gas climbed to 50.9% during April-November 2024, compared to 46.5% in the same period last year. For November, the dependency reached 50%, up from 44.7% in November 2023.

Despite government efforts to boost domestic crude oil and natural gas production and reduce energy dependency, output has remained stagnant, further increasing reliance on imports.

The government has expressed its intention to offer more incentives to attract global energy giants for oil and gas exploration in Indian territories. However, experts remain cautiously optimistic, calling for more flexible work programmes and a waiver of goods and services tax (GST) on capital equipment to build investor confidence in the hydrocarbon sector.

Natural gas consumption in India increased 10.4% to 48,682 mmscm in April-November 2024, compared to 44,091 mmscm in the same period last year. According to ICICI Securities, while consumption has grown steadily over the last six to seven quarters, it has shown volatility.

"Q1FY25 saw record consumption of 206 mmscm per day, driven by a spike in gas-fired power demand, which has since moderated to 193-196 mmscmd as power demand tapered off," it said.

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Qatar vows to stop EU gas sales if fined under due diligence law

DOHA: Qatar will stop shipping gas to the EU if member states strictly enforce a new law cracking down on forced labour and environmental damage, Energy Minister Saad al-Kaabi told the *Financial Times* in an interview published on Sunday.

The Corporate Sustainability Due Diligence Directive, approved this year, requires larger companies operating in the EU to check whether their supply chains use forced labour or cause environmental damage and to take action if they do. Penalties include fines of up to 5 per cent of global turnover.

"If the case is that I lose 5 per cent of my generated revenue by going to Europe, I will not go to Europe. I'm not bluffing, Kaabi told the newspaper, adding that "5 per cent of generated revenue of QatarEnergy means 5 per cent of generated revenue of the Qatar state. This is the people's money, so I cannot lose that kind of money - and nobody would accept losing that kind of money."

Kaabi, the chief executive of state-owned QatarEnergy, has said the EU should thoroughly review the due diligence law. He has also said that his Gulf country has no concerns about U.S. President-elect Donald Trump's promise to lift a cap on liquefied natural gas exports.

Qatar, among the world's top LNG exporters, is seeking to play a larger role in Asia and Europe as competition from top supplier the United Sates increases. It plans to expand its liquefaction capacity to 142 million tons per year by 2027 from 77 million. AGENCIES

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Fuel efficiency norms could accelerate clean mobility

O.P. AGARWAL

is professor of practice, Indian Institute of Technology, Roorkee.

India recently surpassed 5 million electric vehicles (EVs) on its roads. As 2024 draws to a close, we have a milestone to celebrate and a better growth trajectory to anticipate in 2025. National EV adoption has surged from 0.7% in 2020 to 6.3% of the vehicular base in 2024. The country's on-road EV count includes 2.6 million two-wheelers, 2 million three-wheelers, 300,000 four-wheelers and over 10,000 buses. Collectively, the plying of these zero-emission vehicles has reduced carbon emissions by an estimated 10 million tonnes.

This EV growth story underlines our commitment to ambition coupled with action. A growing hub for EVs and their components, India has been pushing the boundaries of innovation and investment in green mobility solutions. The past decade has been the harbinger of a paradigm shift in Indian mobility. Under the leadership of Prime Minister Narendra Modi, India witnessed the pulling of policy levers that catapulted EV adoption across various segments.

Catalytic schemes reflect the government's confidence in EV adoption to help meet climate targets. Together, central and state government schemes have invested $15.1 billion in electric mobility. Additionally, startups in this space have received $6.4 billion in private funding.

Balancing growth with sustainability is a marathon, not a sprint. We need carefully calibrated and long-term solutions that can sustain India's growth along low-carbon pathways. The implementation of the draft Corporate Average Fuel Efficiency (CAFE) norms, prepared by the Bureau of Energy Efficiency (BEE), can consolidate progress towards a net-zero economy by accelerating the decarbonization of transport.

The 10-year roadmap (for 2027-2032 and 2032-2037) has set automakers an emission cap of 91.7gm carbon dioxide per kilometre under CAFE III and 70gm CO_2 per km under CAFE IV. CAFE norms were first notified in 2018 with a target of 130gm per km by 2022-23 and 113gm per km 2022-23 onwards. The BEE's proposed norms would use Worldwide Harmonised Light Vehicle Test Procedures for determining emissions and fuel consumption, replacing the Modified Indian Drive Cycle method. This transition will align India's testing procedures with international standards, providing more accurate data on those counts.

The implementation of these draft norms offers India an opportunity to leverage ongoing progress in the EV ecosystem. A renewed effort by automakers to expand their EV offerings can be a viable way to meet these norms, as EVs get 'super credits' under existing norms.

The gradual tightening of permissible CO_2 emissions under CAFE norms, coupled with the 'volume derogation' offered under the super-credit system on EV manufacturing, can allow automakers to offset less efficient vehicles and reduce their overall cost of compliance. The application of a 'derogation factor,' which acts as a multiplier to provide allowances or credits for low-carbon vehicles, can thus help automakers meet their CAFE targets.

The case for CAFÉ norms has been well established globally. As of 2023, over 99% of EV sales were observed in markets with such norms. This cases of Europe, China and California in the US make this point clear. In the EU, the market share of EVs jumped from 3% to 19% between 2019 and 2021 as carbon emission standards were implemented.

These compliance norms also serve as motivators for manufacturers to invest in EV innovation and accelerate economies of scale to reduce unit costs and help the EV industry reach a tipping point. Such supply-side norms also push producers to leverage their combustion-engine vehicle profit margins to subsidize EVs. Fuel efficiency norms also encourage the adoption of innovative financing and business models that can help overcome high capital costs and unlock cost savings.

Well-designed CAFE norms can also enable automakers to buy credits from other manufacturers with excess credits as an interim measure. The US lets such credits be carried over for 5 years into the future or 3 years into the past. This enables automakers to plan new models without having to bear the stress of incremental norm-tightening.

In a rapidly growing economy like India, CAFE implementation will increase investor confidence. Given the bouquet of existing schemes aimed at domestic production and self-reliance, these norms can speed up the development of a robust EV ecosystem, complete with widespread networks for battery charging and other utilities, even as clean-tech investments create new jobs.

A study done for US-made cars predicted that for all cars built from 1983 to 2031 (forecast), an incremental tightening of CAFE standards could save up to 57 billion litres of fuel and 155 million tonnes of CO_2 emissions. A similar emission reduction pathway can be done for India to reveal the benefits of Indian traffic going electric.

The government's policies and financial support have nurtured a vibrant ecosystem for clean mobility. By integrating climate action with economic ambition, India is not only paving the way for a cleaner future, but also solidifying its role as a global economic powerhouse, while inching closer to its vision of a 'Viksit Bharat' by 2047.

A carefully curated approach to the implementation of CAFE norms could bolster India's transformation into a decarbonized economy as it aims for carbon neutrality.

These are the author's personal views.

Tighter carbon emission standards should push automakers to sell greener vehicles overall

ओएनजीसी
ONGC

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At long last, the UK is shooting for the moon on clean energy

An ambitious plan revives hope but it will be a race against time

LARA WILLIAMS
is a Bloomberg Opinion columnist covering climate change.

PM Keir Starmer has shown that London is serious about a clean-up. AFP

Christmas came early for energy nerds with the arrival of a dense 136-page document detailing how the UK government plans to decarbonize the nation's electricity supply by 2030. There will inevitably be complaints and some details are hazy. But this long-awaited work demonstrates that there's finally a government in power in London that's actually serious about the clean power mission.

The UK's Clean Power 2030 Action Plan covers a lot of ground, all in the pursuit of three goals: achieving energy security, spurring new growth industries and reducing greenhouse gas emissions.

It starts with a precise definition of 'clean power,' in keeping with the National Energy System Operator's (NESO) characterization that said clean power should cover 100% of electricity demand by 2030, in a year with average weather conditions. However, the NESO also left room for unabated gas to pick up the slack during periods of cold, windless and cloudy weather— or *dunkelflaute*, as Germans call it, specifying that at least 95% of the electricity generated within the country's borders should come from low-carbon sources.

This had been (unfairly) characterized by much of the media as a U-turn when Prime Minister Keir Starmer of the Labour Party mentioned the 95% figure in a speech at the start of December, with critics pointing to a policy document that had said the UK would run on "100% clean and cheap power." But, as analysts point out, that is consistent with the target for clean power to meet 100% of demand, and Labour's manifesto referred to a "strategic reserve of gas power."

Keen eyes may spot a watering down of offshore wind targets to somewhere between 43-50 gigawatts (GW) from the manifesto pledge of 55GW, plus 5GW of floating wind.

As *Bloomberg News* reported in September, it wasn't clear Britain needed that much extra electricity in 2030, and I had also noted that even a more conservative target of 50GW looked like a moonshot. So the revision is expected, and it's wise that Labour has now specified more flexible target ranges that allow for a variety of scenarios, rather than specific figures.

Some key highlights include reordering the grid connection queue that had often been cited as an enormous hurdle for renewables projects. Currently organized on a first-come, first-served basis, the wait had grown to a decade or longer in some instances. Though the queue adds up to a whopping 739GW, some projects lack the funding or consent to proceed, which in turn holds up much-needed capacity.

Prioritizing viable projects that meet the country's strategic needs will be a game-changer.

Communities that are opposed to new infrastructure—whether wind turbines, solar power or pylons—are another enormous challenge for the energy transition. The plan mentions several ways to appease these NIMBYs, such as consulting on using warehouse rooftops and outdoor car-parks for solar power—taking pressure off the countryside—and reforming the electricity market so communities can benefit from being near clean energy infrastructure that could reduce their electricity bills.

The details have yet to be finalized, so it's too soon to say how much of an impact that will have (and some communities will surely resist no matter what is offered), but if the transition is going to move as fast as it needs to, taking any sting out of local backlashes will help.

And boy, it'll have to be fast. Ed Matthew, campaign director at energy and climate think-tank E3G, likened the challenge to the moon mission: "It requires that level of commitment and coordination." All elements—renewables, energy storage, electricity market reform, grid upgrades, alterations to planning, demand flexibility—need to happen simultaneously at full blast while, crucially, bringing down the cost of energy bills for consumers.

Each element is complex and difficult in its own right, but ambition shouldn't be punished. The government expects the framework will spur £40 billion of investment a year, nearly all of it from the private sector. That money is sorely needed after the UK has seen the lowest rates of investment of any G-7 economy for three years in a row. Some may worry that relying on the private sector is risky, particularly as the clean energy sector may soon be roiled by incoming US president Donald Trump, but Matthew feels that there's plenty of money out there looking for a home.

There are just a couple of weeks left in 2024. As we close in on the halfway point of the decade, there's a lot of work to be done —but, finally, we're seeing the political will to do it.

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ओएनजीसी

ONGC

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Why the pursuit of green hydrogen is chasing a chimera

Despite India's goal of 5 million tonnes by 2030, subsidies cover just 5% of the cost gap, requiring billions in ongoing support to make it competitive

M Ramesh

Like a cherubic newborn, green hydrogen has held a global fascination. But scratch the surface, it is evident that its time is a long way away.

The Government of India has approved financial support to 8 companies for setting up 1.5 GW of electrolyser capacity and to 10 companies for producing 4,12,000 tonnes of green hydrogen. This is against a vision of reaching 5 million tonnes (mt) of green hydrogen production by 2030.

The economic rationale of providing financial handouts to companies getting into nascent fields is that the initial support would make them stand on their own legs over a reasonable period of time. But by all accounts, green hydrogen producers would not be competitive on their own for a very long time and would need to be perpetually supported.

"Producing renewable hydrogen today is generally one-and-a-half to six times more costly than unabated fossil-based production," notes the International Energy Agency in its recent Global Hydrogen Review, 2024.

A DEFERRED DREAM?

Last week, the International Institute for Sustainable Development (IISD) and the Indian think-tank, Centre for Study of Science, Technology and Policy (CSTEP), released a study titled 'Budgeting for Net Zero', which delved into the various segments of green energy, such as renewable energy and storage. On green hydrogen, it said, "Our results suggest that GH2 will not become cost-competitive with hydrogen from natural gas ("grey" hydrogen, the benchmark) until after 2050."

ISTOCK.COM

It observed that the government's subsidies covered only about 5 per cent of the 'cost gap', which "will be exhausted before 2030." To get to the 2030 target of 5 mt, the government would need to spend close to a percentage of the national GDP to keep subsidising green hydrogen to make it competitive with 'grey hydrogen' and still "further support would be required until cost parity is reached after 2050".

All this reminds one of what Dr Fatih Biron, the Executive Director of IEA, said at an energy conference in Goa in July 2023 (and reported in this paper): "Green hydrogen is not something for today, not something for tomorrow and maybe not something even for the day after tomorrow."

SLOW PROGRESS

IEA's Global Hydrogen Review 2024 has a fund of data points that substantiates Birol's view. First, it looks at the green hydrogen production scenario and then at electrolyser manufacturing. Indeed, installed electrolyser capacity, which was 1.4 GW at the end of 2023, could reach 5 GW in 2024 but 70 per cent of this will come from China.

If you count all the announced projects for green hydrogen production (like India's 4,12,000 tonnes), it adds up an equivalent of 520 GW of electrolyser use by 2030; only 4 per cent is either under construction or reached 'final investment decision', says IEA, adding tellingly that "progress is being made, albeit far more slowly than was expected a few years ago".

As for electrolyser manufacturing, annual production capacity doubled to 25 GW in 2023 — 60 per cent in China. Global product pipeline to 2030 adds up to 165 GW/year — less than a third have reached 'final investment decision'. (Renewable energy minister Pralhad Joshi said in July that India would have 100 GW of electrolyser capacity by 2030; NITI Aayog expects 20 GW.)

"Producing renewable hydrogen today is generally one-and-a-half to six times more costly than unabated fossil-based production," notes IEA.

Further, 40 per cent of the planned green hydrogen projects are in water-stressed regions — feed-water for electrolyser will only add to the stress.

Looking at all these, clearly the time for green hydrogen is yet to come. Someday, technology will hammer costs down — the best bet for it is electrolysers using sunlight and sea water. Until such time, pursuit of green hydrogen will be chasing a chimera.

The Budgeting for Net Zero study, in the making of which many institutions and experts participated, calls upon the government to "re-evaluate the current target, which was set in 2020 when the prevailing assumptions for cost reduction GH2 were more optimistic".

It suggests a "revised timeline" to develop a green hydrogen industry in India "but at a realistic level of ambition".

Online

Headline	ONGC orders four Pawan Hans helicopters made by HAL		
Publication	Indian Defence Research Wing	Edition	Online Coverage
Published Date	22 Dec 2024		

ONGC orders four Pawan Hans helicopters made by HAL

https://idrw.org/ongc-orders-four-pawan-hans-helicopters-made-by-hal/

Published | By SOURCE: PTI State-owned helicopter services operator Pawan Hans on Wednesday said it has secured a 10-year contract

worth over Rs 2,000 crore to provide four helicopters to ONGC for transporting its personnel to off-shore duty locations.

Under the contract bagged through competitive global bidding, Pawan Hans will deploy four HAL-manufactured Dhruva NG helicopters for ONGC off-shore operations, the company said. ONGC has issued the notification of award to Pawan Hans to provide these ultramodern Made-in-India helicopters, it said.

The factory new helicopters from HAL would be deployed into offshore service (crew change) next year. The contract, valuing over Rs 2,141 crore, has been awarded for a period of 10 years, Pawan Hans Ltd said.

The indigenously built Dhruv NG is the civil variant of the Advanced Light Helicopter (ALH) Mk III, which is currently in use by the Indian defence forces. These military helicopters have a proven track record, with more than 335 helicopters in operation to date, having logged over 375,000 cumulative flight hours, Pawan Hans said.

Pawan Hans has a fleet of 46 helicopters catering to Oil and Gas exploration, Police and Paramilitary forces, utility sector and providing air connectivity to remote regions and hilly tracts,

Headline	Central PSUs Record 47 Per Cent Jump In Net Profit For 2023-24, Market Cap Doubles		
Publication	MSN India	Edition	Online Coverage
Published Date	22 Dec 2024		

Central PSUs Record 47 Per Cent Jump In Net Profit For 2023-24, Market Cap Doubles

https://www.msn.com/en-in/money/topstories/central-psus-record-47-per-cent-jump-in-net-profit-for-2023-24-market-cap-doubles/ar-AA1wiXXE

New Delhi: Overall Net Profit of operating Central Public Sector Enterprises (CPSEs) rose to Rs 3.22 lakh crore in FY24 as against Rs 2.18 lakh

crore in FY23 showing an increase of over 47 per cent, according to an official report. The market capitalisation of CPSEs more than doubled in Fiscal Year 2024-25 as compared to Fiscal Year 2023-24, the report said. The major contributors to the increase in market cap are NTPC Ltd, Oil & Natural Gas Corporation Ltd, Hindustan Aeronautics Ltd, Coal India Ltd and Indian Railway Finance Corporation Ltd.A major proportion of the increase in profit of Rs 0.89 lakh crore was contributed by the Petroleum (Refinery & Marketing) group, according to the report compiled by the Public Enterprises Department of the Finance Ministry. "Within the Petroleum (Refinery & Marketing) group, the major contribution towards the increase in Overall Net Profit is contributed by Indian Oil Corporation Ltd (Rs 0.31 lakh crore). The profitability of the Petroleum (Refinery & Marketing) group has impacted the overall profitability," the survey said. Net Loss of loss-incurring CPSEs was Rs 0.21 lakh crore as against Rs 0.29 lakh crore showing a decrease of over 27 per cent. Major loss-incurring CPSEs are Bharat Sanchar Nigam Ltd, Rashtriya Ispat Nigam Ltd, Mahanagar Telephone Nigam Ltd, Bharat Petro Resources Ltd and NMDC Steel Ltd. "Hindustan Petroleum Corporation Ltd. converted from a loss of Rs 0.15 lakh crore to a profit of Rs 0.15 Lakh crores in FY 2023-24, while Bharat Sanchar Nigam Ltd was able to reduce the loss from Rs 0.08 lakh crore in FY 2022-23 to Rs 0.05 lakh crore in FY 2023-24," the report said. Contribution to the Central Exchequer (CCE) of all CPSEs by way of excise duty, customs duty, GST, corporation tax, interest on Central Government loans, dividend, and other duties and taxes stood at Rs 4.85 lakh crore in FY 24 as against Rs 4.58 lakh crore in FY 23, showing an increase of around 6 per cent. Among the components of CCE, Excise duty is the highest component which accounts for 46 per cent in FY 2023-24. The increase in CCE is mainly due to an increase in Corporation tax from Rs 0.56 lakh crore in (FY 2022-23) to Rs 0.81 lakh crore in (FY 2023- 24). The top five CPSEs contributing to the Central Exchequer are Indian Oil Corporation Ltd, Bharat Petroleum Corporation Ltd, Hindustan Petroleum Corporation Ltd, Oil & Natural Gas Corporation Ltd and Mangalore Refinery and Petrochemicals Ltd.

Headline	OMC stocks revved for comeback in 2nd half of FY2025		
Publication	News Point	Edition	Online Coverage
Published Date	23 Dec 2024		

OMC stocks revved for comeback in 2nd half of FY2025

https://www.newspointapp.com/english-news/publisher-et/business/omc-stocks-revved-for-comeback-in-2nd-half-of-fy2025/articleshow/14504820eeba3d84f88a382b17e546baa48154f4

Oil marketing companies (OMCs) weighed down the performance of corporate India in the September quarter.

The weak performance of the refining segment, inventory losses and significant LPG under-recoveries contributed to the poor show. The three OMCsBharat Petroleum Corporation (BPCL), Hindustan Petroleum (HP) and Indian Oil Corporation (IOC)reported a combined consolidated net profit of Rs.1,991.1 crore, falling by 92.8% year on year.

The impact of OMCs on India Inc.'s overall performance can be assessed by comparing the aggregate PAT growth of all companies in the BSE 500 index and the index's aggregate PAT growth (excluding OMCs). The data from Reuters-Refinitiv for 498 companies in the BSE 500 index shows a 1.7% y-o-y decline in the aggregate consolidated net profits (not adjusted for extraordinary items). After excluding OMCs, the aggregate net profit growth improves to 5.6% y-o-y. However, after the poor September quarter, the performance is set to improve in the second half of 2024-25. Recent reports from multiple brokerage houses, such as ICICI Securities , Prabhudas Lilladher, Antique Stock Broking, Motilal Oswal, and YES Securities, have been positive on the performance of OMCs.

What led to poor show? The refining segment was muted amid the excess supply and demand concerns (especially from China). The benchmark Singapore GRMs (gross refining margins) averaged $3.7/barrel in the September 2024 quarter, compared to $9.6/barrel in the September 2023 quarter. A fall in crude oil prices led to inventory losses. The Brent crude averaged $78.71/barrel in the second quarter of 2024-25, compared to $85.92/barrel in the corresponding period of the previous year.

In addition, the marketing segment earnings were hit due to the decline in product cracks and LPG losses. The petrol and diesel cracks (price difference between petroleum products like diesel, gasoline and fuel oil, and the input, which is crude oil) fell significantly on both quarter-over-quarter and y-o-y basis in the September quarter. The LPG subsidy has burdened the OMCs by Rs.17,490 crore in the first half of 2024-25, which dented their profitability due to lack of government support.

What will drive revival? The recovery in the refining segment and improvement in product cracks is expected to support performance. Singapore GRMs hit a three-month high of $6/barrel in November 2024, according to the data compiled from an ICICI Securities report. The report lists a drawdown in crude and product inventories in the US over the past several weeks, a marginal uptick in demand and refining capacity disruptions as reasons for the jump in the benchmark refining margins. The strong marketing margins will boost the profitability of OMCs in the second half of 2024-25. Steady retail prices of petrol and diesel, coupled with expectations of range-bound crude oil prices, will continue to support the marketing margins.

Weak demand and oversupply pressure

Range-bound oil prices to help Moreover, range-bound oil prices will minimise the impact of inventory, which in turn will support the profitability of OMCs. The Brent crude price averaged $72.7/barrel in December 2024 (up to 16 December), and prices are under pressure amid concerns over lower demand (due to weak economic activity in China and increased adoption of electric vehicles) and potential oversupply, due to the likelihood of an increase in non-OPEC oil. Despite the downward pressure on the oil price, a recent JM Financial report states that OPEC+ will continue to use its pricing power to support Brent crude price around $75/barrel by further deferring the unwinding of output cuts to ensure the market remains in deficit or minimal surplus. Reuters forecasts Brent crude to average $74.53/barrel in 2025.

The capping of the downside in oil prices will not only benefit OMCs but also the upstream playersONGC and Oil India. This is because stable oil prices will support the net realisation of the upstream companies. Net realisation is the price at which the company sells oil and gas in the open market after subtracting subsidies.

Margins to offset LPG losses LPG burden will continue to remain significant in the second half. A YES Securities report estimates an additional burden of Rs.22,500 crore for OMCs. Nevertheless, the report is optimistic as healthy refining and marketing margins are likely to offset the impact of underrecoveries even in a worst-case scenario of zero government aid, states the report. A report from Antique Stock Broking also states that LPG burden is not a serious concern. Our

calculations indicate that another two months of marketing margin cushion can set off the LPG burden, adds the Antique report.

Company wise assessment ICICI Securities and Antique Stock Broking reports remain positive on all three OMCs, whereas YES Securities prefer Hindustan Petroleum and BPCL. Motilal Oswal prefers Hindustan Petroleum among the three OMCs.

Apart from margin (refining and marketing) tailwinds, analysts list ambitious expansion plans and comfortable leverage as the key strongholds of IOC, whereas the revival of the Mozambique project by the fourth quarter of 2024-25 is the key positive for BPCL. Demerger and potential listing of the lubricant business and the start of the Rajasthan refinery in early 2025-26 are the growth catalysts for Hindustan Petroleum.

Headline	IOCL approves over ₹4,300 crore for proposed textile park in Odisha's Bhadrak district		
Publication	Infashion Business	Edition	Online Coverage
Published Date	22 Dec 2024		

IOCL approves over ₹4,300 crore for proposed textile park in Odisha's Bhadrak district

https://infashionbusiness.com/home/news_details/4561/9

By IFAB MEDIA - NEWS BUREAU December 22, 2024 | 3 minutes read Share

The Indian Oil Corporation Ltd (IOCL) has approved 4,382 crore for its ambitious textile park project in Odisha's Bhadrak district, marking a significant milestone in the state's industrial development.

Odisha Chief Minister Mohan Charan Majhi expressed his gratitude on X (formerly Twitter) on Saturday, thanking IOCL for its substantial investment in the yarn project. The Chief Minister also extended his appreciation to Prime Minister Narendra Modi and Union Minister of Oil and Natural Gas, Hardeep Singh Puri, for their support in facilitating this development.

The proposed joint venture of IOCL and MCPI Pvt Ltd will boost the state's economy and generate substantial employment opportunities, Chief Minister Majhi stated in his post.

The textile park, a joint venture between IOCL and MCPI Pvt Ltd, will be established at Dhamnagar under the Bhandaripokhari block with a 50:50 partnership. The Odisha Industrial Infrastructure Development Corporation (Idco) has already allocated 56 acres of land for the project.

Preliminary infrastructure work, including the construction of a boundary wall and roads, is nearing completion. With the sanctioning of funds by IOCL, the remaining work is expected to progress rapidly, paving the way for the project's realization.

This textile park is envisioned as a significant industrial hub, with a 900-ton per day (TPD) textile facility proposed to be established within the park. According to IOCL's Business Development (Petrochemicals) head, Dhananjay Sahoo, the plant involves an investment of approximately 1,971 crore and was initially planned to be operational by 2023-24.

This project is poised to enhance Odisha's industrial landscape, contributing to economic growth and creating numerous employment opportunities in the region.