HINDUSTAN TIMES, Delhi, 29.11.2024
Page No. 22, Size:(17.34)cms X (12.81)cms.

■ GAIL (India) Limited has received the "Initiatives in Promoting Hydrogen Company of the Year" Award in the prestigious FIPI Oil & Gas Awards 2023. Hardeep S Puri, Union Minister of Petroleum and Natural Gas presented the award to Sandeep Kumar Gupta, CMD GAIL.

GAIL FETED AS "INITIATIVES IN PROMOTING HYDROGEN COMPANY OF THE YEAR" IN FIPI OIL & GAS AWARDS

GAIL (India) Limited has received the "Initiatives in Promoting Hydrogen Company of the Year" Award in the prestigious FIPI Oil & Gas Awards 2023 held here recently.

Shri Hardeep S. Puri, Hon'ble Union Minister of Petroleum and Natural Gas presented the award to Shri Sandeep Kumar Gupta, CMD GAIL.

Shri Suresh Gopi, Hon'ble Union Minister of State for Petroleum and Natural Gas and Shri Pankaj Jain, Secretary, MoPNG were also present on the occasion.

Shri R. K. Jain, Director (Finance), Shri Deepak Gupta, Director (Projects) and Shri Ayush Gupta, Director (HR), GAIL were present at the event.

The award recognizes GAIL's significant contributions to the advancements in the field of Hydrogen and for initiatives in the field of Hydrogen through substantial capex investments and advancements in R & D. The award underscores GAIL's unwavering commitment to driving India's aspiration for clean energy transition and energy security with innovative and sustainable energy solutions.

BUSINESS STANDARD SEC-II, Delhi, 29.11.2024
Page No. 1, Size:(45.77)cms X (17.70)cms.

THE COMPASS

Lack of pricing power, competition to hit city gas distribution firms

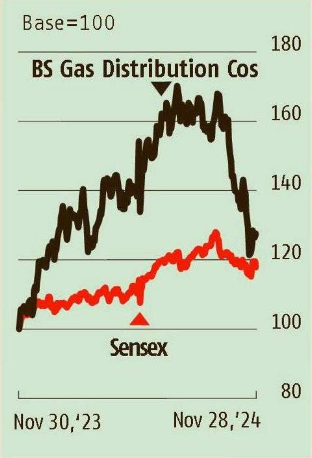
DEVANGSHU DATTA

The city gas distribution (CGD) sector has enjoyed favourable policies, high arbitrage versus alternative fuels, and pricing freedom in the past. However, recent cuts in administered pricing mechanism (APM) allocation and rising competition from electric vehicles are among the factors that have led to big corrections.

The policy vision is to have a 15 per cent share of the energy basket for gas (from 6 per cent), raising gas consumption to 500 million metric standard cubic meters per day (mmscmd) by 2030 (currently 200 mmscmd). There are 307 CGDs covering almost 100 per cent of the population. Compared with 800 compressed natural gas (CNG) stations in 2014, CNG stations have increased 9 times to over 7,200 now. Domestic piped natural gas (PNG) connections are up 5 times to 13.6 million. Targets are aggressive with up to 18,000 CNG stations (2.5 times from current levels) and 126 million (8 times more) domestic PNG connections by 2032.

But recent large APM allocation cuts have added to stress. Nearly 6.5-7.0 mmscmd APM gas is reclassified as new well gas which is effectively priced 40 per cent higher than APM. CGDs are unwilling to raise prices. Compared with the required ₹7-9/kg price hike, CGDs have taken a modest ₹2-3/kg hike so far. In Delhi NCT (2/3rd volumes), IGL is yet to take any hike. The lower arbitrage versus petrol/diesel and EVs will also hurt the demand outlook.

Analysts are downgrading



earnings projection and expect further cuts to APM allocations in the future. Stocks have corrected over 40 per cent over the past three months but CGDs cannot seem to raise prices and maintain volume. Following a 20-21 per cent APM allocation cut from October 16, CGDs domestic APM gas allocation was further cut by 18-20 per cent from November 16.

Large cuts are driven by more APM gas (6 mmscmd) being classified by new well/well intervention gas (NWG), 3.0 mmscmd NWG allocation to OPAL (ONGC's subsidiary) along with OPAL restructuring approval, and reduced APM availability. However, CGDs' demand was higher by nearly 1 mmscmd Q-o-Q, increasing the shortfall.

Classification of part APM gas to NWG was expected. This was recommended by the Kirit Parikh Committee and implemented along with the new price formula from April 2023. NWG is being priced at a 12 per cent slope (change in gas price relative to the price of oil) and the effective price of \$9/mmbtu is 40 per cent higher than APM gas.

For GAIL, domestic gas allocation for petchem was withdrawn years ago. In August 2022, when CGDs faced acute gas issues (high prices due to the Russia-Ukraine conflict), the government allocated domestic gas being used by OPAL (and GAIL for internal consumption) to CGD. After this decision, APM/NWG gas has been allocated back to OPAL.

This weakens the CGD sector's outlook. Apart from weakening the near-term earnings, it will slow fresh investments in the CGD space. Given more expensive gas, CGD's gas costs are up ₹4.5-5.5/scm and required price increases are ₹7-9/kg for most CGDs. However, the price increases have been modest at ₹2-3/kg for most areas. Notably, for poll-bound Delhi NCT (elections likely in early 2025; accounts for over 2/3rd of IGL's CNG volumes), IGL has not taken hikes. CGDs will seek relief. While the decision to allocate NWG to OPAL is unlikely to be reversed, CGDs will likely seek more equitable allocation cuts across APM users (fertilizer, power and LPG Production). CGDs will also seek a relook at NWG prices. They are also likely to renew demand for reduction on taxes and duties and inclusion of natural gas in GST. Taxes are relatively higher by 50-60 per cent for diesel/petrol already. If at all, there is tax relief it will take time.

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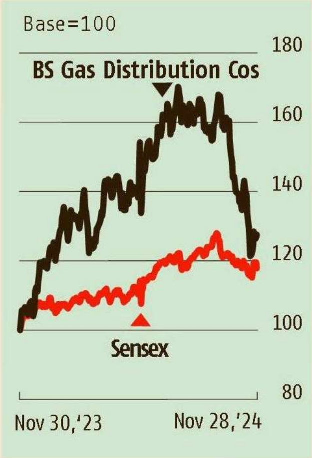

Analysts are downgrading earnings projection and expect further cuts to APM allocations in the future. Stocks have corrected over 40 per cent over the past three months but CGDs cannot seem to raise prices and maintain volume. Following a 20-21 per cent APM allocation cut from October 16, CGDs domestic APM gas allocation was further cut by 18-20 per cent from November 16.

Large cuts are driven by more APM gas (6 mmscmd) being classified by new well/well intervention gas (NWG), 3.0 mmscmd NWG allocation to OPAL (ONGC's subsidiary) along with OPAL restructuring approval, and reduced APM availability. However, CGDs' demand was higher by nearly 1 mmscmd Q-o-Q, increasing the shortfall.

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SCOPE's 50th AGM reflects on vision for future

Standing Conference of Public Enterprises hosted its 50th AGM which was addressed by Sandeep Kumar Gupta, Chairman, SCOPE & CMD, GAIL and Atul Sobti, DG, SCOPE. The meeting was attended by a large number of CMDs, Directors and Senior officials of member PSEs.

MILLENNIUM POST, Delhi, 29.11.2024
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GAIL re-engages Process Licensor for revival of PTA Manufacturing Plant in Mangalore

NEW DELHI: State-owned gas utility GAIL (India) Ltd has re-engaged a process licensor for the revival of a PTA manufacturing plant at Mangalore, the firm said Thursday.

The company, through its wholly-owned subsidiary GAIL Mangalore Petrochemicals Ltd (GMPL), re-engaged INEOS to support the plant's revitalisation, formalising this renewed collaboration through an Amendment Agreement signed here, it said in a statement.

"This marks a significant step towards the revival of GMPL's 1.25 million tonnes per annum purified terephthalic acid (PTA) manufacturing plant located in the Special Economic Zone (SEZ), Mangalore," the statement said.

The original agreement with INEOS was executed by JBF Petrochemicals (JBF), which could not be realised due to insolvency proceedings. Following GAIL's acquisition of JBF through the Corporate Insolvency Resolution Process (CIRP) under the National Company Law Tribunal (NCLT) in June 2023, the state-owned firm is now working to overcome the legacy challenges and ensure the plant's successful on-streaming and long-term operational stability.

GMPL chairman and GAIL Director (HR) Ayush Gupta said, "Through this strategic partnership and renewed focus, GAIL aims to position GMPL as a key player in the domestic PTA market while supporting the country's growth in petrochemical manufacturing".

GAIL Director (Business Development) RK Singhal said, "The successful realisation of this project is expected to have a positive impact by reducing the country's import burden and strengthening India's manufacturing capabilities in the petrochemical sector".

The amended agreement with INEOS, signed on Wednesday, is expected to enhance the plant's operational efficiency and align production capabilities with market demand. MPOST

MORNING STANDARD, Delhi, 29.11.2024
Page No. 10, Size:(10.48)cms X (12.66)cms.

REVIVAL PLAN

GAIL, INEOS revive PTA plant in M'luru

ENS ECONOMIC BUREAU @ New Delhi

GAIL (India) Limited, via wholly-owned subsidiary GAIL Mangalore Petrochemicals Limited (GMPL), has re-engaged process licensor INEOS to support revival of its 1.25 million tonne per annum purified terephthalic acid (PTA) manufacturing plant in Mangaluru.

The original agreement for the PTA project was signed with INEOS by JBF Petrochemicals (JBF), but was never fully realised due to insolvency proceedings involving JBF. Following GAIL's acquisition of JBF under the Corporate Insolvency Resolution Process (CIRP) of the National Company Law Tribunal (NCLT) in June 2023, the company is now focused on overcoming legacy challenges to restore the plant's operations and ensure its long-term viability.

"Through this partnership and renewed focus, GAIL aims to position GMPL as a key player in domestic PTA market while supporting the country's growth in petrochemical manufacturing." GAIL director (BD) R K Singhal said, "Successful realisation of this project is expected to have a positive impact by reducing the country's import burden and strengthening manufacturing capabilities in the petrochemical sector."

FREE PRESS JOURNAL, Mumbai, 29.11.2024

Page No. 12, Size:(7.17)cms X (6.35)cms.

GAIL re-engages with INEOS to revive Mangalore PTA plant

GAIL (India) Limited, through its wholly owned subsidiary GAIL Mangalore Petrochemicals Limited (GMPL), has re-engaged with Process Licensor INEOS to support the plant's revitalization, formalizing this renewed collaboration through an Amendment Agreement signed here. This marks a significant step towards the revival of GMPL's 1.25 MMTPA Purified Terephthalic Acid (PTA) manufacturing plant located in the Special Economic Zone (SEZ), Mangalore. This collaboration marks a pivotal development in the efforts to bring the PTA plant back into production.

City Gas Cos Feel the Heat as Domestic Gas Share Shrinks

A 35% cut in APM gas allocation forces operators to look for costlier alternatives

Sanjeev Choudhary

New Delhi: The share of cheaper domestic gas in the city gas companies' portfolio will reduce further, after having fallen sharply in the past two months, as the availability of such gas is shrinking, according to people familiar with the matter.

The government has cut the allocation of so-called administered price mechanism (APM) gas for sale as compressed natural gas (CNG) by about 35% in the past two months. As a result, the share of APM gas has fallen to 35-40% of the CNG sales of most operators, compared to about 65-70% in early October, and about 85-90% a year ago.

Recent allocation cuts are a direct consequence of the gas pricing policy introduced in April 2023, which made a pricing distinction between the APM gas and the volumes produced from the same legacy fields by drilling new wells or making technological interventions in old wells. Output from a gas field naturally declines over a period but capital-intensive technological interventions can slow the decline. So, in this case, if the output decline is less than 7.5% per year, the difference is

considered incremental production or "new well or intervention" gas and is priced higher and sold to ONGC's petrochemical unit OPaL and others, said the people cited earlier.

The new well or intervention gas production is currently around 5.5-6 million metric standard cubic metres a day (mmscmd). Before the implementation of the new pricing policy, this volume was part of the APM gas, ensuring higher allocation of domestic gas to city gas players, the people said. This also means the APM volume available for sale will continue to decline year after year while new well volume may expand, they added.

The new well volume is sold at 12% of the brent crude price with no ceiling while APM gas is priced at 10% of brent subject to a ceiling of $6.5 per mmbtu. At current crude prices, the "new well" gas is priced at $9 per mmbtu, almost 40% more expensive than APM.

Since APM supply has been cut, the government has directed GAIL to proportionately sell 2 mmscmd of new well gas to city gas companies, which are seeking to purchase such gas, according to people with knowledge of the matter. Alternatively, city gas companies can buy domestic deep sea gas which has a ceiling of $10.16 per mmbtu or tap the international spot market where liquefied natural gas (LNG) is trading at around $15.

About 2.7 mmscmd of new well gas is currently flowing to ONGC's petrochemical unit OPaL. According to a three-month-old deal, about half of the new well gas in the country has to go to OPaL, subject to a ceiling of 3.2 mmscmd.

In April, the price ceiling for APM gas will further rise by $0.25 per mmbtu. And if crude remains in April where it is today, the cost for city gas distributors will further rise. By then, however, the spot LNG prices may fall as they seasonally do during the summer.

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FINANCIAL EXPRESS, Delhi, 29.11.2024
Page No. 1, Size:(5.69)cms X (8.70)cms.

Plan to include natural gas

IT'S ANALYSING the tax collections so far, and the crude price trend, before taking a final call on whether to scrap the impost, the sources said.

At present, at the union level, central excise duty is levied on natural gas; and at state level, VAT is imposed. Gas producers, cracker units and the user industries are practically subject different rates of taxes, complicating the taxation process and denial of full benefit of input tax credit to many businesses. Currently, the VAT on natural gas ranges from 3% (Maharashtra) to as high as 15% (in Gujarat). In Andhra Pradesh, the rate is 5%, Rajasthan 10% and Assam, 14.5%. The centre imposes a central excise duty of 14% on compressed natural gas.

Prashant Vasisht, senior VP–corporate ratings, Icra, said that by inclusion of natural gas under GST, the companies producing will have to pay lower taxes, which will bring down the cost of operations. "If that benefit is passed on to the consumer, they would benefit too. The inclusion would largely benefit upstream companies as well as sectors throughout the value chain," he said.

While aphtha is currently under the GST ambit at the rate of 18%, petroleum products – diesel, petrol and ATF—are outside the GST. Many state governments are reluctant to agree to the proposal of having auto fuels under the GST, given that VAT on these products are a major source of autonomous revenue for them. On its part, the Centre taxes these products almost entirely via cesses the proceeds of which it doesn't have to share with the states.

Analysts say that ONGC, Oil India and Reliance would be among the major beneficiaries of gas being included in the GST ambit along with city gas distribution companies

Analysts say that ONGC, OIL, and RIL would be among the major beneficiaries of gas being included in the GST ambit along with city gas distribution companies. According to a report by Morgan Stanley, Indraprastha Gas, Gujarat Gas, GAIL and Petronet LNG would hugely benefit from the proposed regime. However, experts say that some states—such as Maharashtra, Andhra Pradesh, Gujarat, Rajasthan & Uttar Pradesh–which earn substantial revenues from VAT on natural gas may not necessarily agree for the inclusion of gas in GST. Still, since most of them are ruled by the NDA, there is a possibility the proposal may be accepted at the council. According to Jefferies, in FY23, the total VAT collections from natural gas was about ₹23,000 crore across India.

Meanwhile, the issue of scrapping windfall tax has been under consideration for more than a month now. In October, Tarun Kapoor, adviser to the PM, had said that there is no "relevance of the tax now" as the global crude oil prices have declined substantially compared to 2022 when the tax was implemented. To be sure, windfall tax is the higher tax rate levied by the government on certain specific products in a specific industry when economic conditions allow above-average profits to be generated by these products.

In 2022, post the start of the Russia-Ukraine conflict, Brent crude oil prices spiked to about $135/barrel and remained above $100/barrel for several weeks. Recognising this, the government decided to impose a windfall gains tax on domestic crude oil production as well as exports of petrol, diesel and jet fuel. This was aimed at curbing unprecedented profits earned by oil companies and generating additional revenue for the government.