



Cabinet okays MoU with Guyana for crude oil, gas

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NEW DELHI

The Union cabinet on Friday approved the signing of a memorandum of understanding between India and Guyana to boost cooperation on sourcing of crude oil, natural gas, refining, and expanding space for Indian companies in the south American nation's exploration and production sector.

Guyana has rapidly emerged as a key player on global energy markets after the discovery of an estimated 11 billion barrels of

oil reserves off its coast in 2015.

Mint had earlier reported that India was tracking this development closely amid disruption of oil imports from Iran and Venezuela due to American sanctions.

As the world's third-largest energy consumer, India has been keen to diversify its sources of energy imports. Guyana is expected to produce close to 1 million barrels of oil per day by 2027, which could make it a key supplier for India. The two nations also share a close political relationship, aided by the presence of a large Indian-origin diaspora in Guyana.

Guyana's vice president Bharrat Jagdeo told *Mint* in 2023 that the country is keen to have greater Indian participation in developing its nascent energy capacities. The agreement will remain in force for a period of five years.

"We also explored the possibility of India examining the abundant resources that we've had outside of those that are on auction now," Jagdeo told *Mint* in early 2023. He called for a

greater Indian presence in the Stabroek offshore oil block, which is currently operated by US energy major ExxonMobil.

As the world's third-largest energy consumer, India has been keen to diversify its sources of energy imports

"Next year, ExxonMobil will have to give up 20% of their holdings. So, all of those will be available for some form of bilateral engagement, where we can actually see joint

production or exploration-related activities," Jagdeo had said. The cabinet also approved a plan for Isro to develop a small

satellite with Mauritius. India's domestic space industry is also expected to participate in the project.

It also gave its nod to America's official development agency, USAID, to support the Indian Railways' goal of net zero emissions target. Both sides will help the railways develop long-term energy planning, clean procurement and an energy-efficiency policy. The cabinet also approved the ₹4,797-crore PRITHVI scheme, which aims to channel funding into earth sciences, polar research and atmospheric sciences.



Govt to cut funds for energy transition

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India's finance ministry has told state-owned oil refiners it could halve a proposed ₹300 billion package aimed at supporting investments to manage the energy transition.

State-controlled Indian Oil Corp. and Bharat Petroleum Corp. Ltd had planned rights issues to raise as much as ₹220 billion and ₹180 billion, respectively, both backed by the federal government.

Those will now be trimmed by as much as half, people familiar with the development said.

They did not wish to be named as the plan is not public.

PM Narendra Modi's government had set aside ₹350 billion in the 2023-24 budget for "priority capital investments towards energy transition and net zero objectives, and energy security." This included ₹300 billion to be allocated to state-owned fuel retailers, with the rest earmarked for strategic petroleum reserves.

The government's efforts to cut back come as it targets a fiscal deficit of 5.9% of GDP in the fiscal year that runs to the end of March, down from 6.4% last year.

Though it's likely to exceed its tax revenue projections, there will be shortfalls elsewhere, including in sums raised through the sale of shares in state-owned entities.

So far, New Delhi has raised only ₹100.5 billion from share sales, against a goal of ₹510 billion. Spokespeople at Indian Oil and Bharat Petroleum didn't immediately reply to phone calls seeking comment, while there was no response to an email sent to the finance ministry.

India, Guyana sign pact on hydrocarbon cooperation



New Delhi: The government on Friday approved signing of a memorandum of understanding between India and Guyana on cooperation in the hydrocarbon sector. The proposed MoU will cover the complete value chain of hydrocarbon sector including sourcing of crude oil from Guyana, participation of Indian companies in exploration and production sector of Guyana and cooperation in crude oil refining. REUTERS



Oilmax to invest \$100 mn in next 3 years, grow biz

Expects Duarmara field to start production by Sept

ARUNIMA BHARADWAJ
New Delhi, January 5

OILMAX ENERGY, a privately-held oil and gas company, plans to spend more than \$100 million in the next three years in order to expand its operations, the company's founder, chairman and managing director Kapil Garg told FE. The company also expects its gas field in Duarmara, Assam, to begin production by September, thus adding to the domestic gas output of the country.

"In the next three years, we are looking to spend more than \$100 million as capex. So, for the current expansion plans as of now, we are fully funded," said Garg.

Other than Duarmara, the company owns two more fields in Assam - Amguri and Tiphuk. The Tiphuk field already has some wells and the company aims to start testing these by the end of the month.

"We have applied for regulatory permissions and are hoping that we can start testing these wells towards the end of this month," Garg said. "If the tests are successful, we can just start production in about

six months." At present, the company's Amguri field produces 250,000 cubic meters of gas per day, which can go up to 750,000 cubic meters a day, while the Duarmara field produces 1 million cubic meters of gas per day. The Amguri field also produces 500 barrels a day of condensates (a crude oil-like liquid that comes out of the ground along with the gas).

"Tiphuk is at a very early stage but in phase 1, we anticipate it should be able to produce 0.1 cubic meters of gas per day," Garg said.

The government has reportedly formed a committee of the SBI, HDFC and ICICI banks for a framework to finance oil and gas projects

Garg also believes that the completion of the Indradhanush project — the Northeastern gas pipeline that is currently under construction — by November will likely help the company ramp up its production and transport it to other markets. The company's Indrora field in Gujarat produces 75 barrels of oil a day.

Garg hopes that it will cross 300 barrels a day output in the next three months and 750-1,000 barrels a day towards the end of this year.

In addition to its oil and gas fields under exploration, the company recently won a block of coal-bed methane in Chhatisgarh and aims to start its operations within six months after it receives all the environment and pollution board clearances.



Proposed ₹30k cr Capital Infusion in Oil PSUs may be Cut by Half



AFP

Our Bureau

New Delhi: The government may halve its proposed ₹30,000 crore of equity investments into Indian Oil, Bharat Petroleum (BPCL) and Hindustan Petroleum (HPCL) this fiscal year as these companies have clocked robust profits and don't need major financial support for their planned transition to green energy, said people familiar with the matter.

The government had announced its capital support plans for these state-run refiners last February in the FY24 Union budget. At the time, these companies were facing a difficult patch and were demanding compensation for the heavy losses they had suffered in the first two quarters of 2022-23 for not increasing retail fuel prices in line with rising international rates.

Since pump prices are deregulated in the country, the government didn't agree to the compensation



but allocated a capital support of ₹30,000 crore in the budget, which could be used by the companies for their green transition projects, the people cited above said requesting anonymity.

To start with, the companies were not too keen on equity infusion by the government as, like debt, equity also needs to be serviced, several company executives told ET previously. Second, they could easily raise long-term debt from the market at an acceptable rate and fund their green projects, which will stretch over a decade or more, they said.

However, with the three state refiners posting record-high profits in the fiscal first half, the conversation in the finance ministry changed, triggering multiple reports that the government is reconsidering its investment plans.

The people cited above said government officials have informed executives at these refiners that the proposed investments could be halved.

Solidify the Huge Biogas Potential



Kalpana Pathak

In November 2023, GoI mandated the phased blending of compressed biogas (CBG) with piped gas supplied to households and CNG for the transport sector. This was done to push CBG consumption, which has been lagging.

This is not the first time an attempt has been made to push CBG adoption. In 2018, as part of the National Policy on Biofuels, GoI launched the Sustainable Alternative Towards Affordable Transportation (SATAT) scheme to push CBG. SATAT envisaged developing 5,000 CBG plants by 2023-24, mobilising investments of ₹1.75 lakh crore and creating 75,000 direct jobs. So far, India has failed to achieve even 1% of this number.

In August 2023, the parliamentary standing committee on petroleum and natural gas came down heavily on the oil ministry and public sector oil and gas companies for showing no urgency in setting up CBG projects. There was also a plan to rope in CBG entrepreneurs. Till June 1, 2022, 3,263 letters of intent (LoIs) were issued to entrepreneurs, of which only 35 were com-

pleted. By August 2023, public oil and gas companies cancelled 87 LoIs.

The good news is that in the last quarter, nearly half a dozen public and private energy companies have announced plans to set up over 100 CBG plants in the next few years. Reliance Industries (RIL) plans to set up 100 CBG plants in the next five years. But there are challenges:

► **Expensive feedstock** Most companies are looking at sugarcane-derived press mud, municipal solid waste and animal waste (cow dung) as feedstock for the plants. This is when India has an abundant supply of agricultural waste (parali), which can be nearly 80% of the biomass source used for RE production. The country produces nearly 230 million tonnes of non-cattle feed biomass, which is discarded or burnt every year, leading to air pollution in north India.



Clear the air with the domes

To many companies and entrepreneurs, CBG plants based on parali are expensive because the post-harvest supply chain management and gas transportation infrastructure need extensive investment.

On average, per acre of land makes three tonnes of parali. But it is costly to aggregate and store parali because it needs to be cut, treading, raked, bailed, transported and warehoused in 35-40 days before the next sowing season begins. Funding is required for equipment, transportation and storage. For instance, the cost of setting up a 100-tonne-per-day capacity CBG plant based on paddy straw is ₹80 crore.

► **Costly working capital.**
 ► **Complexity of land availability** to set up projects and satellite storage locations for the feedstock.
 ► **Limited financing options** Lack of investment by companies is aggravated by the limited financing options from banks and financial institutions, who are wary of thin margins and high risk. Many CBG entrepreneurs are scouting for funds from alternative sources as banks impose severe collateral security conditions.

A few companies with CBG plants operational have built them through internal accruals and are running them at less than half the capacity due to a lack of biomass feedstock availability and offtake challenges. A more extended CBG offtake contract of more than three years from the oil and gas

companies will also aid in easier financing for CBG entrepreneurs.

► **Lack of market** Another hurdle is the lack of market for CBG and the supply infrastructure and transportation of CBG from the plant to the injection points. Under the CBG-CGD (city gas distribution) scheme, the responsibility of connecting the CBG plant with the CGD network up to 10 km from the plant to the injection point lies with the CBG producers, who consider this an additional expenditure. Due to such constraints, CBG producers are reportedly flaring a lot of gas.

India has struggled to contain its energy import bill for decades, yet focused investments in extracting power from biomass sources have been a struggle. According to MNRE, India can generate 18 GW of RE using biomass. That will be Tata Power's total power-generating capacity in the next two years.

The biomass sector contributes only 5% of India's total energy production, with an installed capacity of over 10 GW. This can be increased multifold, but only if the pain points of companies and entrepreneurs are addressed. Right interventions and financial incentives will facilitate GoI's CBG-CGD blending mandate and reduce India's energy import bill, solve the stubble-burning issue, generate employment and get India closer to meeting its net-zero emission goals.

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2024 में कैसी रहेगी महंगाई

फूड ऑइल, गैस और कोयले का पर्याप्त स्टॉक राहत देगा

2023 में यूक्रेन और मिडिल ईस्ट युद्ध की हलचल और तुनिया के प्रमुख अनाज निर्यातक बाजील में गंभीर सूखे के बावजूद कर्मांडिटी मार्केट शांत रहा। दो साल तक दो अंकों की बढ़ोतरी के बाद कच्चे माल के मूल्यों का सूचकांक ब्लूमबर्ग कर्मांडिटी इंडेक्स 2023 में 10% से अधिक नीचे आ गया। तेल, गैस और अनाज, धातु भी सस्ती हैं। लिहाजा, विशेषज्ञ सोचते हैं, 2024 में भी ऐसी स्थिति कायम रहेगी। बाजार अब स्थिति के हिसाब से चलने लगे हैं।



फूड तेल औसत से ज्यादा सप्लाई राहत भरी खबर

2023 में पेट्रोलियम निर्यातक देशों के संगठन से अलग ओपेक प्लस देशों ने ग्लोबल मांग में बढ़ोतरी की भरपाई कर दी। इस वजह से ओपेक को उत्पादन में 22 लाख बैरल प्रतिदिन की कटौती करना पड़ी। डेटा फर्म कागलर का अनुमान है, 2024 के पहले चार महीनों में हर दिन पांच लाख 50 हजार बैरल की औसतन अधिक सप्लाई होगी। वहीं यूक्रेन युद्ध छिड़ने के बाद से यूरोप में अंधाधुंध खरीद और सदी कम पड़ने के कारण गैस स्टोरेज क्षमता का 90% बना हुआ है। कंसल्टेंसी रिस्टाड एनर्जी के अनुसार मार्च तक स्टोरेज 70% रहेगा। पर्याप्त स्टॉक रहने से न केवल यूरोप बल्कि एशिया में गैस के मूल्य कम रहेंगे।

ग्रीन मेटल मेटल्स की सप्लाई से कीमतें कमजोर

लिथियम, निकल और कोबाल्ट की सप्लाई में बढ़ोतरी से ग्रीन मेटल की कीमतें कमजोर पड़ गई हैं। यूक्रेन के बाहर अनाज और सोयाबीन की बोनी (यूक्रेन की छोड़कर) में बढ़ोतरी से विश्लेषण से चले हैं कि 2024-25 में अनाज की रिपोर्ट पैदावार होगी। इससे फूड निर्यातकों के पास उपयोग से अधिक स्टॉक 13% से बढ़कर 16% रहेगा। इससे पहले 2018-19 में ऐसा स्टॉक था। जलिर है, इससे मूल्य ठीक रहेंगे। हालांकि गैरुम को लेकर अनिश्चितता बनी हुई है। यूरोप में सर्दियों का मौसम अभी खत्म नहीं हुआ है। अगर सर्दियां ज्यादा ठिक गई तो स्टॉक की हुई गैस का इस्तेमाल करना पड़ेगा। हालांकि विश्लेषकों का अनुमान है कि हालात सामान्य रहेंगे।

कुछ झटके भी: पहले छह माह सामान्य रहेंगे

सभी कर्मांडिटी की भरपूर सप्लाई की वजह से 2024 के पहले छह माह मूल्यों की दृष्टि से सामान्य रहेंगे। इसके बाद सप्लाई थोड़ी कम होगी। गैर ओपेक देशों का तेल उत्पादन साधारण हो जाएगा। कुछ अमेरिकी प्रोजेक्ट में देर से 2024 में यूरोप में गैस का भंडारण कम हो सकता है। अनाज के मूल्य कम होने से किसान ज्यादा खुश नहीं करेंगे। आर्थिक स्थिति में बदलाव, खराब मौसम और सैनिक टकरावों जैसे आघातों से बाजार प्रभावित हो सकते हैं। आर्थिक विकास दर की धीमी गति से कच्चे माल की मांग मामूली रहेगी। महंगाई भी ठंडी पड़ेगी। लिहाजा, कर्मांडिटीज का बहुत ज्यादा आर्थिक महत्व नहीं रहेगा। फिर भी, आश्चर्यजनक हलचल नामुमकिन नहीं है। लिबेरियम बैंक का अनुमान है, ग्लोबल विकास दर में एक अंक की बढ़ोतरी से कर्मांडिटीज की मांग 1.5% बढ़ेगी। असामान्य मौसम का गहरा असर पड़ेगा।