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MILLENNIUM POST, Delhi, 8.1.2024
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ONGC seeks premium over govt price for coal seam gas

ONGC has sought bids from users for sale of 0.05 mn standard cubic metres/day of gas from North Karanpura

OUR CORRESPONDENT

NEW DELHI: State-owned Oil and Natural Gas Corporation (ONGC) is seeking a premium over the government gas price for the gas it plans to produce from coal seams in Jharkhand.

ONGC has sought bids from users for sale of 0.05 million standard cubic metres per day of gas from the North Karanpura coal-bed methane (CBM) block for three years.

Users have been asked to quote a premium they are willing to pay over and above the monthly domestic natural gas price that the Oil Ministry's Petroleum Planning and Analysis Cell (PPAC) notifies, the tender document showed.

PPAC every month declares a price for the majority of domestically produced natural gas. This price is 10 per cent of the monthly average of the basket of crude oil that India imports. For the month of January, this price comes to $7.82 per million British thermal unit.

This price in the ONGc tender has been marked as reserve gas price. While the government sets price for two-thirds of the gas produced in the country, CBM gas enjoys pricing freedom where sellers are allowed to discover market rate.

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Highlights

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- This price is 10 per cent of the monthly average of the basket of crude oil that India imports. For the month of January, this price comes to $7.82 per million British thermal unit
- While government sets price for two-thirds of the gas produced in the country, CBM gas enjoys pricing freedom where sellers are allowed to discover market rate

Gas extracted from below ground is used to produce electricity, make fertilisers or turned into CNG for sale to automobiles and piped to household kitchens for cooking purposes.

"Bidders are required to quote 'P', which would be a positive non-zero premium over the Reserve Gas Price," the ONGC tender document said. The e-auction will take place on February 7.

The horse-shoe shaped North Karanpura CBM Block falls in the district of Hazaribagh and Chatra of Jharkhand state. The North Karanpura block encompasses an area of 340 square kilometers with envisaged CBM resources of about 62 billion cubic metres.

ONGC is the operator of the block with 55 per cent interest. Indian Oil Corporation (IOC) holds 20 per cent and the balance 25 per cent is held by Prabha Energy Pvt Ltd.

"ONGC on behalf of consortium has launched this e-tender for sale of 0.05 mmscmd CBM gas on 'as is where is' and fall-back basis," the tender said.

The term for sale will be three years, which can be extended by a maximum of 2 years, it added.

ASIAN AGE, Delhi, 8.1.2024
Page No. 7, Size:(11.59)cms X (3.85)cms.

ONGC seeks premium for gas from Jharkhand

New Delhi, Jan. 7: State-owned Oil and Natural Gas Corporation (ONGC) is seeking a premium over the government gas price for the gas it plans to produce from coal seams in Jharkhand. ONGC has sought bids from users for sale of 0.05 million standard cubic metres per day of gas from the North Karanpura coal-bed methane (CBM) block for three years. Users have been asked to quote a premium they are willing to pay over and above the monthly domestic natural gas price that the Oil Ministry's Petroleum Planning and Analysis Cell (PPAC) notifies, the tender document showed.

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ONGC seeks premium on govt price

PPAC declares price for domestically produced natural gas every month. **REUTERS**

State-owned Oil and Natural Gas Corp. (ONGC) is seeking a premium over the government gas price for the gas it plans to produce from coal seams in Jharkhand.

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Petchem duty concessions a sticking point in Oman FTA talks

The demand for customs duty concession on petrochemical products such as polypropylene and polyethylene, used primarily in the plastics industry, may act as a sticking point in the early conclusion of talks for the proposed free-trade agreement (FTA) between India and Oman, according to an official.

Negotiations for the pact, officially dubbed the Comprehensive Economic Partnership Agreement (CEPA), are in the last phase.

Certain domestic players from both public and private sectors are opposing duty concessions on these products under the agreement.

They claim that Oman provides huge subsidies to its industry on raw materials for the production of these petrochemical products.

According to them, if India would give duty concessions on these already subsidised products, it would be a double advantage for Omani firms.

The government official said they are holding talks with domestic players on the issue. PTI

Domestic companies oppose duty concessions on these products under the agreement. MINT

BUSINESS LINE, Delhi, 8.1.2024
Page No. 3, Size:(15.95)cms X (10.64)cms.

Crude oil imports slip on weak demand, bearish European outlook in December

SEASONAL HEADWINDS. At 3-month low of 4.32 million barrels/day; crude imports 2nd lowest in 2023: Vortexa

Rishi Ranjan Kala
New Delhi

India's crude oil imports during December 2023 slipped to their second lowest level during the calendar year due to weak domestic demand coupled with a bearish outlook on diesel consumption in Europe, a key export destination for private refiners.

According to energy intelligence firm Vortexa, India imported 4.32 million barrels per day (mb/d) of crude last month, the lowest since September 2023 (4.12 mb/d).

Besides, imports in December 2023 by private refiners, Reliance Industries and Rosneft-backed Nayara Energy, fell to its lowest during the last calendar year at 482,000 barrels per day.

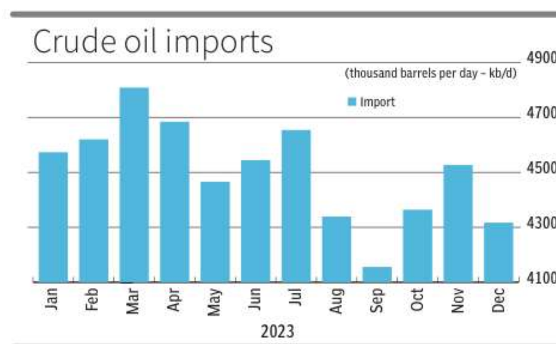
Most of the diesel exports from India is from the private refiners. Imports by public sector refiners also slumped to its second lowest during CY23 at 804,000 b/d in December.

DOMESTIC SLOWDOWN

"Lower crude imports into India in December is reflective of refiners' anticipation of a seasonal demand slowdown domestically as we step into Q1 (2024), potentially further dampened by a bearish demand outlook in Europe, its key export market," Vortexa's Head of APAC Analysis, Serena Huang told *businessline*.

A trade source pointed out that India's consumption of petrol and diesel has fallen for two consecutive months during November and December, 2023.

Another noteworthy feature in the import dynamics last month was the in-bound shipments of crude oil from Russia slipped to their lowest since January 2023. Shipments of Urals also fell to its third lowest at 1.06 mb/d last month.



India's imports of Russian crude totalled 1.29 mb/d in December, down from 1.56 mb/d in November, Huang said.

S&P Global Commodity Insights said, Indian refinery appetite for Russian crude has slowed recently compared to the first half of 2023. However, it maintains the position with over 35 per cent share of total imports.

Last week, Oil Minister H S Puri said that there are no payment problems with Russia, from which where India buys 1.5 mb/d of crude. The declining imports are is more of a function of price (discounts).

India continued to import higher volumes of crude oil from its second largest supplier, Iraq, which stood at 964,000 b/d in December compared to 979,000 b/d in November.

An Oil Marketing Company (OMC) official said that Iraqi prices have been competitive. Data from Iraq's State Oil Marketing Organisation show that Basrah prices in December 2023 averaged at $76.96 a barrel compared to $82.82 per barrel in November and $87.58 in October.

"Crude imports/ lifting indications from major Middle Eastern suppliers, Iraq, and Saudi Arabia, have experienced an uptick in the fourth quarter and for Q1 2024. This increase may be attributed to the necessity of fulfilling the current year's term commitments by public refiners." S&P explained.

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BUSINESS LINE, Delhi, 8.1.2024
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Bankers now favour clean energy over fossil fuel

THE GREEN SHIFT. Backed by strong policy support, the drift towards renewables has found new acceleration as India ramps up RE capacity

V Rishi Kumar

India is at a crucial juncture on the climate change pathway when it has to step up its renewable energy capacity while gradually weaning away from its dependency on fossil fuels. With renewable energy deployment costs moderating and renewable power storage getting competitive with coal plants, the transition process could see an acceleration.

This is because recent trends show a clear global tilt towards funding renewable energy (RE). With banks adopting a calibrated approach to lending for fossil fuel plants and focussing on renewables, funding has also begun to shift towards renewable energy projects in India.

Points out Joe Athialy, Executive Director, Centre for Financial Accountability, an independent platform which aims to improve financial accountability in India: "Cost of renewable energy with storage is now comparable and cheaper than new coal plant construction. Besides losing out to renewable energy on per unit cost of electricity, coal power plants will have to be retired within a decade from now. Financial institutions are reluctant to fund coal projects, be it power plant construction or coal mining."

GREEN PUSH

A recent report by Climate Trends shows that for the second year in a row, 100 per cent of the value of project finance loans in India in 2022 went to renewable energy projects. Solar power was the dominant renewable energy, accounting for six out of eleven deals. Hybrid projects for both solar and wind accounted for 56 per cent of financing.

India has already installed close to 132 GW of renewable energy from its earlier target of 175 GW and is determined to meet additional power demand from renewables where possible.

CHALLENGES REMAIN. Striking a right balance between climate action and development goals with RE targets is crucial GETTY IMAGES

Driven by strong policy support and moderate solar module prices, ICRA in its outlook predicts India's installed renewable energy capacity to reach 170 GW by March 2025. The increase is supported by improved tendering activity in the current fiscal, with over 16 GW projects bid so far and another 17 GW bids underway by Central nodal agencies. The number of RE-based round-the-clock (RTC) projects is expected to rise in upcoming tenders to mitigate intermittency risk associated with renewables. Challenges however remain in execution, including delays in land acquisition and transmission connectivity.

Further, the rise in RE capacity over the next six years is estimated to increase the share of large hydro projects in the all-India electricity generation from 23 per cent in FY23 to around 40 per cent in FY30.

BALANCING ACT

At COP28 India pushed for an equitable, inclusive and a realistic approach in shaping and sustaining its development goals and balancing climate action. While there was a commitment to triple the global renewable energy capacity to 11,000 GW by 2030 and double the annual energy efficiency rate, India aims at striking a right balance towards its net zero goals. Given the current energy basket, India may have to rely on coal in the medium term (possibly about 15 to 20 years) as fossil fuels make up 75 per cent of its power supply.

"The shift from fossil fuels to RE is inevitable, but what matters is the speed. A delayed shift will have negative consequences for air quality, climate change and the financial competitiveness of industry, not to mention higher costs for electricity consumers. Renewable is the cheapest source of new electricity and accelerating the shift will mean big savings for the Indian economy," says Ashish Fernandes, CEO, Climate Risk Horizons.

The financial logic is clearly in favour of renewables. There is no economic case for the construction of new coal plants. That the world has finally agreed on the need to phase out fossil fuels is significant, even if it comes decades too late. But a balance is needed given economic compulsions and the growing demand and supply situation.

BUSINESS STANDARD, Delhi, 8.1.2024
Page No. 4, Size:(16.30)cms X (9.33)cms.

ONGC seeks premium over govt price for coal seam gas

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गेल GAIL
FINANCIAL EXPRESS, Delhi, 8.1.2024
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Capital infusion in OMCS may be halved to ₹15k cr

PRASANTA SAHU
New Delhi, January 7

CAPITAL INFUSION IN state-run oil marketing companies (OMCs) may be halved to around ₹15,000 crore from ₹30,000 crore earmarked in the Budget estimate for 2023-24, given their improved finances, sources told *FE*.

Robust profits in the first half of the current financial year on the back of subdued crude oil prices enabled these firms to offset the losses incurred in the corresponding period of the previous fiscal.

India's biggest state-run refiner-cum-retailer Indian Oil Corporation (IOC) reported a net profit of ₹26,718 crore in the first half of this fiscal compared with a loss of ₹2,265 crore in the year-ago period, due to a freeze in retail fuel prices to insulate consumers. During H1FY24, BPCL and HPCL's net profit stood at ₹19,052 crore (-₹6,567 crore in H1FY23) and ₹11,322 crore (-₹12,369 crore in H1FY23), respectively.

"Crude prices, which declined to a comfort level for India in the initial months of FY24 before reversing, have thankfully again moderated after a few months," an official said.

OMCs are expected to continue making profit so far as oil price remains below $85 a barrel, analysts have said. Due to the Russia-Ukraine war, the price of the Indian basket of crude shot up by an average of 18% in FY23 to $93.15/barrel compared with $79.18/barrel in FY22. The Indian basket averaged $74-75/barrel in May and June 2023, $80.37 in July, before rising to $93.54 in September. It has since moderated to $90.08 in October, $83.46 in November and $77.42 in December.

Retail fuel prices in India have been frozen since May 2022. However, this price control has been during both rising and falling crude prices, allowing OMCs to recoup losses during periods of high crude prices.

The official said the government was conscious of the requirements of the OMCs, which have undertaken massive capex in the past several years to add new capacity and invest in new technology.

In Budget 2023-24 presented on

February 1 last year, the government announced a ₹30,000-crore equity investment plan for the three OMCs —IOC, BPCL and HPCL — towards energy transition and net-zero objectives. While the equity infusion in IOC and BPCL would be via rights issues, the capital infusion to HPCL would be through its parent ONGC. The government could infuse equity through preferential allotment/rights issues in ONGC, which would replicate that in HPCL. In the capital infusion, IOC could have a larger share, followed by BPCL and HPCL.

State-run oil firms not only pay high dividends but are also major investors. In November-December 2023, IOC paid a dividend tranche of ₹3,636 crore to the Centre, while BPCL paid ₹2,413 crore.

IOC has achieved a capex of ₹23,468 crore or 77% of its annual target of ₹30,395 crore in April-November of FY24. IOC is expanding its refining capacity and investing in hydrogen plants at several locations in the country. BPCL's capex stood at ₹6,746 crore or 67% of its FY24 target, while HPCL has achieved ₹8,763 crore or 86% of its annual target.

MORE THAN THE BUDGETARY TARGET OF ₹43,000 CRORE

Centre may Rake in ₹55,000 cr in Dividends from Key CPSEs

Banikinkar Pattanayak

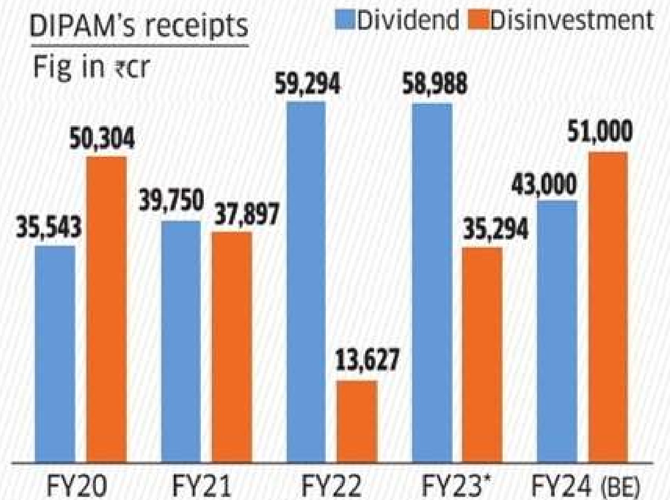
New Delhi: The government's dividend collection from non-financial central public sector enterprises (CPSEs) and other investments in this financial year could amount to about ₹55,000 crore, more than a quarter higher than the budgetary target of ₹43,000 crore, said a senior official.

However, the Centre could reduce its combined disinvestment and dividend (from non-financial CPSEs) mop-up in the revised estimate for 2023-24 from the budgeted ₹94,000 crore given the expected steep shortfall in divestment proceeds from the targeted ₹51,000 crore due to the IDBI Bank strategic sale process spilling over to 2024-25, the official told **ET**.

The Department of Investment and Public Asset Management has garnered ₹53,895 crore in dividend and disinvestment receipts so far this fiscal. At ₹43,843 crore, the dividend has already exceeded the 2023-24 target, even as the disinvestment revenue has remained low at ₹10,052 crore. ET had reported in November 2023 that the 2023-24 dividend target could be surpassed but the surplus dividend might not be enough to fully make up for the disinvestment shortfall.

But given that the combined target makes up less than 3.5% of the government's budgeted non-debt receipts for the fiscal, any such shortfall may not disrupt the government's financial calculations, said another official. One of the officials said there is only a remote possibility of the dividend receipts exceeding last fiscal's level of ₹58,988 crore. A significant driver of last year's dividend revenue was Hindustan Zinc Ltd (HZL), which forked out about ₹9,000 crore to the government on its 29.54% holding in the miner, he said. Such a sum from HZL is not feasible in this fiscal as it has depleted its cash reserves.

Moreover, prospects of huge dividends by large state-run oil firms, which usually account for a significant chunk of such non-tax revenue, are uncertain this year given the volatility in global crude oil prices in the aftermath of the Israel-Hamas war.



If the global crude oil prices bounce back again and state-run oil firms don't pass on the costs to consumers in the build-up to the 2024 general election, their profitability and ability to pay dividends may falter, officials had told ET in November 2023. CPSEs from some other sectors, such as power, are doing well and may continue to give good dividends.

The average monthly crude oil price (Indian basket) has moderated to $77.1 so far in January. from $77.42 in December and $90.08 a barrel in October (the war started on October 7). Global oil prices rose again last Friday amid fears the crisis may escalate to other parts of West Asia, adding fresh uncertainties to any benign outlook.

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ECONOMIC TIMES, Delhi, 8.1.2024
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India-Oman FTA: Duty Rebate on Petrochemical Items a Sticking Point

New Delhi: Customs duty concession demand on petrochemical products such as polypropylene and polyethylene, used primarily in the plastics industry, may act as a sticking point in the early conclusion of talks for the proposed free-trade agreement (FTA) between India and Oman, according to an official. **PTI**

INDIAN EXPRESS, Mumbai, 8.1.2024
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Capital infusion for OMCs may be halved to ₹15,000 crore on improved finances

PRASANTA SAHU
NEW DELHI, JANUARY 7

CAPITAL INFUSION in state-owned oil marketing companies (OMCs) may be halved to around Rs 15,000 crore from Rs 30,000 crore earmarked in the budget estimate for 2023-24, given their improved finances, sources told *FE*. Robust profits in the first half of the current financial year on the back of subdued crude oil prices enabled these firms to offset the losses incurred in the corresponding period of the previous fiscal.

India's biggest refiner and fuel retailer Indian Oil Corporation (IOC) reported a net profit of Rs 26,718 crore in the first half of the current financial year compared with a loss of Rs 2,265 crore in the year-ago period, due to a freeze in retail fuel prices to insulate consumers. During the first half (H1) of 2023-24 (FY24), Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL)'s net profit stood at Rs 19,052 crore (-Rs 6,567 crore in H1FY23) and Rs 11,322 crore (-Rs 12,369 crore in H1FY23), respectively.

Retail fuel prices in India have been frozen since May 2022. *File*

"Crude prices, which declined to a comfort level for India in the initial months of FY24 before reversing, has thankfully again moderated after a few months," an official said.

OMCs are expected to continue making profit so far as oil price remains below $85 a barrel, analysts have said. Due to the Russia-Ukraine war, the Indian basket of crude prices shot up by an average of 18 per cent in FY23 to $93.15/barrel compared with $79.18/barrel in FY22. The Indian basket averaged $74-75/barrel in May and June 2023, $80.37 in July, before rising to $93.54 in September. It has since moderated to $90.08 in October, $83.46 in November and $77.42 in December.

Retail fuel prices in India have been frozen since May 2022. However, this price control has been during both rising and falling crude prices, allowing OMCs to recoup losses during periods of low crude prices.

The official said the government was conscious of the requirements of the OMCs, which have undertaken massive capex in the past several years to add new capacity and invest in new technology.

In the Budget 2023-24 presented on February 1, the government announced Rs 30,000 crore equity investment plan for the three OMCs towards energy transition and net-zero objectives. While the equity infusion in IOC and BPCL would be via rights issues, the capital infusion to HPCL would be through its parent the Oil and Natural Gas Corporation Limited (ONGC). **FE**

TIMES OF INDIA, Delhi, 8.1.2024
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Saudi oil price cut to offer India room for better deals

Move Seen As A Bid To Protect Share From Rival Producers

Sanjay.Dutta@timesgroup.com

New Delhi: Saudi Aramco on Sunday cut OSP (official selling price) of flagship Arab Light crude for Asia to their lowest in 27 months — a move that can work well for India if it prompts oil to slide further to boost prospects of cheaper fuel for consumers and keep the energy import bill from bloating.

Aramco slashed the OSP by $2 per barrel for February shipments, marking the second consecutive reduction after $1.5 per barrel discount announced in December for January loading. The world's largest oil exporter also pruned prices for North America, North West Europe and the Mediterranean.

The Saudi move is seen as a bid to protect market share amid onslaught from rival producers. Asia is important as it is considered the growth engine for global oil demand because of China and India — the world's second and third-largest oil consumers, respectively.

Saudi Arabia sees a serious competition from the US fracking boom as shale oil found its way into Asia around 2017. The tectonic shift in the global energy flow sparked by Moscow's invasion of Ukraine in February 2022 and emergence of new suppliers in South America and Africa poses a bigger challenge.

India and China have been lapping up the Russian barrels shunned by western buyers since the Ukraine war as sanctions and banking curbs on Moscow made payments difficult. Before the war, Russia accounted for less than 1% of India's oil imports. Today, it has replaced Saudi Arabia as the second-biggest supplier on the back of hefty discounts. China and India account for 80% of Russian oil exports.

Russia's gain has come at Saudi Arabia's expense as the discounts by Russian sellers, an opaque shipping system and elevated prices kept the oil flowing in spite of the G7 price cap of $60 per barrel.

But as an extended production cut equivalent to more than 2% of daily global supplies fail to excite oil prices, Riyadh may have found a window to muscle its way back.

LOSING GROUND TO RUSSIA

- Saudi Aramco slashed OSP (official selling price) of flagship Arab Light crude for Asia to lowest in 27 months
- Asia is considered growth engine for global oil demand because of China and India
- They are the world's second and third-largest oil consumers, respectively
- Saudi Arabia sees a serious competition from US, with shale oil coming to Asia from around 2017
- India and China have been lapping up Russian oil shunned by western buyers since the Ukraine war
- Russia's gain has come at Saudi Arabia's expense

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