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India may not hit gas target in energy mix

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NEW DELHI

India is unlikely to meet its goal of increasing the share of natural gas in its energy mix to 15% by 2030, said Spencer Dale, group chief economist, BP Plc.

He said industrial use would lead the growth in the natural gas consumption in the country. "In our (outlook) scenarios, the share of natural gas doesn't increase. It increases a little bit but doesn't go to 15%; it goes (to) about 7-8%, but doesn't increase significantly more. I think there is scope to grow natural gas, even more in India, particularly in terms of natural gas within industry."

Noting that India has taken several measures to boost the use of natural gas, he said: "And I think part of that story is continuing in the regulatory forms that the government has already done so far in India. There have been huge reforms in terms of gas regulation, which are helping to support the growth of gas."

The Indian government has set itself an ambitious target of increasing the share of natural gas in the country's energy basket to 15% by 2030 from the current 6%. Natural gas is considered a cleaner fuel compared to oil and coal.

Dale said oil demand in the country is expected to rise in the years ahead and the growth rate will be higher than the global trend.

India has set itself the target of raising the share of natural gas in the country's energy basket to 15% by 2030

Dale said that while global oil demand is expected to flatten within a decade, demand in India will plateau only in the mid-2040s.

He further said that the use of oil in the petrochemical industry would increase in the coming years as transportation gradually moves towards electricity mobility. On the projection for oil prices and supplies in the short term, Dale said the global market continues to remain worried about the conflict in West Asia.

Share of natural gas in India's primary energy mix to reach 8.6% by 2050: bp

Our Bureau
New Delhi

Oil and gas major bp has projected the share of natural gas in India's primary energy mix at 8.6 per cent in 2050 from 5 per cent in 2022, under its current trajectory scenario.

bp's Energy Outlook 2024 stated that under its net zero scenario, the share of natural gas in the primary energy mix of the world's fourth largest liquefied natural gas (LNG) importer will be even lower at 5.5 per cent by 2050.

Current trajectory (CT) represents the present supply, demand and consumption in energy, while net-zero trajectory (NZ) relates to decarbonisation.

Asked about India's target of achieving a 15 per cent share of natural gas, bp's Chief Economist Spencer Dale told journalists, that "the share of natural gas increases a little bit, but does not get to 15 per cent. It goes to 7 per cent or 8 per cent."

THE TARGET

This means that the world's third largest energy consumer might not be able to realise its target to raise the share of natural gas in the primary energy mix to 15 per cent by the end of the current decade.

ENERGY PATHWAYS. The current trajectory represents the supply, demand and consumption scenarios while the net zero trajectory relates to a scenario that focuses on decarbonisation

The numbers are even lower than its last energy outlook report. In the 2023 report, bp said, "the share of natural gas in total primary energy grows in all scenarios, increasing from 5 per cent in 2019 to 7-11 per cent in 2050, supported by industry and heavy road transport demand."

Crude oil exporting bloc OPEC in its 2023 annual outlook had also projected that India's share of natural gas in the energy mix is expected to reach just 10.6 per cent by 2045. Dale emphasised that the share of natural gas is expected to grow in the country's primary energy mix aided by consumption from the industry, power generation and transport sectors.

"In quantitative terms, the single most important sector driving the growth in natural gas demand is the industry. Then it's the power sector, and the third is transport," Dale added. The regulatory reforms brought in by the Government have aided in increasing the consumption of gas, Dale further noted.

"I think there is scope to grow natural gas even more in India, particularly in terms of natural gas within industry.

"I think part of that story is continuing the regulatory reforms that the Government has already undertaken so far in India..."

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Page No. 2, Size:(25.97)cms X (24.26)cms.

Maruti to talk CBG production expansion with Centre, states

DEEPAK PATEL

New Delhi, 21 August

Maruti Suzuki India (MSIL) will hold discussions with the Centre and state governments on how the production of compressed biogas (CBG), which can be used in vehicles that run on compressed natural gas (CNG), can be expanded in the country, its majority shareholder Suzuki Motor Corporation (SMC) said.

The demand for CNG vehicles has been rising significantly in the country. MSIL sold 145,000 CNG vehicles in the first quarter of 2024-25, marking a 28.3 per cent year-on-year (Y-o-Y) growth.

This contrasts with its total vehicle sales of 427,000 units in the first quarter of 2023-24, which grew 1.2 per cent Y-o-Y.

The production of CBG currently faces significant challenges in the country. These include arranging feedstock, transporting it over distances, and producing organic manure within specific timelines.

To address these challenges, SMC in 2022 signed a memorandum of understanding (MoU) with National Dairy Development Board (NDDB) and Banas Dairy to start a project to produce CBG by refining methane from biogas generated through the fermentation of cow dung.

Under this project, four biogas production plants are planned to commence operations in Banaskantha, Gujarat, starting in 2025, with an investment of ₹2,300 crore.

"The backlog for CNG vehicles tended to be long previously, but CNG component supply capacity has been improving since the second half of last year," SMC told analysts during a conference call on August 6.

The Japanese company said that component supply for Ertiga improved from the beginning of this year, allowing it to bolster production. "Ertiga is manufactured at the Manesar unit, which has increased its capacity by 100,000 units since last year. Currently, the annual production capacity of CNG vehicles is about 600,000 units," SMC elaborated.

SMC said the July 5 order of the Uttar Pradesh government wherein it removed the road tax of about 8-10 per cent on strong and plug-in hybrid cars. This has reduced the on-road prices of hybrid cars by up to ₹4 lakh in the state.

"We have also heard news of a bill in Uttar Pradesh to provide state tax benefits for HEVs (hybrid electric vehicles). At the same time, biogas, which we are promoting, can be applied to CNG vehicles, and we would also like (to) appeal to it as an alternative measure to achieve carbon neutrality in the future. We will discuss this with the government and discuss how it can be expanded," it said.

SMC would like to increase the supply of CNG cars as it would like to connect them to the increase in CBG production. This would assist in lowering the fuel per km cost for car owners and would assist in significantly reducing carbon emissions.

"In terms of profits, CNG vehicles have become profitable to some extent, and this is also a major reason to increase the number of CNG vehicles. Since the fuel cost of CNG is considerably lower than that of petrol and the demand from customers is strong, we intend to further expand sales while maintaining a good balance between the two," it said.

STEPPING ON THE GAS

	Maruti CNG vehicle sales (in units)	MSIL CNG vehicle sales to MSIL total vehicle sales (in %)
FY21	158,000	12
FY22	234,000	17
FY23	331,000	19
FY24	489,000	26

Note: Vehicle includes cars and light commercial vehicles

Source: Company

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Page No. 6, Size:(18.53)cms X (20.68)cms.

India's oil demand set to plateau by mid-2040s: BP

SUBHAYAN CHAKRABORTY
New Delhi, 21 August

India's oil demand is expected to plateau only by the mid-2040s under the current trajectory, BP chief economist Spencer Dale said on Wednesday.

Globally, oil demand will flatline until 2035 before declining on the back of Chinese demand jitters.

"In the current trajectory, the level of global oil demand in 2035 is exactly equal to the level of oil demand today. Oil demand for the next 10 years or so, will flat line," Dale told reporters.

The findings are part of the BP Energy Outlook 2024 report.

While parts of the emerging world continue to witness a spurt in growth in oil demand, demand in developed regions including the OECD has been falling for the last 15-20 years, he explained.

"Chinese oil demand is expected to start declining by the end of this decade," he said.

In June, the International Energy Agency (IEA) predicted a steady increase in the supply of crude oil will outpace global demand, resulting in a glut in the market by 2030.

The BP report shows the demand for oil in the road transport falling by the largest margin.

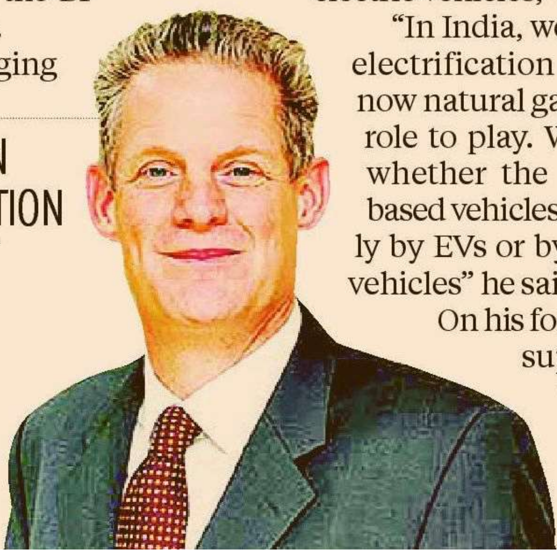
"This would occur due to improvements in vehicle efficiency, alongside rising sales of electric vehicles," Dale said.

"In India, we have seen increasing electrification of two-wheelers, but now natural gas two-wheelers have a role to play. We are less clear as to whether the move away from oil based vehicles would be driven mostly by EVs or by natural gas powered vehicles" he said.

On his forecast for oil prices and supplies in the short term, Dale said global markets remain worried over events in West Asia.

"IN INDIA, WE HAVE SEEN INCREASING ELECTRIFICATION OF TWO-WHEELERS, BUT NOW NATURAL GAS TWO-WHEELERS HAVE A ROLE TO PLAY"

SPENCER DALE
CHIEF ECONOMIST, BP



OPEC+ has Limited Scope to Increase Supplies, Says BP Chief Economist

Our Bureau

New Delhi: Oil producer club OPEC+ has a "limited scope" to bring back large supplies it has held off the market as increased output from the US, Brazil and Guyana may largely meet the global demand growth, BP's chief economist Spencer Dale has said.

"Most of the consensus for next year is that oil demand will continue to grow. But many also point to strong growth in non-OPEC supply, with many of those scenarios suggesting the growth in non-OPEC supply will largely meet the growth in overall demand," said Dale. "And that means the scope for OPEC to bring back production is likely to be relatively limited."

OPEC+, a grouping of nearly two dozen countries led by Saudi Arabia and Russia, has kept its production artificially low, keeping a record 5.8 million barrels per day of supply off the market. It plans to return these supplies to the market, starting October.

"But they will also be nervous about bringing oil back on if they do so in a way, which means that total supply either are growing more quickly than demand and that will lead to instability in the market," Dale said.

OPEC will continue to wield power in the oil market despite growing supplies from the countries that are not part of the cartel, Dale said. "I think OPEC continues to play a major role within the oil market and I think it will continue to play a major role as far as I can see into the future," he said.

Demand, supply, the situation in the Middle East and OPEC+ behaviour will weigh on oil prices.

Oil demand over the next decade or so will be more influenced by the efficiencies introduced in internal combustion engines rather than the wider adoption of electric vehicles, Dale said, arguing that EVs would still be a small share of total vehicles on the road despite a growing share of the new sales in a decade. It is in the 2040s that EVs will have a very significant impact on oil demand.

Electric vehicle ownership in China was growing at an "astonishing" pace, Dale said. New energy vehicles accounted for half of all cars sold in China in July. This rapid adoption of EVs has led to projections of petrol sales peaking in 3-4 years in China.

Electric car sales are growing at a far slower rate in India where the government is also encouraging the use of natural gas-powered cars.

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S Bharathan in race for CMD, HPCL

S Bharathan, Director (Refineries) HPCL, appears to be in the race for the post of Chairman-cum-Managing Director, Hindustan Petroleum Corporation Limited (HPCL).

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Page No. 12, Size:(13.74)cms X (6.68)cms.

Arvinder Singh Sahney selected as Director (P&BD), IOCL

Arvindar Singh Sahney, ED, (Business Development-Petrochemicals), IOCL, has been selected for the post of Director (Planning & Business Development), Indian Oil Corporation Limited (IOCL), at a Public Enterprises Selection Board (PESB) meeting held on August 20, 2024. As many as 12 persons were interviewed for the same.

MORNING STANDARD, Delhi, 22.8.2024
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'Natural gas mix target of 15% may miss'

ENS ECONOMIC BUREAU @ New Delhi

INDIA may not meet its target of increasing the share of natural gas in the country's energy mix to 15% by 2030, according to Spencer Dale, group chief economist at BP plc.

Dale, speaking to the press on Wednesday, also mentioned that there is potential for growth in natural gas consumption in the country, with industrial consumption expected to drive this growth.

"In our (outlook) scenarios, the share of natural gas doesn't increase. It increases a little bit but doesn't go to 15%, it goes (to) about 7-8%, but doesn't increase significantly more. I think there is scope to grow natural gas, even more in India, particularly in terms of natural gas within industry," he said.

Currently, natural gas accounts for 6.7% of India's energy mix. The government has set an ambitious target to increase this share to 15% by 2030. To achieve this goal, several measures have been implemented, including the expansion of the National Gas Grid, which now spans 24,623 km with an additional 10,860 km under construction.