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'Coal gasification in EPC model'

PRESS TRUST OF INDIA
KOLKATA, MARCH 21

COAL INDIA (CIL) on Thursday said that the coal gasification projects will be executed in an EPC (Engineering, Procurement, and Construction) model to make the those more viable by eliminating the risks for the operators of the plants.

This means that the entire equity for the project's capex will be funded from the special purpose vehicles to execute these projects, and not by the "operator of the plant", which will be appointed to run these highly sophisticated technologically advanced units to produce coal-to-chemical and coal gasification projects. EPC, also known as turnkey construction contracts, is used for complex infrastructure projects.

"We will opt for the EPC contract model to make the execution of the gasification projects more attractive as it de-risks the operator.

This will help us in faster execution of the project," Coal India's Director (Technical) B Veera Reddy said on the sidelines of the 17th Indian Coal Markets Conference organised by mjunction. Coal India has announced the setting up of coal gasification plants to achieve the target of gasification of 100 MT of coal by 2030. CIL has already signed MoUs for JVs with PSUs in this regard.

ECONOMIC TIMES, Delhi, 22.3.2024
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'For international climate policies, several fossil fuel-owning countries must be motivated to conserve – we need an economics of not extracting resources'

Bard Harstad is David S. Lobel Professor in Business and Sustainability at Stanford University. Speaking to **Srijana Mitra Das**, he outlines economic changes which can boost conservation:

Q. What is the core of your research?

A. Much of the research in economics is about growth and how to motivate effort and activities — I am studying the economics of doing nothing. That means of not extracting a resource. Of leaving trees standing and coal in the ground. That is harder than you might think because every decision maker who has a chance would like to extract a resource to one's own personal benefit.

ET evoke

Q. What are the most important economic determinants which shape what you term 'the conservation market' – and which explain why optimal conservation often fails?

A. I define a 'conservation good' as an entity which I don't benefit from consuming — but which I benefit from as long as no one else consumes it. This leads to a new type of market failure. For example, Norway benefits if Brazil's forest is still standing. Norway might want to pay for that but not if it is believed that Brazil will conserve it in any case. Thus, it is the threat of exploitation that motivates payments. If the payment for conservation is forthcoming, the resource owner doesn't want to exploit it — but when the owner does not exploit, the donor doesn't want to pay. This 'conservation contradiction' implies that the market for conservation cannot be efficient.

In addition, a policymaker in power today will understand that if the resource is conserved, it can be exploited by another future policymaker. When this fear is large, because policymakers frequently rotate, the temptation to extract the resource right away also grows. This logic can lead to a domino effect where a small future probability that another policymaker will extract can lead to immediate extraction.

Q. What economic changes can help us avoid such conservation failure?

A. It is important to establish credibility and time inconsistency. In a new project with Kjetil Storesletten, we are studying 'conservation by lending'. We refer to a loan granted to the resource owner where repayments are due, at a high interest rate, only if the resource in question is exploited — if it is conserved, the loan will never need to be repaid. Conservation by lending draws on the time inconsistency problem I mentioned. It achieves more conservation at a lower cost, especially when the time inconsistency problem is large.

Q. Trade agreements are generally seen as leading to the depletion of ecological resources, particularly from the Global South – can you share your findings on how such agreements can actually help conserve resources?

A. The compensation payments I referred to earlier require explicit side transfers. These can be costly because the donor might not have the liquidity to pay cash. But one can instead use trade agreements which must be designed in a clever way. I call this 'contingent trade agreements' because the terms of the agreements must be contingent on the amount of resource that is conserved. For example, Brazil should face low tariffs on meat exported to Europe as long as the forest cover in the Brazilian Amazon is as it is today — if the forest cover falls, the agreement should stipulate higher tariffs on Brazilian goods.

These changes in the terms of trade must be designed in a way that they are credible. When they are, they can motivate resource owners to conserve. In return, both sides are willing to design an agreement that is especially attractive to the resource owner as long as conservation does indeed take place. The agreement will benefit both parties and lead to resource conservation when it is designed the right way.

Q. How do you define a 'supply side climate treaty' – and how should these proceed?

A. So far, we have discussed only one-sided agreements where one country wants to motivate another to conserve — for international climate policies, it is important to motivate several fossil fuel-owning countries to conserve. This could take place by itself if the Paris Agreement were successful because then, demand for fossil fuels would be reduced due to climate policy obligations — but when that climate agreement is insufficiently ambitious, and not enforced by any third party, then it can be strengthened by a supply-side agreement that can complement the traditional demand-side agreement which focuses on end-of-pipe emission levels. By limiting and regulating the supply and extraction of fossil fuels, the fossil fuel price will increase — that will reduce the temptation to free-ride from the demand side agreement.

The temptation, in general, is that participants will buy too much fossil fuel because the price will be low when other participants are buying less. By regulating supply, the price will not be low — thus, the temptation to defect on the agreement is smaller. I'm working on a paper with Geir Asheim to illustrate the complementarity between the two types of treaties.

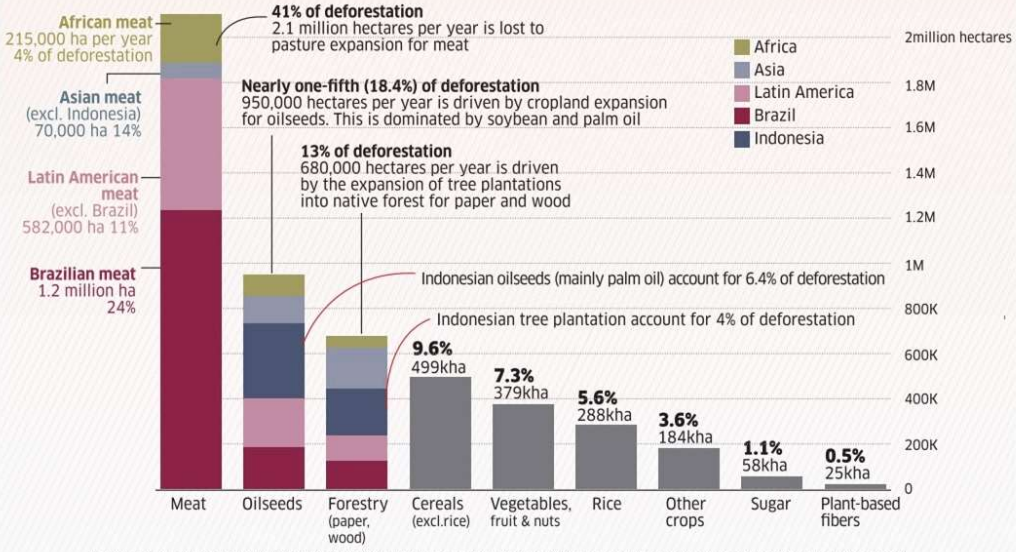
Views expressed are personal

> 'Contingent trade agreements' can help conservation – their terms must be contingent on the amount of resource conserved. For example, Brazil should face low tariffs on meat exported to Europe as long as forest cover in the Brazilian Amazon is as it is today – if it falls, the agreement should stipulate higher tariffs on Brazilian goods

> A policymaker in power today thinks a conserved resource will be exploited by another future policymaker – thus, the temptation to extract this now grows

The Woods Were Lovely, Dark & Deep – What's Driving Deforestation Now:

Nearly all of global deforestation occurs in tropical and subtropical countries



Source: Florence Pendrill et al (2019). 'Deforestation Displaced: Trade in forest-risk commodities and the prospects for a global transition'

All Data Courtesy: Our World in Data

New Parameters: From the meat industry to agriculture, massive commercial inducements spur deforestation in the Global South – research now illuminates economic strategies which can make this less attractive, letting undisturbed ecology seem more viable

HINDUSTAN TIMES, Mumbai, 22.3.2024
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Gujarat Gas Limited (GGL) to invite Expression of Interest (EoI) from the Ceramic customers located in it's Authorised areas in the Districts of Morbi & Surendranagar

· Gujarat Gas Limited (GGL), the largest City Gas Distribution (CGD) Company in India, is making rapid strides in the CGD areas by launching an aggressive customer centric campaign. GGL has comprehensively transformed its strategy for industrial segment, with a customer centric vision focusing on customer convenience, awareness, faster response and automation of all processes so as to further penetrate the existing market and get customers on board. With a focus on sustainability, GGL strives to be a key player in the energy transition, contributing to a greener and more sustainable future. · Increase in share of natural gas in India's energy mix from 6.5% to 15% by 2030 is envisioned. Reduction of carbon intensity is the prime focus area for India. Various initiatives taken by GGL to aggressively promote use of natural gas in various customer segments will not only promote use of natural gas, but also help in achieving reduction in carbon intensity in India. · Ceramic Cluster in the Districts of Morbi and Surendranagar is one of the largest ceramic production cluster in the World and accounts for a whopping 90% to India's ceramic products market share.

BUSINESS LINE, Delhi, 22.3.2024
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'Indian importers favouring low-cost crude oil from Russia over the US'

Rishi Ranjan Kala
New Delhi

ON THE RISE. Average annual crude oil imports from Russia doubled from 0.9 mb/d in 2022 to 1.8 mb/d in 2023 REUTERS

Indian refiners have been sourcing cheap crude oil from Russia, a development that has impacted cargoes from the US, which fell 48 per cent Y-o-Y in 2023, the US Energy Information Administration (EIA) said.

Even as the North American country exported on an average 4.1 million barrels per day (mb/d) of crude oil last calendar year, sourcing by the world's third largest crude oil importer slipped to an average 148,000 barrels per day (b/d) during the same period.

"In contrast to increasing US crude oil exports to the Netherlands and China, US crude oil exports to India fell 47 per cent (146,000 b/d). India increased imports from Russia following sanctions that limited the price Russia could charge for crude oil exported using the services of sanctioning countries; importers in India have been favouring the lower-cost crude oil from Russia over crude oil from the US," the US EIA said.

AVERAGE EXPORTS

According to data from Vortexa Analytics, India's average annual crude oil imports from Russia doubled from 0.9 mb/d in 2022 to 1.8 mb/d in 2023, it added. As per Kpler, Indian cargoes from Russia have found a new equilibrium at 1.5-1.6 mb/d, in 2024 so far.

The top destinations for US crude oil exports since 2018 have been Europe as well as Asia and Oceania. Europe became the top export destination in 2023 following the Russia-Ukraine war and the inclusion of West Texas Intermediate (WTI) crude oil in Dated Brent. In 2023, the US crude oil exports to Europe averaged 1.8 mb/d, slightly more than U.S. exports to Asia and Oceania of 1.7 mb/d.

The Netherlands emerged the top destination for US crude oil averaging at 652,000 b/d, more than double 2022 volumes. It was followed by China, which averaged at 452,000 b/d last year. According to data from Vortexa, India imported around 144,000 b/d of crude oil from the US in February 2024.

DWINDLING CARGOES

India also imported more than 210,000 b/d crude oil from the US during September and October last year, following which the cargoes dwindled hitting the lowest of 35,200 b/d in January 2024.

As per Commerce Ministry data, India imported $4.9 billion worth of crude oil from the US in FY20, making it the country's fourth top supplier. In FY21 and FY22, the US was the fourth top crude oil supplier with cargoes worth $5.40 billion and $11.32 billion, respectively.

However, the US slipped to the fifth spot in FY23 with crude exports of $10.18 billion.

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Petroleum export earnings fall steeply

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NEW DELHI

India's export earnings from petroleum shipments fell steeply during the first 11 months of fiscal year 2024 due to the global economic slowdown, a rise in domestic consumption, and shrinking discounts on Russian oil.

During FY23, India, despite not being a major petroleum producer, expanded its export markets for refined petroleum products helped by the availability of cheap Russian oil and a demand for value-added petroleum products from countries in Europe, West Asia and North Africa.

According to data from the commerce ministry's Niryat portal, earnings from exports of chemicals and petroleum products stood at $75.01 billion in the April-February FY24 period, down 9.69% from $83.06 billion a year ago.

The price of Russian oil fell following western sanctions over the country's invasion of Ukraine in February, 2022. Earnings from exports of chemicals and petroleum products stood at $53.85 billion during the April-February FY22 period. During the first 11 months of FY24, earnings from exports to Europe rose but not enough to balance out declines in shipments to Africa, West Asia-North Africa (Wana) and South America.

INDIAN EXPRESS, Delhi, 22.3.2024
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Reliance refuses to accept Sovcomflot oil shipments

New Delhi: Reliance Industries, operator of the world's biggest refining complex, will not buy Russian oil loaded on tankers operated by shipper Sovcomflot after recent US sanctions, two sources said.

The development adds to oil export problems for Russia as its oil firms may face difficulties finding ships to sell surplus oil after Ukrainian attacks on refineries.

In February, the US imposed sanctions on Sovcomflot and 14 crude tankers involved in transporting Russian oil. Reliance, a large buyer of Russian Urals oil, has requested that the new supplies not be shipped by Sovcomflot-operated tankers, said the sources.

Meanwhile, more Indian refiners plan to shun the use of Sovcomflot vessels, which may weigh on India's import of Russian oil and leave Russia with fewer outlets to place its flagship product, sources said. **REUTERS**

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Reliance refusing Sovcomflot oil shipments after US sanctions on Russia

Reuters
New Delhi/Moscow

Reliance Industries, operator of the world's biggest refining complex, will not buy Russian oil loaded on tankers operated by shipper Sovcomflot (SCF) after recent US sanctions, according to two sources familiar with the matter.

The development adds to oil export problems for Russia as its oil firms may face difficulties finding ships to sell surplus oil after recent Ukrainian drone attacks on the state's refineries. Russian companies are already struggling to collect payments for oil exports due to banking restrictions.

The US has imposed wide-ranging sanctions on Russia since its invasion of Ukraine two years ago. In February, the US imposed sanctions on Sovcomflot and 14 crude oil tankers involved in Russian oil transportation.

Reliance, a large buyer of Russian Urals oil, has requested that the new supplies not be shipped by Sovcomflot-operated tankers, according to the sources, who declined to be named due to the sensitivity of the matter. Sovcomflot and Reliance representatives didn't respond to Reuters' requests for comment.

Meanwhile, more Indian refiners plan to shun the use of Sovcomflot vessels, which may weigh on India's import of Russian oil and leave Russia with fewer outlets to place its flagship product, three sources in India's government and refining sector said.

Indian refiners, seeking to avoid any backlash from Washington, are being "extra cautious" due to tighter scrutiny of Russian oil deals by banks and US authorities. The refiners want to prevent the involvement of entities that are directly or indirectly sanctioned, the sources said.

"Our preference is that refiners should not take oil in sanctioned vessels, because of our political and commercial interests and the US sanctions," one of the sources in India's government said. The source added that the government would decide on the entry of the sanctioned vessels or Sovcomflot ships to Indian ports.

Since October last year, the US has imposed a raft of sanctions on entities, shippers, traders, and vessels for violating a price cap on Russian oil.

One of the refining sources said that India's crude imports from Russian may decline as the number of vessels would be reduced and that could jack up freight costs.

"SCF actively offer their vessels, but traders are wary of fixing any as buyers and even ports may reject the cargo," a Russian oil trader said.

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Page No. 3, Size:(8.06)cms X (10.17)cms.

Self-sufficiency in oil products falls

ARUNIMA BHARADWAJ
New Delhi, March 21

INDIA'S PETROLEUM PRODUCTS exports may be marginally outpacing the overall outward shipments, but imports of these items are rising at a faster rate.

As a result, the country's self-sufficiency in oil products has been witnessing a decline from 14.5% in 2011-12 to 12.6% in 2022-23, and further to 12.3% in April-February this fiscal, according to data from the government's Petroleum Planning and Analysis Cell.

India is already a huge net importer of crude oil, and import reliance for this primary source of energy has only risen in recent years. The country imported 43.8 million tonnes (MT) of petroleum products in April-February period, up 9% from the year last year. The imports were valued at $21.2 billion.

India exported 57.3 MT of refined oil products during the first eleven months of the current financial year, up 4% on year on the back of rising demand from overseas markets. In February alone, the country exported 5.8 MT of petroleum products, up 14.8% from last year.

IMPORTS RISE

- Self-sufficiency has seen a fall from 14.5% in 2011-12 to 12.6% in 2022-23, and further to 12.3% in April-February this fiscal
- India exported 57.3 MT of refined oil products during first eleven months of the current financial year

"The increase in oil product exports in February was mainly due to an increase in outbound shipments of aviation turbine fuel, diesel, lube oil, and fuel oil. Higher exports were led by strong product demand and better product spreads," S&P Global Commodity Insights said in its note quoting Sumit Pokharna, vice president at Kotak Securities.

Indian refiners shipped 2.40 million tonnes of gasoil last month, up 11.5% from the corresponding period of last year. Exports of co-distillate jet fuel also rose 25.3% on year to 8,15,000 tonnes in February, as per data released by PPAC.

"Gasoil exports were also supported by dampened domestic demand due to unfavorable weather conditions, which hampered road transport and manufacturing activities through February," S&P Global Commodity Insights said. The country's consumption of petroleum products too increased by 5.2% during April to February to 212.2 MT.