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Adnoc Distribution to issue Dh1.28b payout on Sept 30

Record date set for one of the higher H1-2024 interim dividends

DUBAI

BY MANOJ NAIR
Business Editor

WAM

The Adnoc fuel retailer will be pressing for more income generation from its overseas markets.

September 30 is the record date for shareholders in Adnoc Distribution to get the 10.28 fils a share as part of a Dh1.28 billion interim dividend for H1-2024.

The Adnoc entity will make the second payout for its 2024 performance in April 2025. Adnoc Distribution's five-year dividend policy sets an annual shareholder payment of \$700 million — or a minimum of 75 per cent of net profits — whichever is higher until 2028. (Record date is when investors should hold the stock to be eligible for dividend.)

In the first half of 2024, the company reported a 16 per cent year-on-year increase in EBITDA to Dh1.89 billion, and a 7.7 per cent spike in net profit to Dh1.17 billion. This was helped by higher fuel volumes for the retailer, increased contributions from its operations in Saudi Arabia and Egypt, as well as growth in the non-fuel retail side from its convenience stores.

"The dividend policy provides long-term visibility on expected shareholder returns and potential upside from future earnings growth, reinforcing Adnoc Distribution's commitment to consistent shareholder value creation," said a statement.

The fuel retailer operates more than 500 locations in the UAE and has a growing network in Saudi Arabia and Egypt. It is also pushing hard to offer services that will come in handy down the road, including operating a network of EV charging points.

Since the 2017 IPO, Adnoc Distribution has paid Dh16.2 billion in dividends (including the H1 2024 pay). "With a record EBITDA of Dh3.68 billion) in 2023, the company is on track to deliver on its growth commitments and is well-positioned for its next phase of strategic and accelerated growth," said the statement.

According to the CEO Bader Saeed Al Lamki, "Our new strategy enables us to capture new market positions both at home and abroad, reinforcing our leadership and creating long-term value to sustain shareholder returns."

'150 by end 2024'

On the EV charging points, 'We already have 112 locations and should finish 2024 with 150," said Al Lamki. "We are focused on deploying fast and superfast charging hubs in the UAE, and using our app, EV owners can prepare well in advance before even reaching the location. They can get notifications whether that particular EV charge is available or not, etc.

"And through a one-time setting, they can even get the charger to 'recognise' the car. All that needs doing is for the nozzle to be lifted and insert the charger."

There will be a lot more of such EV charging points under Adnoc Distribution, as part of a joint venture with Abu Dhabi utility firm Taqa. The target — reach 500 points in 5 years.

530 fuelling stations

In the UAE, where the company has 530 fuelling stations, Al Lamki said wherever possibilities show up, the company will be ready. "The country is growing and we as a company will take our services closer to customers," he added. "But we are not about creating a fuelling or charging station — what Adnoc Distribution is about is creating destinations, where you can get our services and interact with Tier 1 brands in retail and F&B."

Wall Street Journal

AI WANTS TO MAKE YOU LESS LONELY. DOES IT WORK?

Companion apps promise to keep you company. We decided to put them to the test.

BY JULIAN DE FREITAS

CAN AI MAKE us less lonely?

A new generation of artificial-intelligence apps called AI companions is designed to simulate natural conversations and keep people company. AI assistants like ChatGPT can do those things to some extent, but AI companions are designed to respond in a sympathetic, realistic way when you share your thoughts or problems. They can even role-play, pretending to be your partner, for instance, to practice tough conversations.

Most of these programs are still at a relatively early stage, and are just building an audience. So we don't know yet whether they'll be a good substitute for people looking for meaningful connection, or instead isolate them from real-world relationships.

But for now, we can test a simple question: Do these AI companions really work? Do they really provide the emotional support that people need, and make them feel less lonely?

My studies with my colleagues show that the best of these apps really *do* work—and work well. People who turn to them to beat loneliness, in large part, get the results that they want.

Loneliness afflicts one-third of adults globally and is increasing. It is known to cause mental-health problems like depression and anxiety, as well as physical problems, such as an increased risk of dying for cancer patients.

My fellow researchers—Ahmet K. Uguralp and Zeliha O. Uguralp at Bilkent University and Stefano Puntoni at the Wharton School—and I investigated AI companions' impact on loneliness in a number of ways.

We started by analyzing 50,000 app reviews of five popular AI companions, looking for how often the reviews mentioned loneliness, and how the number of mentions affected their ratings. The more mentions, the more people might use the apps to help with loneliness. The higher the rating, the more effective the app. We also looked at reviews for ChatGPT, to get an idea of how companions stacked up against a general AI assistant.

Only 4% of ChatGPT reviews mentioned loneliness. But the companion apps turned in a much better showing, going as high as 20% for one app. And, among AI companion apps, the more the app's reviews mentioned loneliness, the more stars it received and the more positive its reviews were. The implication is clear: The more people used the companion apps specifically to reduce loneliness, the more they got out of them.

We then recruited about 1,100 online participants and asked them to rate their loneliness on a scale of one to 100 each day of the week, and measured how much it changed day to day. One group interacted daily with an AI companion we created for the experiment; the others didn't.

Those who used the companions reported a significant decrease in loneliness, showing an average reduction of 16 percentage points over the course of the week. Participants who interacted with the AI companion also experienced 14 percentage points less loneliness on average from day to day, compared with those who had no interaction.

In a follow-up study involving about 600 online participants, we assigned participants, during one day, to interact with either an AI companion or a real person; to browse YouTube videos online (a popular way that people in another study said they used technology to cope with loneliness); or to do nothing. They performed those actions—or did nothing—for 15 minutes, with participants rating their loneliness levels both before and afterward.

Only those who interacted with a human or the AI companion—not those who did nothing or interacted with YouTube—experienced a reduction in loneliness levels. Their results were roughly the same: Contact with people brought a 19-percentage-point drop in loneliness levels, and 20 percentage points for a companion.

Why do AI companions make us feel less lonely? To answer that question, we conducted a study involving about 1,500 online participants. We assigned people to interact with either an AI companion or an AI assistant, which was programmed to assist with various topics without offering emotional responses.

We found that the more people felt heard—as measured by asking them how much they agreed with statements like "The chatbot was empathetic"—the greater the reduction in loneliness they experienced. Similarly, those who interacted with the AI companion experienced a significantly greater average reduction in loneliness levels (24 percentage points) than those who interacted with the AI assistant (6 percentage points).

There is still the question of whether AI companions will be good for society. Some people fear, reasonably, that companions will turn people into shut-ins who avoid human contact. But any debates about the long-term impact of companions should account for their potential for reducing loneliness. Because we aren't doing well as a society on loneliness, we should at least keep an open mind on any tool that helps at all.

Julian De Freitas is an assistant professor of business administration at Harvard Business School. He can be reached at ***reports@wsj.com.***

BLOOMBERG, China, 24.9.2024
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Equinor Has Suppliers Secured for $9 Billion Brazil Gas Project

By Peter Millard

24 September 2024 at 1:46 AM IST

Equinor ASA has signed “all major contracts” to build a major natural gas development off the coast of Brazil that is expected to start production in 2028, Chief Executive Officer Anders Opedal said Monday.

The Norwegian oil major has secured suppliers to build a floating production vessel, drill production wells and install sea-bed infrastructure such as a pipeline, Opedal told reporters on the sidelines of an oil conference in Rio de Janeiro. Valaris Ltd earlier this year won a $498 million contract to drill wells for the the project, known as Raia. The project will cost an estimated $9 billion and could supply 15% of Brazilian gas demand when it comes online.

Raia is part of Brazil’s efforts to increase domestic gas supplies and bring down prices for industrial and residential consumers. In addition to producing from offshore fields, Brazil is looking to import gas from the Vaca Muerta region in Argentina, and also wants oil producers including Petroleo Brasileiro SA to send more gas ashore instead of reinjecting it in offshore fields.

Equinor is developing another offshore oil project in Brazil known as Bacalhau. Opedal said it isn’t clear yet if it will be economically viable to build a pipeline and related infrastructure to ship gas to shore, and such an undertaking might need to be done in partnership with other producers to share costs. First oil at Bacalhau is on target for 2025.

FTC set to greenlight Chevron's $53 bln buy of oil rival Hess, sources say

By Sabrina Valle

September 24, 20243:59 AM GMT+5:30Updated 3 hours ago

Sept 23 (Reuters) - The U.S. Federal Trade Commission is expected to greenlight U.S. oil producer Chevron's (CVX.N), opens new tab purchase of Hess (HES.N), opens new tab as soon as this week, two people familiar with the matter said, leaving Exxon Mobil's (XOM.N), opens new tab challenge to the $53 billion deal as its final hurdle.

The proposed merger was first announced last October, and the FTC sent a second information request to Chevron two months later. Hess shares were up as much as 3% in after-hours trading on Monday following the news.

Uncertainty over the deal's closing has knocked Chevron shares down 1% this year compared to a 6.5% increase in energy share fund XLE (XLE.P), opens new tab.

Exxon and CNOOC Ltd (0883.HK), opens new tab, Hess's partners in a Guyana joint venture, are challenging the deal by claiming a right of first refusal to any sale of Hess's Guyana assets, the prize in the proposed merger.

A three-judge arbitration panel is due to consider the case in May 2025. Chevron and Hess say a decision is expected by August, while Exxon expects it by September 2025.

The proposed all-stock acquisition is one of the largest in a consolidating U.S. oil and gas industry where several multi-billion dollar deals have been disclosed.

Chevron's announcement of the Hess deal followed Exxon's $60 billion purchase of U.S. shale giant Pioneer Natural Resources, which closed in May.

Two other mergers, Occidental Petroleum's (OXY.N), opens new tab deal for CrownRock and Diamondback Energy's (FANG.O), opens new tab bid for Endeavor Energy Resources, have closed even though they came after the Chevron-Hess combination.

The FTC required Exxon to withdraw its offer of a board seat to Pioneer Natural Resources CEO Scott Sheffield as a condition for its go-ahead. The FTC alleged he colluded with OPEC to reduce U.S. oil and gas output to potentially raise the price of oil.

Sheffield denied the allegations and has asked the FTC to vacate its ban on his taking an Exxon board seat.

A spokesperson for the FTC declined to comment on Monday.

EXXON ARBITRATION

The dispute over terms of the contract governing the Exxon-CNOOC-Hess partnership stalls any closing to the second half of 2025. The Guyana consortium controls one of the world's fastest growing and lucrative oil provinces with more than 11.6 billion barrels of recoverable oil and gas discoveries since 2015.

Exxon operates all production in Guyana with a 45% stake in an offshore oil production consortium with Hess and China's CNOOC, as minority partners. Combined earnings for the trio from Guyana last year were $6.33 billion on $11.25 billion in revenue.

The information was first reported by CTFN, a data and news provider to financial professionals.

Russia Sees Oil and Gas Revenue Shrinking for Next Three Years

By Bloomberg News

23 September 2024 at 9:38 PM IST

The Russian government sees its oil and gas revenue falling for the next three years due to lower energy prices and a more lenient tax regime for Gazprom PJSC.

According to a draft three-year budget seen by Bloomberg News, this key source of funds for the Kremlin will slide by 14% from 2024 to 2027, with implications for the war in Ukraine and Moscow's escalating military spending.

Russia's oil and gas industry is set to contribute 10.94 trillion rubles ($118 billion) in taxes to state coffers next year, according to the draft projections prepared by the government. That would be 3.3% less than the projection for 2024. Annual revenue is expected to keep declining in the following two years, reaching 9.77 trillion rubles in 2027, the documents show.

The press-service for the Russian government didn't immediately respond to a Bloomberg News request for a comment.

The flow of petrodollars has helped the Kremlin continue its military aggression against Ukraine into its third year, even as Western nations have funneled billions of dollars in military aid to Kyiv and imposed several waves of sanctions intended to curb Russia's earnings from energy exports. Russia has circumvented these restrictions, amassing shadow fleet of tankers to deliver oil and liquefied natural gas to new clients in Asia.

	Russian revenue, trillion rubles	Oil-export price, $/bbl	Gas-export price, $/1,000 cu m
2024	11.31	70	279.9
2025	10.94	69.7	259.1
2026	10.56	66	247.6
2027	9.77	65.5	240.2

The latest projections for declining revenue reflect the weakening of global energy markets. The average export price of Russia's crude is expected to drop below $70 a barrel from next year, according to the documents seen by Bloomberg. The average contract prices for the nation's gas exports are also expected to slide through to 2027.

Over the longer term, oil may become even cheaper as demand shrinks and renewable energy becomes more popular, according to the projections. The documents praise the efforts of OPEC+, which is led by Saudi Arabia and Russia, to rebalance oil markets by cutting production.

Lower Taxes

Another factor contributing to the projected decline in oil and gas revenue for Russia's budget next year is a plan to remove an extra tax burden on Gazprom, which has long been a major source of cash for the government.

Since the invasion of Ukraine, the Russian gas giant has cut most of its pipeline exports to Europe, formerly its largest foreign market. The decision resulted in Gazprom's first net loss since the start of the century in 2023. Still, the government imposed a windfall gas-output tax on the producer, expecting to receive an extra 50 billion rubles from the company every month between 2023 and 2025.

A plan now exists to ease that tax burden on Gazprom, the documents show. If adopted, the more lenient fiscal regime would curb Russia's tax revenue from gas production by more than 30% from a year earlier to just over 1 trillion rubles in 2025, according to Bloomberg calculations based on the draft data.

However, the tax relief could boost to Gazprom's financial results, which started to recover earlier this year. If Gazprom resumes dividend payouts, that could offset some of the decline in government revenue, since the state is the company's largest shareholder.

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Singapore LNG eyes bunkering, storage and expansion to fuel growth

Challenge is in meeting demand ahead of the curve, says CEO Leong Wei Hung

By Benjamin Cher
benjamincher@sph.com.sg

SLNG is getting ready "to hire more people and train folks, and also, importantly, create the environment for this to be a success", says CEO Leong Wei Hung (below). PHOTOS: SLNG

DEMAND for liquefied natural gas (LNG) in Singapore has grown at a speed that few in the energy industry have seen.

For instance, LNG demand for bunkering has trebled in the last seven months, compared with the year before.

"We are getting a lot more inquiries asking for more slots on the jetty," Leong Wei Hung, chief executive office of Singapore LNG (SLNG), told *The Business Times*.

The increase in demand from the bunkering sector is just part of the growing industrial demand for LNG – seen as a cleaner alternative to diesel or fuel oil – as an energy source of choice.

With clean energy alternatives such as biodiesel and carbon-neutral fuels still lacking scale or adoption in the Singapore market, it is clear to Leong that LNG is a transitional fuel on the pathway towards carbon neutrality.

For now, it seems that the world has enough LNG to go around, with scarcity not an issue that needs to be grappled with, said Leong.

Sembcorp Industries unit Sembcorp Gas signed a deal in September to import up to 111 billion British thermal units per day of natural gas piped from Indonesia, adding to the supply of LNG for power generation.

The challenge now is in meeting demand ahead of the curve, noted Leong.

In October last year, SLNG announced plans to build a second LNG terminal. Leong said that updates on that development will be announced next month.

"We're getting ready to hire more people and train folks, and also, importantly, create the environment for this to be a success," he added.

With capacity increases and new projects ahead, SLNG is looking to grow its headcount from about 190 now to about 220. The company is not just looking for talent in the energy sector, but also in areas such as human resources, finance and legal.

Energy prices, in theory, should be less volatile with increased capacity, as the unit cost of fuel is lower with more fuel stored. However, the capital expenditure of building storage would ultimately increase tariffs, pointed out Leong.

Rather than just getting fuel at a cheap price, the entire supply chain of power generation has to be optimised, he argued. Renewing assets, from on-shore storage facilities to cogeneration amenities, so that they are more efficient or have higher generation capacity, can help improve reliability and lower tariffs as a whole.

"We are very conscious about investing in energy-capacity expansion, but also, to keep everything at a reasonable cost level. Nothing is gold-plated. We want to milk every asset we have," he said.

Leong, who came on board in February, is currently focused on making sure that SLNG's capacity-expansion projects are well-staffed and resourced for optimal planning before construction on the terminal begins.

He is also focused on securing Singapore's reputation as a bunkering hub, by providing enough supply to meet demand.

In the longer term, SLNG is working on bringing in bio-material to decarbonise the fuel supply, with an eye to winning the pilot project for ammonia bunkering and a power generation plant with its partner Sembcorp.

It is also developing carbon-capture solutions alongside petrochemical giants, and plans to harness the cold energy by-product of LNG for other uses.

"This is an exciting time all the way to 2030-31 as we build up these resources," Leong added. "All of this is going to be an opportunity for personal and career growth for our people."

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Los Angeles Times

BOILING POINT

Sound climate bills await Gov. Newsom's signature

Bold legislation provides the opportunity to support rooftop solar, protect farmworkers during heat waves and end food waste

SAMMY ROTH

California Gov. Gavin Newsom won't be the next president of the United States. ¶ But the bills piled on his desk in Sacramento could help determine the fate of human civilization. No big deal. ¶ Lawmakers passed bold legislation focused on climate change, energy, water and human health that could set a precedent for other states, and the world — depending on whether Newsom signs or vetoes them. ¶ I've picked 11 major bills to spotlight. Newsom has until Sept. 30 to act.

More rooftop solar for California

Context: To phase out the gas-fired power plants that generate more than one-third of California's electricity, the state will need lots of solar power — much of it from large solar fields, experts say, but also large amounts from rooftops and other small solar installations. Neither will be enough on its own.

Alas, Newsom's appointees at the Public Utilities Commission have undercut small-scale solar again and again, based on the argument that subsidies lead to higher electric rates for all Californians. They've cut rooftop solar incentives for customers of Southern California Edison, Pacific Gas & Electric and San Diego Gas & Electric, and created a "community solar" program to promote small-scale solar fields that seems designed to fail.

What the bill would do: Senate Bill 1374, from Sen. Josh Becker (D-Menlo Park), would reverse some of the damage.

Thanks again to the Public Utilities Commission, schools and apartments served by Edison, PG&E and SDG&E now pay full retail rates for their energy consumption — even during times of day when their solar panels are generating power. In essence, they pay the utilities in full for electricity they generate themselves.

SB 1374 would give schools and apartment buildings with solar the same right to "self-consumption" enjoyed by single-family homes, allowing them to lower or cancel out their utility payments when the sun is shining.

Sounds like an easy decision for a governor who calls himself a climate champion.

Then again, Newsom didn't stop his appointees from setting up this poor system in the first place. And Becker told me he thinks there's a "good chance" Newsom vetoes the legislation, based on rumors he's heard.

Why would the governor do that? Presumably for the same reason he's undermined rooftop solar in the past: It's opposed by utility companies, which shortsightedly see the technology at odds with their business model, and by utility labor unions, which don't like that most rooftop solar installers are nonunion.

Removing the gas appliances in homes

Context: Heat-trapping carbon emissions from commercial and residential buildings — largely space heating, water heating and cooking — account for roughly 10% of California's climate pollution. That means if we want to stop heating the planet — and set a model for other states and nations — we need to start replacing our gas-fueled heaters and stoves with electric heat pumps and induction cooktops, fast.

There's also loads of scientific evidence that gas stove emissions are terrible for our health. Studies have linked them to premature death, childhood asthma and cancer risk similar to inhaling secondhand cigarette smoke.

What the bill would do: Assembly Bill 2513, from Assemblymember Gail Pellerin (D-Santa Cruz), would borrow from the anti-tobacco playbook, requiring that gas stoves come with a health warning label.

One more bill: SB 1221, from Sen. Dave Min (D-Irvine), would take a wonkier approach to electrification. The legislation would make it easier for utility companies to transition whole neighborhoods from gas heating and cooking to electric appliances — specifically in areas where doing so would save ratepayers money by negating the need for expensive gas pipeline replacements.

We're talking a handful of pilot projects at most. Still, progress is progress.

That is, assuming Newsom doesn't listen to his Department of Finance, which opposes the bill on the flimsy grounds that it would cost the Public Utilities Commission $1.7 million not currently included in the budget to implement — an easy excuse to kill just about any climate measure.

Less oil and gas drilling in the state

Context: California produces the seventh-most oil of any U.S. state, and the 15th-most natural gas. Fossil fuel executives like to say that if we extract less oil and gas here, we'll be forced to import more from other parts of the world. That claim may be true in the short term, but it'll become less true over time if we enact the policies those executives are fighting to block — and it ignores the health damage caused by oil and gas drilling.

Indeed, while California's air is a lot cleaner than it used to be, it's still filthy — and researchers continue to find that low-income people of color suffer the most from oil and gas wells that release hazardous chemicals.

What the bill would do: AB 3233, from Assemblymember Dawn Addis (D-Morro Bay), is simple: It would give cities and counties the unequivocal right to ban new drilling and phase out existing wells. That's crucial for Los Angeles, whose City Council voted unanimously in 2022 to end all oil and gas production within 20 years, only to see a judge strike down the ordinance this month.

If Newsom signs AB 3233, the judge's ruling would probably be moot.

The bill would also pave the way for Culver City and L.A. County to continue with their own plans to phase out fossil fuel extraction. The governor's signature would also help Monterey County, which recently saw a voter initiative to block some fossil fuel drilling thrown out by the state Supreme Court.

Who's against the legislation?

Oil and gas companies, mostly — and once again Newsom's Department of Finance, which says it's concerned about the state spending lots of money defending itself against litigation if the bill becomes law.

Two more bills: AB 1866, from Assemblymember Gregg Hart (D-Santa Barbara), would require oil and gas producers — especially large drillers, such as the mega-company that resulted from the merger of California Resources Corp. and Aera Energy — to plug more idle wells. California's 100,000 unplugged oil and gas wells are known to leak heat-trapping gases and toxic chemicals.

AB 2716, from Assemblymember Isaac Bryan (D-Los Angeles), would almost certainly lead to the closure of the Inglewood Oil Field, a century-old mess of nearly 1,000 wells spread across Culver City and Ladera Heights.

The measure would require the oil field's operator, Sentinel Peak Resources, to pay $10,000 per low-producing well per month — a prohibitively high fine — if it fails to plug the long-past-their-prime wells by 2030.

Water consumption needs to get wiser

Context: Even before rising temperatures started sapping our rivers and streams — many of which are fed by underground aquifers — Californians used more water than the state's natural ecosystems could sustain.

Now the climate crisis is adding yet more stress to the highly engineered delivery systems that serve cities and farms, including the Colorado River and the California Aqueduct — and hurting freshwater species too.

What the bill would do: AB 2875, from Assemblymember Laura Friedman (D-Glendale), would establish a policy of "no net loss" of wetlands statewide. Scientists say protecting California's few wetlands that haven't been destroyed by development — and restoring others where possible — is crucial, because these ecosystems provide habitat for birds, buffer coastal communities against rising seas and suck heat-trapping carbon out of the atmosphere.

Environmental justice for all

Context: The worst harms of fossil fuel pollution are often felt by society's most vulnerable. In cities such as L.A., for instance, freeways were often bulldozed through Black and brown neighborhoods, bringing choking tailpipe emissions with them. Low-income families often don't have the money to pay soaring electricity bills, putting them at higher risk of illness during heat waves, when air conditioning is the best way to stay safe.

What the bill would do: SB 1299, from Sen. Dave Cortese (D-San José), would make it easier for farmworkers to make workers' compensation claims for heat illness. Workers say the state has done a poor job enforcing rules requiring employers to protect them when it's sweltering outside by providing water, shade and breaks. Employers say there's no problem and everything is going fine.

Two more bills: AB 1963, from Assemblymember Laura Friedman (D-Glendale), originally would have banned the use of paraquat, a weedkiller associated with Parkinson's disease and to which California farmworkers and low-income Latino residents are disproportionately exposed, according to the Environmental Working Group.

But the bill that made it to Newsom's desk was watered down, requiring only that regulators reevaluate the herbicide by Jan. 1, 2029, and determine what, if anything, to do about it. Even that watered-down legislation faces heavy opposition from the agriculture industry.

AB 98, from Assemblymembers Juan Carrillo (D-Palmdale) and Eloise Gomez Reyes (D-Colton), would stop more warehouses from being built within several hundred feet of homes and schools in Southern California's Inland Empire, already a highly polluted logistics corridor. But some activists say the bill isn't good enough, because it would still allow warehouses, and thus truck traffic, too close for human health.

Consequences from going to the grocery

Context: The food we consume — and the delivery methods for that food — has a big effect on the climate. Meat and dairy production are huge sources of heat-trapping emissions. Food waste is destructive too: When it decomposes in landfills, it spews methane, which traps way more heat than carbon dioxide, pound for pound.

Plastic is made from petroleum too. So it's not only terrible for our bodies, it helps sustain the oil industry.

What the bill would do: AB 660, from Assemblymember Jacqui Irwin (D-Thousand Oaks), would prohibit food retailers from using the term "sell by" on food packaging, requiring them to switch to "use by" or "best if used by." The idea is to discourage Californians from throwing away food that's still perfectly good, and avoid unnecessary methane emissions from landfills.

This is the latest edition of Boiling Point, an email newsletter about climate change and the environment in California and the American West. For more climate and environment news, follow @Sammy_Roth on X.

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Working from home

The office is not the only solution

Demands for workers to return full time have a rose tinted view of in-person work

Emma Jacobs YESTERDAY

Remember the good old days? When office corridors buzzed with the sound of ideas bouncing between senior executives and junior recruits? And the kitchens! New products conceived in the time it took for the kettle to boil. Not to mention all that learning. In the past, a new starter only had to sit within five yards of an experienced colleague to absorb the entire contents of their brain.

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Such pre-pandemic nostalgia infused the vision laid out this week by Andy Jassy, chief executive of retailer Amazon, who ordered a full-time return to the office. In a memo, he said the move would make it easier for staff to "learn, model, practice". It would also "strengthen our culture" while making things like brainstorming "simpler and more effective".

I don't want to rain on anyone's rose-hued parade. But in ancient times — five years ago — employees would also bitch about silos, poor training and productivity. Remember offices on Fridays? No, me neither. What about off-site meetings because headquarters was too stultifying to produce new ideas? Sadly, yes.

Of course, coming together in the workplace can spur connections, innovation and learning. My best gossip is usually from serendipitous chats. For some, the commute provides the spring in their step. But let's not get carried away. The office is not the solution to every single workplace problem.

However, some seem to think it is — even if that view is not backed up by evidence. In her new book, *Over Work*, Brigid Schulte describes a leadership "echo chamber". One expert tells her their team "was actually more productive" when working flexibly "not just in terms of hours worked, but literally in output". They can readily demonstrate this to the CEO, but "can't get them to listen because instead they're listening to their fellow CEOs". Other bosses flex RTO mandates to signal muscular leadership: take Elon Musk, who once described "laptop classes" as "living in la-la-land".

Who knew something as boring as an office could become the centre of a culture war? But here we are. When UK business minister Jonathan Reynolds said flexible working could enhance productivity and opportunities this week, Kemi Badenoch, candidate to be leader of the opposition Conservative party, condemned his sentiment.

Back and forth we go, distorting statistics, trading insults — shirkers on the one side, dinosaurs on the other. Will it never end?

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David D'Souza, director of profession at CIPD, the human resources body, says it is a distraction "from critical conversations about productivity, flexibility, job security, fairness and balance. Organisations should be weighing up the complex factors behind this decision-making on evidence, as opposed to just feelings or what they see [others] doing." Some human resources chiefs tell him of "pressure from the CEO" to see more physical presence on site "due to personal preference or nostalgia".

Yet despite the noise, the reality is leaders are generally pragmatic. Most white-collar employers offer some flexibility over location because it benefits staff and bosses. In the US, 67 per cent did, according to the Flex Index report. In the UK, the CIPD puts it at 83 per cent. A recent study in the *Nature* journal found that "a hybrid schedule with two days a week working from home does not damage performance" and improved staff satisfaction and retention.

Nick Bloom, one of the authors, told me he is sceptical of Jassy's performance rationale because it goes against "data from many other studies in other companies showing that once you have three days a week in the office that generates about the same productivity as five". While two extra days boost facetime, mentoring and culture-building, staff do not have quiet time at home for deep work. Counter to the slacker argument, "we know WFH workers tend to skip lunch and work pretty hard during the day", he said.

Which raises another explanation for Jassy's RTO mandate. In his memo, he outlined a future vision of Amazon with "fewer managers [to] remove layers and flatten organisations". Bloom muses that presenteeism might be the best strategy to make this happen. "Requiring five days in the office will lead to a surge in quits."

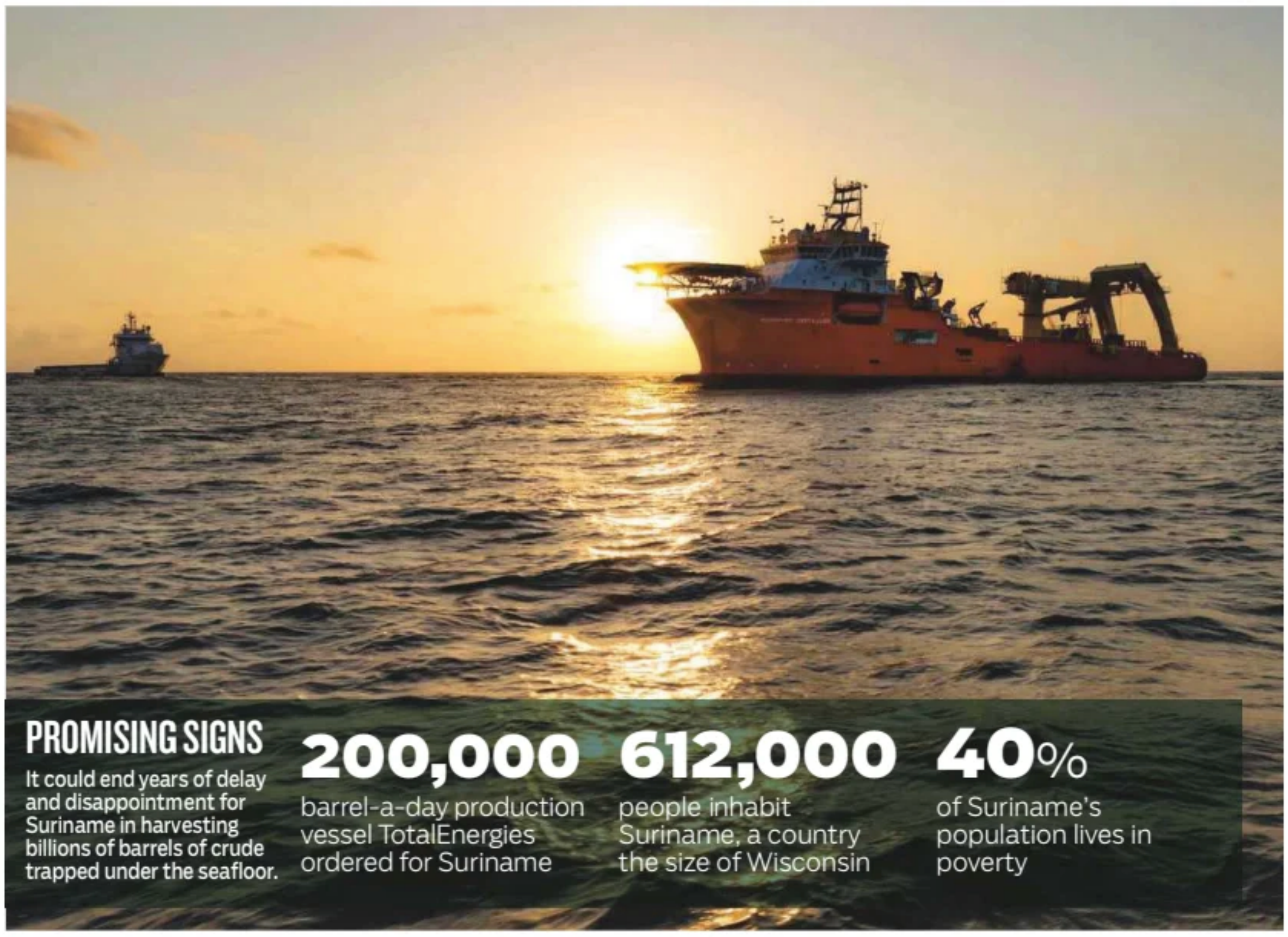
It will be interesting to see how this plays out, but one thing is for certain: Amazon needs home workers. Otherwise, who will be there for the package deliveries?

GULF NEWS, DUBAI, 24.9.2024
Page No. 0, Size:(14.13)cms X (19.77)cms.

COURBEVOIE

TotalEnergies' $9b Suriname bet expands Atlantic oil boom

WINDFALL EXPECTED TO TRANSFORM LATIN AMERICAN COUNTRY'S ECONOMY



TotalEnergies SE is assembling a fleet of deepwater rigs, support vessels and drilling crews off the coast of Suriname in the clearest sign yet that it'll move forward with a historic oil development.

Although the French supermajor hasn't formally greenlit the $9 billion development of crude discoveries in the Latin American nation, it's already seeking to lock in two rig leases for future drilling in the area, according to people familiar with the tenders who asked not to be named discussing non-public information.

That comes less than four months after TotalEnergies directed contractors to reserve construction capacity in a Chinese shipyard for fabrication of a floating oil-production vessel for the project.

For Suriname, a former Dutch colony on the northeast tip of South America, the moves presage an end to years of delay and disappointment in harvesting billions of barrels of crude trapped under the seafloor. TotalEnergies and partner APA Corp. are expected as soon as early October to make a so-called final investment decision to develop oil discoveries dating back as far as 2020.

Suriname is years behind neighbour Guyana in enticing foreign explorers and reaping the vast riches of massive offshore oil troves. But when production — now slated for 2028 — actually commences, the windfall is expected to transform the economy of one of the world's most-sparsely populated nations.

Broader revival

The investment also is part of a broader revival of high-seas oil exploration up and down the Atlantic Basin. From the US Gulf of Mexico and Brazil to Namibia on Africa's southwest coast, some of the world's most-sophisticated explorers are racing to find and tap the next oil frontier.

Deepwater drilling in many regions was largely sidelined by the shale revolution little more than a decade ago that drew companies back to less-risky, land-based exploration. That impact was compounded by the global pandemic that gutted energy demand and prices — and any residual appetite for risky endeavours among explorers.

But as the shale sector matures and many of its best prospects near their peaks, drillers are once again going down to the sea in search of untapped finds.

"Exploration is back," said Ross Lubetkin, chief executive officer at consultancy Welligence Energy Analytics.

TotalEnergies declined to comment for this story. An APA spokesperson directed a reporter's inquiry to TotalEnergies as operator of the project.

The French giant's decision to order a hull for a 200,000 barrel-a-day production vessel for the Suriname discoveries is one of the clearest signals that the project is a go, said Annand Jagesar, the managing director of Suriname's state oil company, Staatsolie. "They have reserved this hull," he said in an interview. "You're not going to pay a lot of money for that to have it sitting around."

More joining in

In Suriname, a country the size of Wisconsin inhabited by just 612,000 people, Malaysia's Petronas is considering a high-tech, floating facility to process natural gas that would cost billions of dollars. Separately, Chevron Corp. is expected to start an exploration campaign in 2025 in shallow waters, according to Staatsolie, which also serves as Suriname's oil regulator. Chevron declined to comment on its timeline for Suriname.

So far, Suriname's potential is much less than in neighbouring Guyana, but even one major project could transform the economy and improve social services in a country where about 40 per cent of the population lives in poverty. Anticipation of an oil windfall is making Suriname's debt a top performer in emerging markets this year.

They have reserved this hull. You're not going to pay a lot of money for that to have it sitting around."

Annand Jagesar
| Managing director of Suriname's state oil company, Staatsolie

There's generally more of a consensus around the importance of upstream, especially among the majors."

Julie Wilson
| Director for global exploration research at Wood Mackenzie Ltd

Transition concerns

The scale of the investments shows how the supermajors are less concerned about a sudden transition to renewable fuels than they were a few years ago. Oil companies are now vying for a limited number of drilling rigs and production vessels to pursue expensive offshore developments. "There's generally more of a consensus around the importance of upstream, especially among the majors," said Julie Wilson, the director for global exploration research at Wood Mackenzie Ltd. "People are beginning to think that perhaps the energy transition is going to be more challenging."

— *Bloomberg*

Alternative fuel gains traction in cement biz

URVI MALVANIA
Mumbai, September 23

WITH CEMENT COMPANIES aiming to reduce their dependence on fossil fuels, alternative energy sources like refuse-derived fuel (RDF) are gaining traction. Major players such as Ultratech Cement, Dalmia Cement, Ambuja Cement and JSW Cement, along with regional firms, have begun integrating RDF into their cement kilns to varying extents.

RDF is typically produced by processing non-recyclable, non-hazardous municipal waste, including single-use plastic bags and straws, collected from domestic, industrial and municipal solid waste (MSW) sites. In addition to being less polluting, RDF is also significantly cheaper.

For instance, one tonne of shredded RDF costs around ₹1,200 per tonne, compared to domestic pet coke at approximately ₹12,000 per tonne and non-coking coal at around $100 (₹8,300) per tonne (source: Nuvama). Unshredded RDF, which consists of segregated combustible and non-combustible municipal solid waste, costs even less.

Although it takes twice the amount of RDF to replace one tonne of coal in terms of energy output, the substantial cost difference ensures that RDF remains economically viable. The adoption of RDF has accelerated over the past two years as cement companies strive to reduce fossil fuel use in their manufacturing processes.

NEW RESOURCE

- RDF is typically produced by processing non-recyclable, non-hazardous municipal waste
- This include single-use plastic bags and straws
- It takes twice the amount of RDF to replace one tonne of coal in terms of energy output
- The adoption of RDF has accelerated over the past 2 years

"We have witnessed a significant surge in RDF demand. Over the last five years, we've delivered more than 1.8 million tonnes of RDF to 62 cement plants nationwide, with the majority of this supply occurring in just the past two years," said Prashant Singh, co-founder and CEO of Blue Planet, an e-waste management startup.

The replacement of fossil fuels with alternative fuels is measured by the Thermal Substitution Rate (TSR), a key benchmark indicating how 'green' a cement company is. According to disclosures in their annual reports, Ultratech Cement and Ambuja Cement achieved TSRs of 5.12% and 7.76% in FY24, respectively. Dalmia Cement has significantly increased its TSR over the years, reaching 20% in FY24, up from 17% in FY23.

MINT, Delhi, 24.9.2024
Page No. 9, Size:(5.74)cms X (8.65)cms.

Biggest oil, gas bid round has 4 bidders

The biggest oil and gas bid round attracted four bidders that included state-owned ONGC and OIL and private sector Vedanta Ltd, with most blocks getting just two bids, according to directorate general of hydrocarbons (DGH).

The OALP-IX bid round, where 28 blocks or areas spread over 136,000 sq. kilometre were offered for finding and producing oil and gas, for the first time saw Reliance Industries Ltd-bp plc combine bidding together with ONGC for one block in Gujarat offshore.

Reliance and its supermajor partner bp plc had bid in just two of the past eight oil and gas bid rounds since 2017.

Reliance-bp combine had bid and won the two blocks they had bid for in the previous rounds and this is the first time they have teamed up with ONGC to bid for a shallow water block in the Gujarat-Saurashtra basin. **PTI**

BUSINESS STANDARD, Delhi, 24.9.2024
Page No. 19, Size:(26.47)cms X (79.49)cms.

PHOTO: REUTERS

DIESEL TRADE IN SUEZ CRISIS

Attacks by Houthi rebels since December last year on ships crossing the Canal have changed India's oil business

S DINAKAR
New Delhi, 23 September

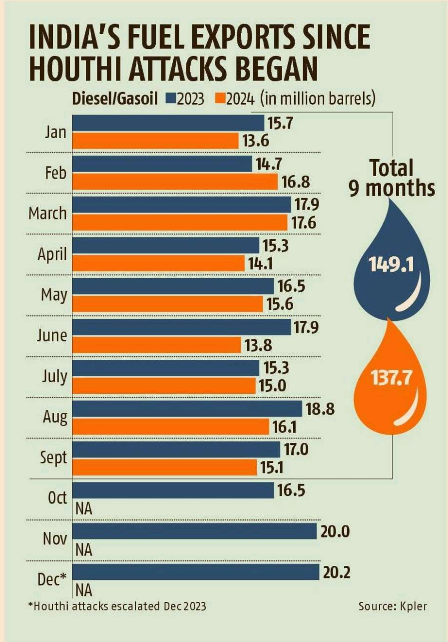
Sonangol Huila, a very large crude carrier (VLCC), left Jamnagar carrying 1 million barrels of diesel on July 8 and reached Le Havre, a French port, on August 18; Elandra Falcon, carrying 1 million barrels of ultra-low sulphur diesel, left Jamnagar in June and reached Vesta Antwerp on August 10.

One could dismiss these trips as one of those typical journeys happening over the years, with vessels ferrying fuels from Reliance Industries' Jamnagar refinery to consumers in Europe. Such trips, led by Reliance, helped India earn $57.3 billion in FY23 and $47.7 billion in FY24 from overseas fuel sales, as much as 13 per cent of India's gross exports, according to oil ministry data.

But some of 2024's trips were unusual. Diesel was carried on older crude carriers, typically used to ship dirty crude oil, rather than on clean product tankers — after scrubbing them clean at a cost of $1.5 million per vessel to transport fuels, ostensibly to save on transportation costs, industry sources said. Shippers have had to pay over twice as much in freight in 2024 from last year to hire dedicated product tankers to transport gasoline, jet fuel and diesel, after the Iran-backed Houthi rebels escalated attacks on western oil tankers from last December. Ships take a much longer route around Africa's Cape of Good Hope to reach customers in the US and Europe compared to a shorter Suez Canal crossing.

"The persistent attacks by Houthi militias on cargo ships in this region have rendered the critical shipping route connecting Asia with Europe via the Suez Canal unsafe. As a result, many freighters opt for the longer route around Africa's southern tip," said Darshan Ghodawat, CEO, AVA Global Logistics. But the alternative via the Cape of Good Hope not only increases shipment costs and delivery times but also adds to the strain on global trade, which is already burdened by the pandemic, the Russia-Ukraine conflict, and a broader economic slowdown, he added.

India's fuel export business is already feeling the heat, with diesel exports, a middle distillate, in the second and third quarter hitting the bottom of their five-year range driven by lower gasoil yields and strong domestic demand, said James Noel-Beswick, an expert on distillate markets, from Geneva-based Sparta Commodities.



Houthi missile strikes on tankers have threatened the competitiveness of Indian fuel exports, prompting out-of-the-box solutions like hiring VLCCs to transport fuels — lending scale and lower costs, which compensate for the longer journeys and costs incurred on cleaning these large crude carriers. Longer routes around Africa to avoid Houthi attacks in the Red Sea also mean Suez Canal draught restrictions no longer matter, which prevented fully loaded VLCCs from crossing the canal, industry officials said.

Houthi missile strikes on tankers have threatened the competitiveness of Indian fuel exports, prompting out-of-the box solutions like hiring VLCCs to transport fuels

The cost of cleaning a VLCC is around $1.5 million, plus the lost revenue from the 20-25 days that it takes, but potential freight savings are huge, US market intelligence publication Energy Intelligence (EIG) reported. It costs less than $27 per tonne to ship diesel on a VLCC, versus $49/tonne on a coated LR1 product tanker, EIG said, citing shipbroker SSY.

Falling exports

The Houthi attacks, which continue to date with no end in sight, have also targeted tankers carrying Indian products — in retaliation to Israel's bombing of Gaza and New Delhi's support for Israel, industry officials said. The Suez Canal was a critical route for about 65 per cent of India's crude oil imports in FY23, valued at $105 billion, and its closure has inevitably led to higher charter rates as ships are forced to take the longer route, Ghodawat said.

Diesel/gasoil exports in August at 520,000 barrels per day (bpd) declined by 20 per cent from last December's 650,000 bpd — when the Houthi attacks escalated — and by 14 per cent from 606,000 bpd a year earlier. Gasoil and diesel are similar but the nomenclature varies across countries. Regulations can also alter uses but from a refining standpoint, gasoil is blended with other components to tailor diesel for a region's needs, in terms of say flashpoint — the lowest liquid temperature at which it gives off vapours to form an ignitable vapour/air mixture — or pour point.

Exports of clean products in 2024, including gasoline, diesel, naphtha, and jet fuel, were flat at around 1.2 million bpd but diesel/gasoil, which account for 47 per cent of fuel exports in volume terms, fell by around 5 per cent to 517,000 bpd this year, data from market intelligence agency Kpler shows. Volumes are also down by 130,000 bpd, or 21 per cent, from a 2021 high. Gasoil exports declined by 85 per cent in 2024 as Indian refiners converted more of the gasoil into diesel to meet growing domestic needs.

Gasoil demand is falling (globally), especially with tightening specs leading to lower exports, said Singapore-based Serena Huang, head of Asia-Pacific market analysis for market intelligence agency Vortexa.

Suez syndrome

The Suez crisis is mainly responsible for the decline in diesel exports, industry officials said, alongside lower profits from processing crude to diesel and increasing domestic use of the fuel. For instance, the US is taking away India's market share in diesel in Europe, a key export destination, because of its proximity to the continent whereas Reliance has to send its cargoes around Africa at a higher cost.

There were periods of time when the export parity price of diesel was more advantageous than the import parity plus the loss we were making in the retail market. So, in those times, when they were having an opportunity to process higher quantities of crude or maximize diesel, they found it worthwhile to do it, said R Ramachandran, oil industry consultant and former refining head of Bharat Petroleum. "'In the current context, Reliance might have realised economic sense in domestic sales," Ramachandran said.

India's domestic demand has increased while refining capacity has stagnated. Oil consumption may grow by 200,000-280,000 bpd, the biggest contributor to global oil demand, according to international forecasters International Energy Agency and the US Energy Information Administration. But refining capacity has stagnated at around 5 million bpd for the last few years as Indian refiners were left confused over New Delhi's commitment to replace fossil fuels with clean energy, industry sources said.

Production of diesel increased to 116 million tonnes in FY24 from 107 mn tonnes in FY22, a 9 mn tonnes increase. But comparatively, consumption of the fuel, India's most consumed oil product, has risen from 77 mn tonnes in FY22 to 89.7 mn tonnes in FY24, a 12.7 mn tonnes increase. Higher consumption and almost flat production have resulted in a decline in exports, said Swarnendu Bhushan, co-head of institutional equities, PL Capital-Prabhudas Lilladher.

Russian crude discounts are much lower in 2024 and secondly, several new refineries have been starting up in West Asia and Africa, leading to lower exports from India, said Prashant Vasisht, senior vice-president and co-group head, corporate ratings, ICRA, a US Moody's affiliate. Nigeria has commissioned the 650,000 bpd Dangote refinery, the biggest in Africa, a key market for Indian fuels, while Oman has commissioned Duqm and Kuwait Al Zour among new capacity additions in West Asia.

ECONOMIC TIMES, Delhi, 24.9.2024
Page No. 8, Size:(11.88)cms X (8.86)cms.

From Peels to Fuel: Potatoes may Soon Quench Thirst of Your Car

Jayashree Bhosale

Pune: The Central Potato Research Institute (CPRI) has proposed to set up a pilot plant to test its technology to convert potato waste and peels into ethanol, people in the know said. The Shimla-based institute recently completed lab studies on how potato waste can be repurposed for producing the bio fuel.

India is the world's second-largest producer of potatoes after China. Since the quantity of discarded potatoes in the country is high —10-15% of the total production — it is being seen as potential feedstock for ethanol after sugarcane and maize. The National Policy on Biofuels mentions rotten potatoes in the list of feedstocks for ethanol.

"Potatoes are also considered a viable alternative due to the significant amount of waste that can be repurposed. Additionally, India has the largest cold storage facilities for potatoes, and the significant amount of potato waste available further supports their use in ethanol production," said Dharmedra Kumar, scientist, CPRI.

On average, India produces 56 million tonne of potatoes every year. Of this, 8-10% — which is around five million tonne — is processed into chips, fries and dehydrated products. Post-harvest losses in potato production are estimated to be 20-25%, or 11-14 million metric tonne, due to poor storage facilities, transportation inefficiencies, and improper handling.

"The proposed pilot plant for ethanol production using potatoes in India is expected to be set up in regions with high potato production, such as Uttar Pradesh or West Bengal, and the processing areas such as Gujarat," said Kumar. "The plant aims to use potato waste and substandard potatoes to produce ethanol."

Scientists have targeted the significant amount of starch and cellulose available at the processing plants in the form of potato peel and the starch that is available in the water in which potatoes are washed after peeling.

MINT, Delhi, 24.9.2024
Page No. 2, Size:(26.34)cms X (7.98)cms.

Govt looks to cut tax on marine diesel oil to push coastal, inland shipping

Subhash Narayan &
Rituraj Baruah

NEW DELHI

The government is looking to reduce the tax on marine diesel oil (MDO) by bringing it under the Goods and Services Tax (GST), according to three people aware of the development.

The strategy aims to reduce costs for coastal and inland shipping to help companies become more competitive and attract more cargo for this relatively less-polluting fuel for transport.

The ministry of ports, shipping and waterways (MoPSW) will ask the ministry of finance and states to consider reducing taxes and bringing MDO under GST while looking at additional incentives for the sector.

Revenue loss from the exercise will be minimal as marine fuel accounts for about 1% of India's fuel consumption. Even if states lose some revenue, they could be compensated under GST, one of the people cited above said.

India's demand for petroleum products—including petrol, diesel, liquefied petroleum gas (LPG), aviation turbine fuel (ATF) and naptha—is expected to touch a high of 238.95 million tonnes this fiscal year. Of this, consumption of marine oil would be around 2.4 million tonne (mt).

The move helps companies become more competitive and attract more cargo for this relatively less-polluting fuel for transport. MINT

Queries sent to the ministry of finance and MoPSW were not answered immediately.

Rakesh Singh, secretary, ICC Shipping Association, said, "Reducing taxes on marine diesel oil used by coastal ships and inland waterway vessels would help bring down the high operational costs. Oil cost is almost 40% of operational cost for coastal shipping and any cut in this would be a big boost to the sector."

He added, "The reduction in taxes can easily be brought by placing MDO under GST for coastal shipping and inland waterways as 95% of the segment consumes this lighter oil as compared to the heavy bunkering fuel used by large intercontinental ships. Bunker fuel has attracted 5% GST since late 2017 and this rate applies to foreign-going vessels and the movement of container cargo ships on Indian coastal routes."

The GST rate on bunker fuel was initially set at 18% on the recommendation of the GST Council. On seeing that the high rate of GST on bunker fuel supplied to foreign-going vessels was making India less competitive vis-a-vis neighbouring countries, the GST Council recommended a reduction to 5%. The council said this rate would encourage coastal shipping at par with foreign-going vessels and do away with the administrative problems of monitoring the end-use.

An official in the directorate general of shipping, MoPSW, who did not wish to be named, confirmed that a proposal to cut taxes on MDO and bring them under GST was being discussed. He said his office was collecting data on the volume and types of fuel consumed by the sector.

MoPSW has also discussed the matter with states at the Maritime State Development Council. The MDO proposal will require approval from states at the GST Council meeting to be cleared.

subhash.narayan@livemint.com

For an extended version of this story, go to livemint.com.

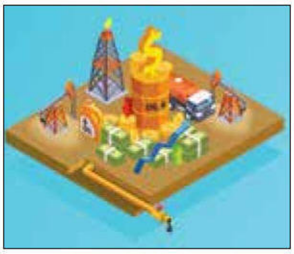
MILLENNIUM POST, Delhi, 24.9.2024
Page No. 1, Size:(19.04)cms X (24.87)cms.

India's biggest oil, gas bid round gets 4 bidders

Reliance-bp-ONGC bid together for first time

MPOST BUREAU

NEW DELHI: India's largest oil and gas bid round under the Open Acreage Licensing Policy (OALP) saw participation from four bidders, including state-owned giants Oil and Natural Gas Corporation (ONGC) and Oil India Ltd (OIL), as well as private sector players Vedanta Ltd and Sun Petrochemicals Ltd. According to the Directorate General of Hydrocarbons (DGH), the majority of the 28 blocks offered under the OALP-IX round received only two bids, highlighting a concentrated competition within the sector.



For the first time, Reliance Industries Ltd-bp plc combined joined hands with ONGC to bid for a block in the Gujarat-Saurashtra basin, a shallow-water area. Continued on P4

India's biggest oil

This marks a significant development, as Reliance and bp had previously participated in only two of the eight bid rounds since the OALP began in 2017. In those rounds, they bid and secured two blocks on their own. Their collaboration with ONGC in this round reflects a strategic shift as the consortium sought to tap into new exploration areas.

ONGC, the country's largest oil and gas producer, placed bids for 14 blocks independently and teamed up with OIL and Indian Oil Corporation (IOC) for four additional blocks. Including its joint bid with Reliance-bp, ONGC has a presence in 19 out of the 28 blocks offered.

Meanwhile, mining tycoon Anil Agarwal's Vedanta Ltd submitted bids for all 28 blocks, continuing its dominant participation in India's oil and gas exploration auctions. Sun Petrochemicals Ltd, another private player, bid for seven blocks.

Of the 28 blocks up for grabs, four blocks received three bids each, while the remainder had just two bidders. Vedanta was a common contender in every bid.

The blocks are awarded to firms that offer the highest share of revenues generated from oil and gas production and commit to the most comprehensive work programmes.

The blocks on offer spanned a total area of 136,596.45 square kilometres across nine onshore blocks, eight shallow-water blocks, and 11 ultra-deepwater blocks, located across eight sedimentary basins.

The OALP was introduced in 2017 as part of the government's push to attract investments in India's upstream oil and gas sector. The policy offers significant incentives to exploration and production firms, including marketing and pricing freedom and a revenue-sharing model, along with reduced royalty rates for operators. To date, 144 blocks covering 242,055 square kilometres have been awarded in the eight previous rounds of the OALP.

In the preceding OALP-VIII round, ONGC had secured seven out of the ten blocks on offer, while the Reliance-bp consortium, OIL, and Sun Petrochemicals secured one block each.

The partnership between Reliance and bp has lasted over a decade, with the companies jointly operating the KG-D6 block in the Krishna Godavari basin. The deep-water block currently produces around 30 million standard cubic metres of gas per day.

India, which imports a significant portion of its oil needs, is keen on ramping up domestic production to reduce its annual $222 billion oil import bill.

INDIAN EXPRESS, Delhi, 24.9.2024
Page No. 13, Size:(4.58)cms X (9.10)cms.

India's biggest oil, gas bid round gets 4 bidders

New Delhi: India's biggest oil and gas bid round attracted four bidders that included state-owned ONGC and OIL and private sector Vedanta Ltd, with most blocks getting just two bids, according to Directorate General of Hydrocarbons (DGH). In the OALP-IX bid round, 28 blocks or areas spread over 1.36 lakh square kilometre were offered for finding and producing oil and gas. PTI

BUSINESS STANDARD, Delhi, 24.9.2024
Page No. 4, Size:(24.90)cms X (13.48)cms.

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BUSINESS LINE, Delhi, 24.9.2024
Page No. 7, Size:(2.99)cms X (11.96)cms.

India's biggest oil, gas bid round gets 4 bidders

Press Trust of India
New Delhi

India's biggest oil and gas bid round attracted four bidders that included state-owned ONGC and OIL and private sector Vedanta Ltd, with most blocks getting just two bids, according to Directorate General of Hydrocarbons.

The OALP-IX bid round, where 28 blocks or areas spread over 1.36 lakh sq km were offered, for the first time saw Reliance Industries Ltd-bp plc combine bidding together with ONGC for one block in Gujarat offshore.

Reliance and its supermajor partner bp plc had bid in just two of the past eight oil and gas bid rounds since 2017.

Reliance-bp combine had bid and won the two blocks they had bid for in the previous rounds and this is the first time they have teamed up with ONGC.

In the previous eighth round of Open Acreage Licensing Policy (OALP-VIII), ONGC had not bid for the ultra deepsea Krishna Godavari basin block that Reliance-bp combine had sought.

BUSINESS LINE, Delhi, 24.9.2024
Page No. 10, Size:(6.23)cms X (12.22)cms.

Natural Gas futures: Go long at ₹206

Gurumurthy K
bl. research bureau

Natural Gas prices have begun the week on a strong note by rising about 2 per cent. Prior to this rise on Monday, prices were consolidating for more than a week now. The natural gas futures contract on the MCX has been oscillating in a range of ₹186-₹204 per mmBtu.

This range has been broken on Monday. The contract has risen breaking above ₹204 and is currently trading at ₹206 per mmBtu.

COMMODITY CALL.

The break and rise above ₹204 indicates that the consolidation phase has ended and the uptrend has resumed. Immediate support is at ₹203. Below that ₹199-197 is the next important support.

The contract can rise to ₹212 in the near-term. Failure to breach ₹212 can trigger a corrective fall to ₹204 first. Thereafter, the contract can rise back again and move above ₹212. That rally will have the potential to target ₹225-₹230 on the upside in the coming weeks.

The region between ₹190 and ₹185 is a strong support zone. The outlook will turn bearish only if the contract declines below ₹185. If that happens, we can see a fall to ₹170 and lower. However, on the charts, the bias is positive. As such, the uptrend is likely to be intact. Any fall will see fresh buyers coming in to the market at lower levels and limit the downside.

Traders can go long now at ₹206. Accumulate on dips at ₹204. Keep the stop-loss at ₹195. Trail the stop-loss up to ₹209 when the price touches ₹211. Move the stop-loss further up to ₹218 when the contract goes up to ₹221. Exit the long positions at ₹225.

ASIAN AGE, Delhi, 24.9.2024
Page No. 7, Size:(2.38)cms X (9.09)cms.

OIL AUCTION SEES PARTICIPATION OF FOUR BIDDERS

New Delhi, Sept. 23: India's biggest oil and gas bid round attracted four bidders that included state-owned ONGC and OIL and private sector Vedanta, with most blocks getting just two bids, according to the directorate general of hydrocarbons (DGH).

The OALP-IX bid round, where 28 blocks or areas spread over 1.36 lakh square kilometre were offered for finding and producing oil and gas, for first time saw Reliance Industries - BP combine bidding together with ONGC for one block in Gujarat.

The DGH released the names of the bidders for the 28 blocks offered under the open acreage licensing policy (OALP)-IX round, bids for which closed on September 21.

ONGC bid for 14 blocks alone and with partners such as state-owned Oil India Ltd (OIL) and Indian Oil Corporation for four other blocks. After considering its bid with Reliance-bp, ONGC in all bids for 19 out of the 28 blocks on offer.

Vedanta bid for all the 28 blocks on offer while Sun Petrochemicals bid for seven areas. — *PTI*

Oil imports from Russia decline 18% in August

INDIA'S MONTHLY OIL imports from Russia fell by 18.3% to about 1.7 million barrels per day (bpd) in August from the previous month due to lower crude processing by some refiners, tanker data obtained from trade sources showed.

In contrast, China stepped up purchases of Russian oil last month, reclaiming the spot of Moscow's top oil client after India became the biggest buyer for the first time in July.

The share of Russian oil in India's August imports declined to about 36% after rising for five straight months, the data showed. In July, Russian oil accounted for about 44% of India's oil imports.

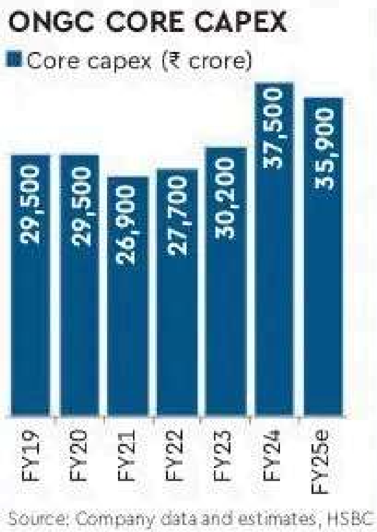
—REUTERS

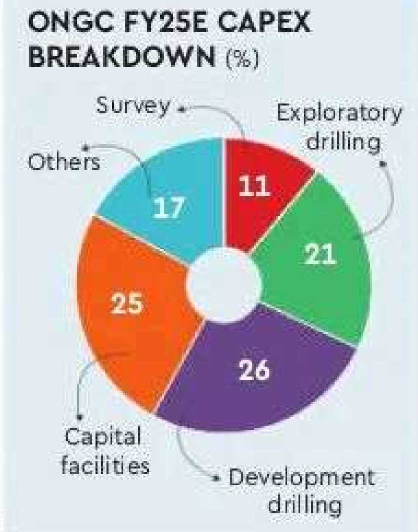
FINANCIAL EXPRESS, Delhi, 24.9.2024
Page No. 9, Size:(15.07)cms X (10.09)cms.

TING: REDUCE

ONGC faces risks without oil price floor

Declining prices to hurt earnings, IRRs and oil recovery projects





FALLING OIL PRICE reveals downside risks for ONGC as earnings largely depend on production, not oil price. Government policies effectively cap price realisation at \$75/bbl for oil and \$6.50/mmbtu for gas. If oil prices drop below \$75 per barrel, ONGC faces significant risks, since there is no established floor for oil prices, and the gas price floor corresponds to an oil price equivalent of \$45 per barrel. Falling oil prices could adversely affect earnings and internal rate of returns (IRRs), jeopardising the viability of greenfield and enhanced oil recovery projects. Our view on oil prices is consistent with Kim Fustier's 'Hard to be bullish' report from September 4.

Track record of production growth also uninspiring

ONGC has struggled with declining production volumes from its aging fields. Multiple interventions in the form of enhanced oil recovery have reduced the pace of decline but it's down, nonetheless. Western High oilfields, the largest production contributor, were discovered in 1970s and continue to decline. ONGC missed forward-year production guidance. The most promising new field (KG-DWN-98/2) has also had delays and lower output guidance.

Capex intensity to increase

ONGC started its green journey by acquiring PTC's renewable assets in 2024. The company is also one of the final two contenders to acquire Ayana Renewable Power. It has committed ₹97,000 crore by 2030 to set up 5GW of renewable power. ONGC enjoys an ROE of 15% from its core business.

Weaker performance of subsidiaries can impact dividend

HPCL and MRPL have been meaningful contributors to ONGC's earnings, which typically get distributed as dividends to make it more tax efficient. Softer earnings from these units due to weak refining margins could impact FY25 dividend distribution potential, in our view.

Our FY25-26 cut in earnings estimates by 4-5% due to anticipated lower production volumes. Our valuation of ONGC utilises a dividend discount model, reflecting that government actions significantly influence cash flow and that dividends are a proper value gauge. Given ONGC's serious commitment to a green energy transition, we believe it justifies a higher terminal growth assumption compared to its previous status as solely an oil explorer, supporting our target price increase to ₹230. With disappointment on production, oil prices and increased capex as potential estimate-cut drivers, we downgrade our rating to Reduce from Hold. Conversely, any new oil or gas discoveries that enhance production growth present an upside risk.

We expect ONGC's capex intensity to go up as it embarks on a path towards green energy. Initiatives to build a green portfolio seem serious. The company incorporated a wholly owned subsidiary in February. A decarbonisation strategy to achieve net zero operational emissions by 2038 has been firmed up. ONGC aims to invest ₹1 trillion to establish renewable energy capacity of 10GW by 2030.

HSBC

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ONGC Ties Up with RIL, BP to Bid for Offshore Block

Consortium wrapped ninth exploration round; competing with Vedanta

Our Bureau

New Delhi: State-run Oil and Natural Gas Corp (ONGC), which sued Reliance Industries (RIL) a decade ago for allegedly illegally pumping out natural gas from its KG basin field, has now teamed up with the private sector giant to bid for an oilfield exploration licence.

The consortium of ONGC, RIL and UK's BP has bid for a western offshore block — GS-OSHP-2022/2 — in Saurashtra basin in the just-concluded ninth exploration licensing round under the Open Acreage Licensing Policy (OALP). The consortium is competing with Vedanta for this block.

Vedanta has bid for all 28 blocks on offer in the ninth round, which received a total of 60 bids. Four blocks received three bids each while the balance got two each. Sun Petrochemicals, promoted by Dilip Sanghvi, has placed seven bids.

ONGC has made 19 bids, including four in the consortium. ONGC has tied up with state-run Oil India for two blocks and with state-run Indian Oil Corp for one block. RIL-BP has placed just one bid in the ninth round, which is in consortium with ONGC.

In 2014, ONGC approached a court alleging that gas from its undeveloped KG Basin block was being pumped out illegally by RIL, which operated the adjacent producing block KG-D6. RIL and BP hold participating interest in the KG-D6 block. The matter has since become a long-drawn legal battle between the government and RIL.

Meanwhile, ONGC's senior executives from the days when the KG basin lawsuit was filed have retired, and the board has been restructured. A retired chairman of Bharat Petroleum Corp (BPCL) now heads ONGC. The positions of director (onshore) and director (offshore) have been merged to form director (production) and a new position of director (strategy and corporate affairs) has been created.

ONGC made 19 bids, including 4 via the consortium. It has tied up with Oil India for two blocks and IOC for one

In 2016, the government decided that the gas allegedly pumped out by RIL from the ONGC block belonged to the state, and, therefore, it should be compensated for that. The oil ministry asked RIL to pay $1.55 billion for the gas produced until then. In response, RIL invoked arbitration, which the government lost in 2018. The Delhi High Court upheld the arbitral award last year after the government challenged it. A division bench is now hearing the government's appeal.

OVL, partners win rights to produce gas from ACG field

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NEW DELHI: State-run energy explorer Oil and Natural gas Corp's overseas arm ONGC Videsh (OVL) and its partners on Saturday acquired a 25-year right to explore and produce natural gas from BP-operated Azeri-Chirag-Deepwater Gunashli (ACG) field in addition to their decade-old rights of producing oil from the largest oilfield in the Azerbaijan sector of the Caspian basin.

"The NAG (non-associated natural gas) resources of ACG are believed to be significant, with up to 4 trillion cubic feet (tcf) in place," ONGC informed bourses that saw 3.16% jump in company's stock price in the BSE to ₹295.35. While associate natural gas is produces along with crude from an oil field, NAG is dry gas produced exclusively from gas fields.

The gas exploration and production rights in ACG was acquired by OVL and other partners through an addendum to the existing Production Sharing Agreement (PSA) . OVL acquired Hess Corporation's 2.31% participating interest (PI) in the asset in April 2013. Besides BP (30.37% PI), other partners in the field are the State Oil Company of the Azerbaijan (SOCAR with 25% PI), Hungarian energy firm MOL Group (9.57%), Japanese company INPEX (9.31%), Norwegian firm Equinor (7.27%), ExxonMobil (6.79%), Turkish company TPAO (5.73%), and ITOCHU (3.65%). "The addendum amends the ACG PSA enabling the parties to progress the exploration, appraisal, development of and production from the non-associated natural gas (NAG) reservoirs of the ACG field," multinational oil giant BP said in a statement on September 20.

The rights were acquired through an addendum to the existing PSA.

Rovshan Najaf, president of SOCAR called it a "remarkable day" in Azerbaijan's energy journey. "The signing of this gas agreement represents not just a commercial triumph, but also a strategic milestone in our efforts to further diversify our energy resources," he said. This project will bolster Azerbaijan's role as a key supplier of energy to Europe, he added.

The addendum, signed on September 21, allows the stakeholders to explore, appraise, develop and produce from the non-associated natural gas reservoirs of the oil field until 2049. The field is located in the south Caspian Sea and covering an area of 435 sq km about 95 km off the coast of Azerbaijan; reserves are estimated to be up to 4 trillion cubic feet (tcf). The NAG reserves were not included in the original PSA signed in 2013. This agreement was amended in 2017 to extend its duration until December 2049.

The stakeholders agreed to drill a well in 2022 to collect gas pressure data from the NAG reserves in the field. The data confirmed the presence of natural gas within the expected pressure range last year. The stakeholders are now planning the development of the NAG reserves, with the first gas production expected in 2025.

RISE IN INVESTOR INTEREST IN OALP-IX

RIL-bp, ONGC in joint bid for oil, gas block

ARUNIMA BHARADWAJ
New Delhi, September 23

THE COUNTRY'S OIL and gas sector seems to witness a revival in investor interest after a prolonged period of stagnation, with Vedanta and Reliance actively participating in the ninth round of bidding under the Open Acreage Licensing Policy (OALP).

Reliance and its partner bp (for KG-D6 block) have joined forces with state-run ONGC for the first time to bid for a block in the Gujarat-Saurashtra basin. The Reliance-bp duo had previously participated in two of the eight oil and gas bid rounds since 2017.

Besides, Vedanta, the home-grown oil-to-minerals giant, placed bids for all 28 blocks under the latest OALP auction, and Sun Petrochemicals submitted bids for seven blocks.

However, foreign energy giants continued to steer clear of India's hydrocarbon assets, despite several incentives, including the ability to carve out blocks of their choice and the marketing and pricing freedom offered under an attractive revenue-sharing model.

According to the Directorate General of Hydrocarbons, most of the 28 blocks auctioned in the ninth round received only two bids each. The OALP-IX covered oil and gas assets across 136,000 sq kms.

KEEN CONTEST

- Reliance-bp duo had previously participated in 2 of the 8 oil and gas bid rounds since 2017
- Vedanta has placed bids for **all 28 blocks under the latest OALP auction**
- Sun Petrochemicals submitted bids for seven blocks

- OALP-IX covered oil and gas assets across **136,000 sq kms**
- ONGC submitted **bids for 14 blocks independently**
- ONGC also partnered with Oil India and Indian Oil for four additional blocks

ONGC submitted bids for 14 blocks independently and partnered with Oil India and Indian Oil for four additional blocks. This is apart from the joint bid with Reliance in the Gujarat-Saurashtra basin.

Minister for petroleum and natural gas Hardeep Singh Puri recently stated that the country's exploration and production sector offers $100 billion in investment opportunities by 2030. India's crude oil production has stagnated or shown marginal declines in recent years, increasing its dependence on imports. Domestic natural gas production has also been stagnant, though recent adjustments to the pricing formula, following the Kirit Parikh committee's recommendations, have rekindled investor interest in recent quarters.

The government is expected to launch the tenth round of OALP bidding in early 2025. Contracts for the upcoming round are likely to follow reforms outlined in the Oil (Regulations and Development) Amendment Bill, which is expected to pass during the winter session of Parliament, according to a senior official.

"In alignment with its strategic vision, RIL acquired the KG-UDW2 block during the OALP VIII licensing round and has planned exploratory wells in the KG Basin. Additionally, in the coal-bed methane sector, RIL has pioneered its drilling of multi-lateral wells in India, significantly boosting well productivity by nearly four times," a Nomura report stated.

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Shipping Industry to Drive Demand for Green Ammonia: Avaada Chairman

Shilpa Samant

New Delhi: The shipping industry is expected to drive the largest demand for green ammonia and green methanol, both derivatives of green hydrogen, in the coming years, Avaada Group chairperson Vineet Mittal told ET.

The implementation of the Carbon Border Adjustment Mechanism in the European Union is expected to bring a surge in the green hydrogen derivatives offtake agreements, Mittal said.

Offtake agreements so far among countries looking to trade in the molecules have seen tepid response because of higher cost compared with blue hydrogen and other regulatory hurdles.

"While green hydrogen currently faces global offtake challenges, we remain very optimistic about its future," he said.

India launched its National Green Hydrogen Mission in 2023 with a major focus on exports and has since been in dialogue with countries like Japan, South Korea and the EU for facilitating purchase agreements with Indian companies.

"In the green molecule space, I believe India will emerge as a global leader, and as a company, we are fully focused on capitalizing on this opportunity," Mittal said.

Avaada Group submitted its commitment to develop 30 GW of renewable energy and 10 GW of solar module and cell manufacturing capacity to the government last week at the RE-Invest summit in Gandhinagar where companies and states pledged their contributions till FY30.

VIRAT VAIBHAV, Delhi, 24.9.2024
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भारत के सबसे बड़े तेल, गैस बोली दौर में रिलायंस-बीपी, ओएनजीसी ने एक साथ बोली लगाई

वैभव न्यूज ■ नई दिल्ली

भारत के सबसे बड़े तेल और गैस बोली दौर में चार बोलीदाता शामिल हुए हैं। हाइड्रोकार्बन महानिदेशालय (डीजीएच) के अनुसार, इनमें सार्वजनिक क्षेत्र की ऑयल एंड नैचुरल गैस कॉरपोरेशन (ओएनजीसी) और ऑयल इंडिया लि. (ओआईएल) तथा निजी क्षेत्र की वेदांता लिमिटेड शामिल हैं। ज्यादातर ब्लॉक के लिए सिर्फ दो बोलियां मिलीं। ओएएलपी-नौ बोली दौर के तहत तेल और गैस खोज तथा उत्पादन के लिए 1.36 लाख वर्ग किलोमीटर में फैले 28 ब्लॉक या क्षेत्र की पेशकश की गई थी। पहली बार रिलायंस इंडस्ट्रीज लिमिटेड-बीपी पीएलसी ने गुजरात में एक ब्लॉक के लिए ओएनजीसी के साथ मिलकर बोली लगाई। रिलायंस और उसकी प्रमुख साझेदार बीपी पीएलसी ने 2017 से तेल और गैस बोली के पिछले आठ दौर में सिर्फ दो में बोली लगाई थी। रिलायंस-बीपी गठबंधन ने पिछले दौर में जिन दो ब्लॉक के लिए बोली लगाई थी, उन्हें जीता था। यह पहली बार है, जब उन्होंने गुजरात-सौराष्ट्र घाटी में उथले पानी के ब्लॉक के लिए बोली लगाने के लिए ओएनजीसी के साथ मिलकर काम किया है। मुक्त क्षेत्र लाइसेंसिंग नीति (ओएएलपी-आठ) के पिछले आठवें दौर में ओएनजीसी ने अधिक गहरे समुद्र वाले कृष्णा गोदावरी घाटी ब्लॉक के लिए बोली नहीं लगाई थी। इसके लिए रिलायंस-बीपी गठबंधन ने दिलचस्पी दिखाई थी डीजीएच ने सोमवार को ओएएलपी-नौ दौर के तहत पेश किए गए 28 ब्लॉक के लिए बोलीदाताओं के नाम जारी किए, जिनके लिए बोलियां 21 सितंबर को बंद हो गईं। ओएनजीसी ने अकेले 14 ब्लॉक के लिए और ओआईएल तथा इंडियन ऑयल कॉरपोरेशन जैसे भागीदारों के साथ चार अन्य ब्लॉक के लिए बोली लगाई।