BUSINESS LINE, Delhi, 28.2.2024
Page No. 4, Size:(20.11)cms X (16.54)cms.

IOCL scraps first green hydrogen tender as industry body moves Delhi High Court

Our Bureau
New Delhi

Indian Oil Corporation (IOCL) has cancelled its first tender for manufacturing green hydrogen after an industry association dragged the state-run company to the Delhi High Court alleging conflict of interest.

Last week, the country's largest oil marketing company cancelled the tender for setting up a green hydrogen manufacturing unit of 10 kilo tonnes per annum (ktpa) capacity at its Panipat refinery and petrochemicals complex on a build, own, operate, transfer (BOOT) basis. No reason was given for the cancellation.

The tender, which was floated last year with the last date for submitting bids as November 29, put the contract period at 25 years. The successful bidder had to supply green hydrogen within 30 months from receiving the letter of award (LoA).

STARTING TROUBLES. The IOCL tender was the first big step towards manufacturing green hydrogen in the country REUTERS

Independent Green Hydrogen Producers Association, an industry body, challenged the IOCL tender in the Delhi High Court last year in November. The petition challenged Clause19 of the Notice Inviting Tender issued by IOCL on August 28, 2023, which creates a Right of First Refusal in favour of the IOCL JV (GH4India). It also challenged Clause 20 (xix) and (xvi), which permits IOC to not accept the lowest bid and also exempts the IOCL JV from submitting Earnest Money Deposit.

GH4India is a joint venture firm of IOCL, L&T and ReNew, created for producing green hydrogen.

"They submit that the government cannot arbitrarily choose any person it likes for entering into a commercial relationship thereby discriminating between similarly situated persons. They further submit that the Supreme Court has repeatedly warned against specific clauses in tenders which have the effect of favouring a single tenderer," the petitioner said in High Court.

IOCL did not respond to queries from *businessline*. The next date of hearing in the High Court is on March 28.

The development assumes importance as green hydrogen is a critical transition fuel, essential to decarbonise heavy duty commercial transportation, steel, refineries among other sectors. The IOCL tender was the first big step towards manufacturing green hydrogen in the country and for discovering the commercial price for producing the commodity.

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IOCL to relaunch tender to set up green hydrogen production unit

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New Delhi, 27 February

State-run IOCL will relaunch a tender for setting up a green hydrogen production unit, sources said. It also plans to set up units at all of its refineries as part of a ₹2.4 trillion green transition plan to achieve net zero carbon emission status by 2046.

The company has cancelled its initial tender for the same after it led to bidders approaching the Delhi High Court. Meanwhile, an existing tender by BPCL to set up a green hydrogen production plant in Kochi may become the point of price discovery for green hydrogen in the country. The cancelled tender had called for a 10 kilo tonnes per annum capacity unit to be set up on a build, own operate, and transfer basis at the state-owned oil marketing company's Panipat refinery and petrochemicals complex. The company cancelled the tender in a corrigendum issued on February 21.

"A new tender will be relaunched going forward. The company is looking into it. Setting up a sustainable production base for green hydrogen is a national priority," a senior person said. However, there is no clear timeline as to when the new tender may come in, he added. Queries mailed to IOCL on the issue remained unanswered.

In the last tender, prospective bidders had flagged a conflict of interest on IOCL's part. This was owing to GH4India Pvt Ltd, IOCL's own joint venture with infrastructure and engineering major Larsen & Toubro (L&T). Renewable energy company ReNew is also bidding for the tender. An industry body of green hydrogen producers, the Independent Green Hydrogen Producers Association had also moved the Delhi HC in November.

BPCL's tender to produce green hydrogen at Cochin International Airport may be first to discover production price in India

Price discovery soon

A similar tender to establish a 1,000 kilowatt (Kw) green hydrogen plant and refueling station at the Cochin International Airport in Kerala by BPCL now looks to be the first instance of green hydrogen prices being decided through bidding in India. The last date for submissions of bids is March 1. The tender calls for a unit designed to generate 100 normal cubic metres per hour (Nm3/h) of green hydrogen via a 500-Kw electrolyser system, with the potential for expansion up to 200 Nm3/h.

The recently closed other big green H2 tender was by Solar Energy Corporation of India (SECI) under the aegis of the Union Ministry of New and Renewable Energy. SECI had issued a tender for both hydrogen and electrolyser manufacturing. For its maiden green hydrogen manufacturing tender, SECI called for bids against incentive that the Centre has allocated under the strategic interventions for green hydrogen transition (SIGHT) programme aimed to set up green hydrogen and electrolysers.

The list of successful bidders includes Calcutta Electric Supply Corporation (CESC), United Phosphorus Ltd (UPL), Reliance Green Energy, Torrent Power, Welspun Energy, ACME Cleantech, Greenko, JSW, and BPCL. Among these, CESC and UPL have submitted that they do not require any government incentive. The production capacity submitted by these companies is up to 0.4 million tonnes annually. It did not have any cost discovery mechanism.

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Russia's move to ban petro exports not to affect India

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New Delhi, 27 February

Russia's move to ban the export of processed petroleum for six months beginning March 1 won't affect India as it is not expected to extend to crude oil, refinery officials said.

Russian officials had confirmed this in discussions held in December, they added.

Russian media on Tuesday reported that the country has accepted proposals to implement the ban to meet the rising domestic demand.

"The latest ban is focused on processed petroleum exports, which doesn't affect us. However, these bans are not expected to spill over onto the crude side. We have got this sense from discussions with Russian officials in December," an official said.

Last year, Russia banned gasoline exports between September and November in order to tackle high domestic prices and shortages.

Similar to then, Moscow's ban will not extend to member states of the Eurasian Economic Union, Mongolia, Uzbekistan, and two Russian-backed breakaway regions of Georgia — South Ossetia and Abkhazia.

Meanwhile, Russia remained the single-largest supplier of crude oil for the 15th straight month as of December, according to estimates made by London-based commodity data analytics provider Vortexa, which tracks ship movements to estimate imports.

However, its share in India's oil imports has decreased in recent months owing to lower incidence of discounts.