BUSINESS STANDARD, Delhi, 6.2.2025
Page No. 19, Size:(26.96)cms X (78.95)cms.

BARREL OF TROUBLE

Trump's tariffs on his major trading partners and India's 2025–26 Budget jeopardise the country's growing demand for fuel and put oil company finances under strain

S DINAKAR
Amritsar, 5 February

India's state-owned oil-marketing companies (OMCs) are staring down an abyss in 2025 on the heels of a disappointing annual budget for oil and gas for 2025-26 and from the volatility in oil and gas markets caused by the Trump administration's disruptive energy tariff policies. These developments come amid discounted Russian oil flows, a mainstay of gross refining margins for Indian refiners, slowing to a trickle in the face of the latest US sanctions and expensive alternative supplies.

US President Donald Trump initially threatened tariffs as high as 60 per cent on China and 25 per cent on Mexico and Canada, subsequently reducing rates to 10 per cent for Chinese imports and for energy imports from Canada and Mexico. The changes were effective from Tuesday but have been delayed by at least a month for its North American trading partners.

Trump's tariffs have roiled oil markets over concerns of potential near-term supply disruptions. After an initial spurt, gains on crude oil prices more than halved on the news that some tariffs might be delayed. European benchmark Brent futures are now at $76 per barrel, after closing at around $82 per barrel on January 15, reflecting the volatility from Trump's policy announcements.

Trump on Tuesday ordered reinstating a "maximum pressure" campaign on Iran, which had last year illegally exported around 1.7 million barrels per day (bpd) of oil, primarily to China. In response to the news that Trump would sign the order, benchmark crude oil prices spiked nearly $2 per barrel, UK market intelligence provider Energy Intelligence reported.

China, in turn, has slapped retaliatory tariffs of 15 per cent on US liquefied natural gas (LNG) and 10 per cent on imports of US crude oil. Prices of European gas benchmark TTF, a reference point for spot LNG rates, have increased by more than 30 per cent since December to a 15-month high of over $16 per million British thermal units, said Greg Molnár, gas analyst at the International Energy Agency, in a LinkedIn post.

Volatile markets

Volatile oil prices impact India's fiscal position and oil company finances, and a sharp rise in LNG prices threatens to unravel India's projected 12 per cent growth in demand for the fuel this fiscal. While traders may embrace volatility, state-run refiners and Indian policymakers prefer price stability because they are devoid of instruments to hedge volatility at the pump by passing on rate changes to consumers.

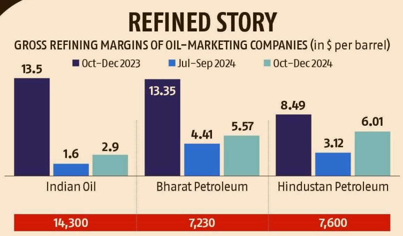
"Certainly it helps to have a more stable pricing regime," said Prashant Vasisht, senior vice-president and co-group head, corporate ratings, at Icra, a US Moody's affiliate. "Overall, it could impact their marketing margins because auto fuel levels are static. Higher prices eat away marketing margins."

There have been concerns of run cuts by Indian refiners, but supply availability from other crude oil suppliers does not seem to be an issue for now, said Singapore-based consultancy Facts Global Energy in a report. "Of course, this does impact margins." The country's crude oil basket averaged $82.5 per barrel as of January 21, a sharp rise from $73.3 per bbl in December 2024, it said. The February average is at $78.4 per bbl, according to the oil ministry data.

The finances of oil-marketing companies rest on a Trishul, an industry source explained. The three prongs of profitability are gross refining margins, or what a refiner makes turning crude oil into fuels; marketing margins, or what Indian Oil or Bharat Petroleum earn from selling petrol and diesel at pumps; and liquefied petroleum gas (LPG) margins. At the moment all three look challenged.

Singapore GRMs, a benchmark for Indian margins, ranged from an anaemic 30 cents to $3 per barrel in the last two weeks. The GRMs remain weak, a Mumbai-based senior analyst said. Margins have more than halved for state-run refiners in the just concluded December quarter from a year earlier, the company data shows.

Marketing margins also seem inadequate to cover low profits from refining. Marketing margins have more than doubled from as low as ₹2.60 per litre late last month, when crude oil was over $80 per barrel, to ₹6 per litre at $76.4 per barrel crude, but the sensitivity to crude oil prices is high, and the current volatility impacts profits at the pump.



A sharp rise in LNG prices threatens to unravel India's projected 12% growth in demand for the fuel this financial year

LPG drag

Marketing margins at ₹5 per litre are "marginally above average," the analyst said. Typically, in the past, oil-marketing companies would use the swings in marketing margins to compensate for losses incurred from fixed prices of petrol and diesel. LPG under-recoveries were compensated — as seen in the ₹22,000 crore provided to oil marketing companies by the government in 2022-23.

That support is no longer available. Marketing margins on petrol and diesel need to be around ₹8 per litre to compensate for losses incurred on LPG, another analyst said. That would require crude oil at $70 per barrel levels on a sustained basis, something unlikely given the current turmoil in oil markets from Trump's energy policies. The US President's actions against Iran threaten to take more than 1 million bpd of crude oil out of the market — around a fifth of India's oil demand. And with Saudi Arabia-led Organization of the Petroleum Exporting Countries (Opec) oil grouping reportedly comfortable with oil prices of $80 per barrel, it may be reluctant to compensate for the losses of Iranian barrels with Opec barrels.

"LPG is a substantial drag on the profitability of OMCs," Vasisht said. Subsidies provided for direct benefit transfer of ₹1,500 crore, and the ₹9,100 crore allocated for the Ujjwala LPG scheme for 2025-26 are inadequate, he added. OMCs are expected to post under-recoveries of ₹40,000 crore on LPG sales by the end of this financial year, analysts estimate.

Indian Oil's earnings (April-December), after adjusting for LPG under-recoveries, would have been ₹19,000 crore/₹20,000 crore and not ₹5,500 crore, said Smartsun Capital's Sumeet Rohra, a fund manager, in the company's latest quarterly earnings call, according to the transcript. Rohra said that the company had lost a staggering ₹95,000 crore in market cap, and the current market cap is just a third of its assets of ₹4,85,000 crore. Indian Oil Director of Finance Anuj Jain replied that "the government is fully seized of this matter and is definitely going to support OMCs".

Oil minister Hardeep Singh Puri also suggested some form of compensation to OMCs during a press briefing in Mumbai last month. But the government has made no provision in the 2025-26 Budget, presented to Parliament on February 1, to compensate state-run refiners for losses incurred in selling domestic LPG to households at below cost. Fuel prices were unchanged last year because of important state and Lok Sabha elections.

Sanction woes

Adding to refiners' woes is the likelihood of erosion in discounted crude oil from Russia for the next few months. A shortfall in February will be minor, but state-run refiners expect a larger supply gap in March. There may be interruptions in flows in April and uncertainty further down.

Facts Global estimated that 450,000 bpd of Russian crude oil exports to India were at risk following the January 10 sanctions by the US. Others estimate it at 600,000 bpd. State-run refiners have issued tenders for over 15 million barrels of crude oil for deliveries in March and April, with some of the barrels changing hands at a $4-5 per barrel premium over the Dubai benchmark — that compares to premiums of $1-1.5 per barrel prior to sanctions, increasing crude oil sourcing costs for refiners, and further impacting profitability.

TRIBUNE, Delhi, 6.2.2025
Page No. 5, Size:(26.58)cms X (21.67)cms.

CM lays foundation stone of green hydrogen plant

TRIBUNE NEWS SERVICE

SOLAN, FEBRUARY 5

Chief Minister Sukhvinder Singh Sukhu's vision of making Himachal India's first green energy state by 2026 received a major boost as he laid the foundation of North India's first 1 MW Green Hydrogen Plant at Dabhota in Nalagarh tehsil today.

This pioneering project, being developed by Himachal Pradesh Power Corporation Limited (HPPCL) in collaboration with Oil India Limited, is set to be established at a cost of Rs 9.04 crore. He directed the officials to ensure its completion within a year.

Speaking on the occasion, the Chief Minister reaffirmed Himachal Pradesh's commitment to becoming India's first Green Energy State by March 2026. He emphasised that the Dabhota Green Hydrogen Plant marks a major milestone in the state's renewable energy journey. He said "This initiative is a crucial step in Himachal Pradesh's efforts to establish itself as a leader in renewable energy and sustainability."

Chief Minister Sukhvinder Singh Sukhu lays the foundation stone of North India's first 1 MW Green Hydrogen Plant at Dabhota in Nalagarh tehsil on Wednesday.

A MAJOR MILESTONE

- This pioneering project, being developed by Himachal Pradesh Power Corporation Limited (HPPCL) in collaboration with Oil India Limited, is set to be established at a cost of Rs 9.04 crore.
- The Chief Minister reaffirmed Himachal Pradesh's commitment to becoming India's first Green Energy State by March 2026.
- He emphasised that the Dabhota Green Hydrogen Plant marks a major milestone in the state's renewable energy journey.

To further this vision, the state government signed a Memorandum of Understanding (MoU) with Oil India Limited on April 26, 2023, focusing on the development of solar energy, green hydrogen, geothermal energy, and compressed biogas.

He said that following a detailed assessment, a 4,000-square-meter land parcel in Dabhota was selected for the plant. "As the state's first large-scale green hydrogen initiative, this project underscores the government's commitment to sustainable energy solutions. The plant will utilise power from renewable sources to produce hydrogen through electrolysis, using an alkaline potassium hydroxide solution as an electrolyte. This method significantly reduces greenhouse gas emissions and supports a cleaner energy ecosystem," he added.

The Chief Minister informed that, "With a production capacity of 423 kilograms of green hydrogen per day, the plant will require 13 litres of water per kilogram of hydrogen, sourced from underground reserves via tube wells. The production process will consume approximately 52.01 units of electricity per kilogram of hydrogen. Annually, the plant is expected to generate 1,54,395 kilograms of green hydrogen."

He also highlighted the state government's broader focus on green energy, including its progress toward achieving a 500 MW solar energy target.

MLAs Hardeep Singh Bawa, Ram Kumar Choudhary, Vinod Sultanpuri and Sanjay Awasthi, Vice Chairman HPSIDC Vishal Chambyal, Managing Director HP Power Corporation Limited Harikesh Meena, Director (Personnel and Finance) HP Power Corporation Limited Shivam Pratap Singh, CMD Indian Oil Limited Dr Ranjeet Rath were among those present on the occasion.

ECONOMIC TIMES, Delhi, 6.2.2025
Page No. 4, Size:(17.00)cms X (14.37)cms.

PM MODI & US PRESIDENT TO MEET ON FEBRUARY 13

Expanding Energy Ties, Buying More US Oil on Modi-Trump Meet Agenda

India expecting a thaw in US-Russia ties for unhindered supply of Russian discounted oil

Dipanjan Roy Chaudhury

First Meeting Under Trump 2.0

FOCUS ON INDIA-US DEFENCE PARTNERSHIP

Civil nuclear energy ties could get a definitive push

Proposal for a mini trade deal also on agenda

India team to visit US for talks to complete GE-414 engine deal by March-end

Modi expected to invite Trump for Quad Summit to be held in India later this year

Review of iCET also to be taken up during PM's visit

New Delhi: Expanding energy partnership, including purchase of more oil from the United States and American participation in small modular reactors (SMRs) in India, is expected to figure high on the agenda of the meeting between PM Narendra Modi and President Donald Trump in the White House on February 13, said people familiar with the matter.

The meeting is also expected to focus on the India-US defence industry partnership including GE engines and review of the US-India Initiative on Critical and Emerging Technology (iCET), taking forward from where the Biden administration left, they said. Modi will travel to the US from France, where he has been invited for the AI Summit. ET was the first to report last week that the PM will club his US visit with France.

India has increased oil imports from the US last year and the volume is expected to go up further following Trump's announcement to maximise US oil and gas production. Trump has promised to fill up strategic reserves and export American energy across the world. "There is a possibility of more energy purchase between India and the US," petroleum minister Hardeep Singh Puri told media persons on the sidelines of an event last month.

Meanwhile, India is expecting a thaw in US-Russia ties for unhindered supply of Russian discounted oil to maintain global oil prices. **Russia's energy minister met Puri in Delhi on Tuesday to discuss oil supplies including long-term contracts and future collaboration.** Besides traditional energy, civil nuclear energy partnership could get a definitive push with the Modi-Trump summit, according to people in the know. The US is keen to collaborate in the SMR sector in India, they said, adding that the prospects of collaboration in the civil nuclear sector have brightened with the US Department of Commerce's Bureau of Industry and Security removing three Indian organisations from its Entity List – Indian Rare Earths, Indira Gandhi Atomic Research Centre and Bhabha Atomic Research Centre. The list comprises individuals and organisations that are subject to export restrictions and licensing requirements. While the proposal for a mini trade deal or a limited scope trade deal is on the agenda for next week's meeting, Trump has already indicated that he would encourage India to purchase US manufactured defence items including fighter jets. India, on its part, will ask the Trump administration to expedite collaboration for GE engines, said the people cited earlier. A team from India is scheduled to visit the US for talks to complete the GE-414 engine deal by the end of March.

In their phone call last week Trump and Modi discussed the bilateral relationship, "including the areas of technology, trade, investment, energy and defence".

ECONOMIC TIMES, Delhi, 6.2.2025
Page No. 12, Size:(13.22)cms X (7.65)cms.

Goldman Upgrades Oil Marketing Cos, Cites Better Outlook for Next 2 Fiscals

Brokerage upgrades HPCL, BPCL to 'buy' and IOC to 'neutral'

Our Bureau

Mumbai: Goldman Sachs upgraded HPCL and BPCL to 'buy' and IOC to 'neutral' citing improvement in the outlook for these oil marketing companies (OMCs) in FY26 and FY27. The brokerage said that the OMC shares are down 25% from the peak in early 2024 due to pressure on earnings on account of lower crude discounts amid sanctions on Russia and the under-recovery in LPG (liquefied petroleum gas)

"However, these concerns appear largely priced in, and we believe the

FY26/27 set up is improving for OMCs given crude oil price upside remains capped...and potential increase in Russia crude discount," said analysts at Goldman Sachs in a note. The brokerage anticipates Brent crude—a global benchmark for oil—to decline to the low $70 a barrel by year-end. Brent crude futures were trading at $75.4 a barrel on Wednesday.

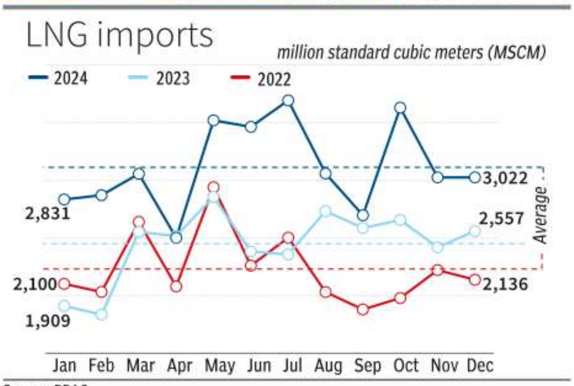
A recovery in free cash flow in FY26 could be a key driver of OMCs' stock price performance that makes the risk-reward more attractive for HPCL and BPCL, said Goldman.

"We also upgrade IOC to 'neutral' from 'sell' as the stock has underperformed other OMCs by an average of 24% since reaching its peak early last year, leaving risk reward appearing more balanced," said the brokerage.

BUSINESS LINE, Delhi, 6.2.2025
Page No. 3, Size:(9.47)cms X (18.86)cms.

India's natural gas production to peak this year, decline thereafter: Wood Mackenzie

Rishi Ranjan Kala
New Delhi



Source: PPAC

India's natural gas production is expected to peak in the current calendar year, after which it is likely to decline at a rate of 3.6 per cent annually until 2030, Wood Mackenzie said in a report.

Besides, falling production amidst rising demand for the commodity — considered the best transition fuel — is expected to push up imports. India is likely to become the world's third largest importer of liquefied natural gas (LNG), after China and Japan, by 2032, with inbound cargoes accounting for 75 per cent of its gas consumption.

"We expect Indian domestic gas production to increase by 4.5 per cent and peak in 2025, then decline by an average 3.6 per cent annually over the next five years, due to structural declines in mature fields and delays in development of new projects," the consultancy said.

FALLING PRODUCTION

After 2030, production is expected to see a 9 per cent annual decline through 2040, driven by the exhaustion of mature fields and slower-than-expected discoveries, Wood Mackenzie said. "The narrative could change, however, if the Oilfields (Regulation and Development) Amendment Bill introduced in August 2024 is implemented effectively," it added.

The bill aims to increase investment in oil and gas exploration and production. Key ultra-deepwater discoveries, such as UD-1 in the eastern offshore basin, could transform India's gas landscape in the future, contingent on favourable policies, faster project execution and advanced exploration techniques. Exploration and production blocks OALP-VIII and OALP-IX were tendered in recent licensing rounds, but the participation of private players and international oil companies was muted, it pointed out.

RISING IMPORTS

India's LNG imports totalled 26 million tonnes per annum (mpta) in 2024, accounting for more than half of the country's gas consumption.

"We expect LNG demand to continue to grow in the coming years, exceeding 37 mtpa by 2030 and 88 mtpa by 2050, as India's demand for gas rises while its domestic production shrinks. By 2032 already, LNG should account for around two-thirds of India's gas consumption and will become the third largest importer of LNG after China and Japan," Wood Mac said.

LNG consumption saw a whopping 11.5 per cent compound annual growth rate (CAGR) from 2022 to 2024, thanks to lower prices, a rise in industrial demand, subsidies for the fertilizer sector and changes to pipeline tariff mechanism. Industrial gas demand, primarily from the fertilizer and refinery sectors, alone posted a 9 per cent CAGR in 2022-24.

Greater gas availability for new industrial units and the potential expansion of refineries and petrochemical plants will boost Indian industrial gas demand to around 63 billion cubic meters by 2040, it projected.

Sizeable growth will come from the city gas distribution (CGD) sector, which includes the transport, residential, and commercial segments, as well as small industries. The CGD sector's share of the gas consumption mix is expected to increase from 25 per cent to 32 per cent by 2030.

In 2024, Indian LNG buyers sought to renew and sign new long-term LNG supply and purchase agreements for 14.7 mtpa. Spot LNG imports almost doubled to more than 110 cargoes during the year to plug the gap between rising demand and shrinking production. "While the contractual LNG volume sat at around 22 mtpa in 2024, it will surpass 27 mtpa in 2026 with the addition of SPAs signed in 2024. The need to sign further long-term LNG contracts will be key to securing supply," Wood Mac said.

ECONOMIC TIMES, Delhi, 6.2.2025
Page No. 15, Size:(21.30)cms X (5.28)cms.

FOLLOWING PROPOSED RECLASSIFICATION...

More Small Cos to Benefit under Public Procurement Policy

Suryash Kumar

New Delhi: The proposed reclassification of micro, small and medium enterprise (MSME) will bring more small enterprises under the 25% public procurement policy, benefitting those with a turnover between ₹50 crore and ₹100 crore.

Presently, an enterprise with a turnover above ₹50 crore is categorised as a medium enterprise, making it ineligible under the procurement policy.

Under the policy, 25% of the government's annual procurement, including Central Public Sector Enterprises (CPSES), central ministries, and departments, needs to be made from micro and small enterprises (MSEs).

"A large segment of MSMEs- typically small enterprises — are suppliers in government tenders because 25% of procurement by central government and Central Public Sector Undertakings (CPSUs) is reserved for MSEs. This move will benefit enterprises that have a turnover between the ₹50 crore to ₹100 crore category," said Anil Bhardwaj, secretary general, Federation of Indian Micro and Small & Medium Enterprises (FISME). "Enterprises having a turnover exceeding ₹50 crore couldn't get benefits of MSEs under public procurement policy such as exemption from submitting earnest money for the tender," said an official who didn't want to be named.

The reclassification, which is likely to come into force from the start of FY26, also shows the government's shifting focus from turnover to investment in plant and machinery. "We will implement the definition by April 1 this year, and the focus of this change has been to increase investments in plant and machinery rather than just turnover," said the official. The present definition maintains a 1:5 ratio between investment and turnover which has been brought down to 1:4.

"Investments in plant and machinery have significant importance, nudging the MSMEs to invest more in technology and machinery," said the official.

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Natural gas: Go short on a break below ₹265

Gurumurthy K
bl. research bureau

Natural gas price has been coming down since mid-January this year. The natural gas futures contract, traded on the Multi Commodity Exchange (MCX), has tumbled about 25 per cent from around ₹369 per mmBtu. It is currently trading at ₹278 per mmBtu.

COMMODITY CALL.

OUTLOOK

The MCX natural gas futures contract has support at ₹265 and resistance at ₹300. The contract has been oscillating between these two levels for about a week now. Need to wait for a breakout on either side of ₹265 or ₹300 to get clarity on the next move. A strong break above ₹300 will give a breather for the contract. That will ease the downside pressure and take the contract up to ₹320-₹330 going forward. On the other hand, a break below ₹265 will keep the current downtrend intact. Such a break can take the MCX Natural Gas Futures contract down to ₹245 or even ₹235 in the short-term. Since the current trend is down, we see high chances for the contract to break below ₹265 and fall to ₹245-₹235 going forward. However, after this fall, we can expect the Natural Gas contract to move up again.

TRADE STRATEGY

Go short on a break below ₹265. Keep the stop-loss at ₹272. Trail the stop-loss down to ₹260 as soon as the contract falls to ₹255. Move the stop-loss further down to ₹254 when the price touches ₹250. Exit the short positions at ₹248.

EXPECTS INCREMENTAL OUTPUT FROM MUMBAI HIGH BY MAR 2026

ONGC sets FY26 capex target at ₹36,920 crore

ARUNIMA BHARADWAJ
New Delhi, February 5

STATE-OWNED OIL EXPLORATION and production company Oil and Natural Gas Corp (ONGC) has set its capex target for the upcoming financial year 2025-26 at ₹36,920 crore, the company said in its investor meet.

Of the total amount, the company intends to spend 38% as capital, 30% in development drilling, and 20% in exploratory drilling. The remaining amount will be spent in integration projects, research and development, and surveys.

So far, in the first nine months of the current fiscal 2024-25, the company has incurred a capex amounting to ₹45,335 crore.

In the domestic exploration front, the company is targeting a compound annual growth rate of 49% in its acreages at 300,000 square kilometre in FY26 against 180,000 sq km in FY25, it said in its investor presentation. For FY27, ONGC aims for its acreage under exploration to reach 400,000 sq km.

With 25 major (11 development and 14 infrastructure) projects with an investment of ₹74,474 crore in pipeline, the company has guided for growth of 3.4% (CAGR) in its domestic production at 44.51 mmtoe (millions metric tonnes of oil equivalent) in FY26 and 45.61 mmtoe in FY27. In FY25, the production stood at 42.44 mmtoe.

The state-owned upstream company is aiming to intensify its exploration activities, monetise discoveries, and maximise recovery from matured fields.

The company expects to complete Cluster –II of the KG-DWN-98/2 project by March 2025 with an envisaged gain of 44.74 mmtoe in its output.

ONGC had recently announced BP Exploration (Alpha) Ltd as its technical service provider to enhance the production from Mumbai High field. BP has indicated a substantial increase in Oil and Oil Equivalent of Gas (O+OEG) production (up to 60%) from baseline production levels over a 10-year contract period. The company expects incremental production from the field to begin from March 2026.

The company has also laid out a roadmap for its diversification in the renewable energy sector which will primarily be carried out by its subsidiary ONGC Green. ONGC Green aims at 1 gigawatt (GW) of RE capacity by the end of FY25 through asset acquisition with a capex of ₹1,000 crore, the company said.

CAPITAL GOALS

- During the first nine months of the current fiscal 2024-25, the company has incurred a capex amounting to ₹45,335 cr
- The firm aims to intensify exploration activities, monetise discoveries, and maximise recovery from matured field
- It intends to spend 38% of capex as capital, 30% in development drilling, and 20% in exploratory drilling

- With 25 major projects at an investment of ₹74,474 crore in pipeline, the firm has guided for growth of 3.4% (CAGR) in domestic production

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State-run OMCs Plan to Buy 40% More Ethanol to Meet 20% Blend Target

Sanjeev Choudhary


AFP

New Delhi: State-run oil marketing companies plan to increase their ethanol purchase by about 40% to 9.7 billion litre in the current ethanol supply year to meet the national target of 20% blending in petrol.

India aims to blend 20% ethanol into petrol by 2025 as part of its effort to reduce reliance on imported oil. In the ethanol supply year 2023-24, which began in November 2023 and ended in October 2024, the average national blending was 14.6%, with 7.07 billion litre of ethanol used up for the programme, according to the oil ministry data. State oil companies, which control about 90% of the petrol retail market, purchased 6.79 billion litre for the blending.

In the current ethanol supply year that began in November 2024, state-run oil companies plan to purchase 9.73 billion litre for the blending programme, an official said. This would include 3.91 billion litre of ethanol produced from sugarcane-related raw materials. The balance of 5.82 billion litre is expected to be sourced from grain-based processors. This would take the share of grain-based ethanol in the blending programme to 60%, compared to 27% in the ethanol supply year 2022-23.

A slew of government policy measures, including attractive ethanol prices, capital support for setting up production facilities and assured offtake, has led to a boom in grain-based ethanol production. A few years back, the government permitted the use of maize as well as damaged and surplus rice for producing ethanol. This helped more states to contribute to the ethanol blending programme. Previously, ethanol production was limited mainly to major sugar-producing states such as Uttar Pradesh, Maharashtra and Karnataka.

Every year, the Cabinet decides the prices of ethanol produced from sugarcane-related raw materials while oil marketing companies decide on other raw materials.

India aims to blend 20% ethanol into petrol as part of its effort to reduce reliance on imported oil

Ethanol produced from maize fetches ₹71.86 per litre, the highest among all raw materials. Ethanol produced by fermenting surplus rice sourced from Food Corporation of India (FCI) fetches ₹58.50 per litre. The rate of ethanol from damaged food grains is ₹64. Other rates are ₹65.61 (sugarcane juice), ₹60.73 (B-heavy molasses) and ₹57.97 (C-heavy molasses).

The alternative use of raw materials and their demand-supply situation influence the pricing of ethanol. Prices of ethanol from all raw materials except C-heavy molasses haven't changed for the current supply year.

The Cabinet raised the price of ethanol from C-heavy molasses by 3% for this year.

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Page No. 4, Size:(52.77)cms X (19.35)cms.

'Trump may be interested in seeing Indian firms signing US LNG contracts'

ANNE-SOPHIE CORBEAU is a global research scholar at the Center on Global Energy Policy at Columbia University's School of International and Public Affairs. She has more than 20 years of experience in the energy industry and is the author of many publications on gas, LNG markets, Asia, China, India and Africa. Corbeau, in an email interview with **S Dinakar**, spoke about US President Donald Trump's energy policy and its likely impact on India. Edited excerpts:

Q&A

What would be the impact of China's retaliatory tariffs on US energy imports (15 per cent on LNG and 10 per cent on crude)?

This is not the first time such a thing has happened. In 2018, following tariffs put in place by the (first) Trump administration, China put tariffs on US LNG. Eventually, this led to a year without any US LNG exports to China (between March 2019 and April 2020).

This time, volumes at stake are higher (China imported around 6 billion cubic meters of US LNG, against 3 bcm in 2018), but China and the US are not too dependent on each other. It is likely that the LNG will again go somewhere else if it's not competitive against other sources of LNG (especially if China increases the tariffs even further).

What does Trump's energy emergency mean? Two of his executive orders issued within hours of his taking office include the Unleashing American Energy order.

The emergency he is talking about is "an increasingly unreliable grid", requiring swift and decisive action. The emergency is quite centered on electricity, although gas in particular is a key source of this power. US power demand has been quite flat for over a decade, and was expected to increase rapidly in the short and medium terms due to AI (artificial intelligence) and data centres. Now, this might change as DeepSeek (a Chinese startup's AI service) seems to indicate that there will be less energy needed than they thought.

What he is doing with the National Emergency Act is facilitate the deployment of all domestic energy resources, but not solar and wind. It is possible though that his decisions not to support wind and solar eventually mean a higher domestic gas demand in the power sector, and potentially higher prices.

Will this make the fuels more accessible and affordable for countries like India. What would be the impact on LNG prices?

On whether it makes the LNG more affordable, it depends whether Chinese companies importing US LNG will try to replace it with other LNG sources, replace it by pipeline gas or domestic gas production (unsure they can get as much as 6 bcm though) or reduce their consumption. In the last cases, there will be more LNG available on the global gas market, so that should put downward pressure on prices.

> "TRUMP'S DECISION NOT TO SUPPORT WIND AND SOLAR (ENERGY) MEANS A HIGHER DOMESTIC GAS DEMAND IN THE POWER SECTOR, AND POTENTIALLY HIGHER PRICES"
>
> **ANNE-SOPHIE CORBEAU**
> Global research scholar at the Center on Global Energy Policy at Columbia University's School of International and Public Affairs

What impact will the orders have on LNG production and projects? Will it improve global LNG supplies and if so by when?

President Trump has stopped the pause of LNG liquefaction projects. There is no doubt that the administration will put pressure on the DOE [Department of Energy] to rapidly review the applications.

In any case, based on existing capacity the US is the largest LNG exporter. And it will remain so based on capacity under construction. The question is how many US LNG plants will take FID (final investment decision) in 2025 and 2026. We can imagine that US LNG exporters have also been working on securing more contracts during the pause. And that many countries/companies may be interested in signing more offtake agreements in order not to have tariffs.

Will India benefit from these orders or will they hurt its economy?

US LNG is usually sold with a Henry Hub plus formulae, which has been used since Cheniere started exporting in 2016. Therefore, the price of US LNG depends first on the Henry Hub price, which has been relatively low over the past decade (with the exception of 2022). As long as Henry Hub prices remain low, then, the price of US LNG will remain competitive. The other element which is important is the cost of liquefaction, which varies depending on the company/companies developing the LNG plant. Historically, we have seen those varying between \$2.25 and \$3.5/mm Btu. The lower the liquefaction fee, the more competitive US LNG is. That is not something that Trump can decide upon.

Do any of Trump's energy initiatives help India secure oil or gas at an affordable price?

The important thing is that I am not sure Trump is interested in making gas affordable. Competitive, yes. Competitiveness is good, because that means that US LNG is better than competitors. He may be interested in seeing more Indian companies signing long-term contracts to buy US LNG from new LNG export facilities that have not yet taken final investment decisions.

But it also depends on what India deems affordable. I remember an Indian minister saying in 2015 he wanted LNG at \$5/mmBtu, which is very low (and there is no US LNG delivered at that price).

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US sanctions: A bold move or another futile attempt

UTTAM **GUPTA**

The US has imposed a fresh round of sanctions on Russia's energy sector in a bid to cut its oil revenue. The crucial question remains: Will these measures be effective

On January 10, 2024, the outgoing Biden administration of the United States of America (USA) made public its latest round of sanctions on Russia aimed at cutting the latter's income from energy sales. These sanctions seek to target two large producers, as well as insurers, traders and more than 180 vessels carrying Russian oil. The US Office of Foreign Assets Control – the agency tasked with enforcement of the sanctions - has set a deadline of February 27, 2024, for the delivery of all crude cargoes that were loaded on sanctioned vessels before January 10, 2024. Besides, the European Union (EU) bloc countries are contemplating phase-out import of Russian Liquefied Natural Gas (LNG).

Will these sanctions work?

Before that, we need to ask whether sanctions worked in the past. In a bid to punish Russia for its military action against Ukraine, in June 2022, leaders of G7 viz., the United States, Germany, France, Britain, Italy, Canada and Japan had vowed to explore the feasibility of measures to bar imports of Russian oil at a price above a certain level. In September 2022, their finance ministers (FMs) said, "We confirm our joint political intention to finalize and implement a comprehensive prohibition of services, which enable maritime transportation of Russian-origin crude oil and petroleum products globally. Providing those services would only be allowed if the oil and petroleum products are purchased at or below a price (the price cap) determined by the broad coalition of countries adhering to and implementing the price cap."

On December 5, 2022, they set the price ceiling at US$60 per barrel. It was meant to weaken Russia financially by undermining its ability to generate revenue from the export of petroleum products while ensuring that supplies to them (read: G7/EU) are not impacted. There was an inherent contradiction in this approach.

Russia is the third-largest producer of crude oil with over 12 per cent share in global crude production and the second-largest exporter. In the case of natural gas (NG), it is the world's second-largest producer with a share of 10 per cent. In world export, its contribution is even higher at 25 per cent. When it comes to EU countries, their dependence on Russia is even higher, drawing 40 per cent of their NG supplies and 25 per cent of crude from it. Some countries in the bloc viz. Germany, Netherlands, and Poland source a much higher percentage of their requirements from Russia.

> DESPITE DEPENDING HEAVILY ON RUSSIA FOR THEIR ENERGY NEEDS, THE G7 COUNTRIES WANTED THOSE SUPPLIES SHOULD CONTINUE BUT THEY WOULDN'T PAY A PRICE MORE THAN WHAT THEY DEEMED FIT

Despite depending heavily on Russia for their energy needs, the G7 countries wanted those supplies should continue but they wouldn't pay a price more than what they deemed fit. Curiously, that price would be determined by 'how much revenue they would wish Russia to earn from those sales' not by global demand–supply forces. One is reminded of the famous adage 'if wishes were horses, beggars would ride'. As expected, things didn't pan out as per their wish.

Even as the group members were busy forging a coalition and deliberating on 'what should be the cap', the imposition of sanctions led to disruption in supplies leading to a steep increase in the price of both crude oil and NG. The EU countries were forced to buy all their requirements at 'elevated' prices as during that period, the price cap wasn't in force. This led to a huge increase in their import bill.According to the Centre for Research on Energy and Clean Air, Russia received about 158 billion euros in revenue for the sale of oil, NG and coal from February to August 2022, more than half of which – some 85 billion euros worth – was from the EU.

Russia's revenue increased even as overall export volumes dropped by 18 per cent compared with the corresponding period before the invasion of Ukraine. Put simply, Russia earned more by selling fewer volumes. On December 5, 2 022, the G7 bloc announced a ceiling price of US$60 per barrel of crude. This achieved little in restricting Russia's earnings. As it is, fixing the cap at US$60 per barrel is laughable considering that the cost of producing oil is substantially lower, in fact, a fraction of this number. Even if exports were made at this price (between December 2022 and June 2023, most of Russia's crude was selling at less than this price implying no violation), it would still be generating a lot of surpluses to keep its war machinery well-oiled.Since, July 2023, the price has been above the cap, courtesy, of reduced availability of oil worldwide as a result of Saudi Arabia and Russia cutting production by one million barrels per day (mbd) and 0.3 Mbps respectively over and above the cut agreed to in the meeting of OPEC + in April 2023.

Russia has been able to benefit from this as well. For instance, according to S&P Global Platts, its key export grade crude sold at around US$75 per barrel enabling it to garner oil income of US$211 million a day during September 2023.The sanctions didn't work. The G7 wanted to enforce it by requiring buyers of Russian petroleum to make "attestations" to providers of services including insurance, finance, brokering, and navigation to oil cargoes, saying 'they bought at or below the cap'.

What if the buyer gives a fudged document mentioning a price less than the cap? Still, the G7 countries can't take any action as per their agreement: 'services' providers can't be held liable for false pricing information provided by buyers and sellers.

It is also possible to circumvent the cap by setting the price as oil leaves a Russian port, not what's paid by a refinery in, say, India. While the former can stay well within the $60 per barrel level, transportation costs and margins of trading companies (albeit Russian-affiliated) in countries not participating in sanctions are inflated to yield the desired net back in Russian hands.

It is then no surprise that there are numerous instances of 'loading Russian oil at all ports within Russia' by vessels owned or insured by Western nations, with little sign of enforcement action initiated by the G7 authorities. Apart from this, there are umpteen parallel fleets and insurance companies - under non-Western ownership - that are being used for handling, shipping, and insuring Russian oil.

In case of NG, on December 19, 2022, the EU energy ministers had agreed to a price cap linked to the existing price of liquefied natural gas (LNG). Since, LNG prices are prone to fluctuations, the NG price cap would also fluctuate. It goes against the very idea of a ceiling price.

Besides, even this so called cap could be suspended if the EU faces a gas supply shortage, or if the cap causes a drop in trading volumes, a jump in gas use and so on. So, it was a non-starter.

Meanwhile, Russia has cut off most of its pipeline gas deliveries to EU forcing the latter to import record volumes of LNG from none other than Russia in 2024. In this backdrop, for EU to now proclaim that it will phase-out import of Russian LNG is plain rhetoric.

Thus far, the US/EU have roared like a toothless tiger. The latest sanctions announced by Biden don't change its basic character. They need to get adjusted to the realities of global demand-supply for energy and not let military objectives to dictate terms.

(The writer is a policy analyst; views are personal)

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मुख्यमंत्री ने दभोटा में रखी ग्रीन हाइड्रोजन संयंत्र की आधारशिला

मार्च, 2026 तक पहले हरित ऊर्जा राज्य के रूप में स्थापित करने की प्रतिबद्धता दोहरायी

बीबीएन, 5 फरवरी (निस)

मुख्यमंत्री ठाकुर सुखविंदर सिंह सुक्खू ने आज नालागढ़ तहसील के दभोटा में उत्तर भारत के पहले एक मेगावाट क्षमता के ग्रीन हाइड्रोजन संयंत्र की आधारशिला रखी। उन्होंने कहा कि 9.04 करोड़ रुपये की इस महत्वाकांक्षी परियोजना को हिमाचल प्रदेश पावर कार्पोरेशन लिमिटेड द्वारा ऑयल इंडिया लिमिटेड के संयुक्त तत्वावधान से विकसित किया जा रहा है। उन्होंने अधिकारियों को एक वर्ष की समयावधि के भीतर इस परियोजना को पूरा करने के निर्देश दिए। इस अवसर पर मुख्यमंत्री ने हिमाचल प्रदेश को मार्च, 2026 तक देश के प्रथम हरित ऊर्जा राज्य के रूप में स्थापित करने की प्रतिबद्धता को दोहराया। उन्होंने कहा कि दभोटा हरित ऊर्जा संयंत्र प्रदेश की नवीकरणीय ऊर्जा की सतत यात्रा में मील पत्थर साबित होगा। उन्होंने कहा कि हिमाचल प्रदेश के प्रयासों से यह नवाचार पहल अक्षय और नवीकरणीय ऊर्जा के क्षेत्र में हिमाचल को अग्रणी रूप से स्थापित करेगी।

मुख्यमंत्री ठाकुर सुखविंदर सिंह सुक्खू, विधायक हरदीप सिंह बावा के साथ बुधवार को नालागढ़ के दभोटा में उत्तर भारत के पहले ग्रीन हाइड्रोजन संयंत्र की आधारशिला रखते हुए। -निस

इस अवसर पर विधायक हरदीप सिंह बावा, विधायक राम कुमार चौधरी, विधायक संजय अवस्थी और विधायक विनोद सुल्तानपुरी, एचपीएसआईडीसी उपाध्यक्ष विशाल चम्बयाल, हिमाचल प्रदेश पावर कार्पोरेशन के प्रबंध निदेशक हरिकेश मीणा, निदेशक (कार्मिक एवं वित्त) हिमाचल प्रदेश पावर कार्पोरेशन लिमिटेड शिवम प्रताप सिंह, इंडियन ऑयल लिमिटेड के सीएमडी डॉ. रंजीत रथ, उपायुक्त मनमोहन शर्मा तथा पुलिस अधीक्षक बद्दी विनोद धीमान और अन्य गणमान्य उपस्थित थे।