

Adani forms JV for green hydrogen

New Delhi: Billionaire Gautam Adani's group on Friday said it has formed a joint venture with Japanese trading ho-



use Kowa Group for marketing of green ammonia and green hydrogen produced by the Ahmedabad-

based conglomerate.

“Adani Global, Singapore, a step-down wholly-owned subsidiary of (Adani Enterprises) has signed (the) JV agreement,” the group flagship firm said in an exchange filing.

Adani Group is investing multi-billion dollars in setting up facilities to produce green ammonia and green hydrogen from water.

Adani and Kowa will hold a 50% stake each in the joint venture. The group didn't provide further details. AGENCIES

As a big corporation, it's our duty to ensure we play our part: IOCL chairman

Sports Bureau
CHENNAI

Indian Oil Corporation Limited (IOCL) chairman Shrikant Madhav Vaidya reiterated his commitment to improving the sporting landscape in the country on Friday.

Vaidya has played a major role in launching flagship programmes that have assisted the growth of sports by providing employment and scholarships to sportspersons. "Everything cannot be left to the government. As a big corporation, it is our duty to ensure we play our part," Vaidya said.

"We got R. Praggnanandhaa on board when he was 16 – so we firmly believe a company like IOCL has to step in and drive the whole thing. Our reach is such that we are able to get the good guys from all over the country."

Praggnanandhaa has



Just the start: Shrikant Madhav Vaidya has assured that IOCL's commitment to Para Sports is a long-term one. M. SRINATH

had a stellar 2023, which has seen him finish as runner-up at the recently concluded FIDE Chess World Cup. The 18-year-old Indian is now the third youngest player after Bobby Fischer and Magnus Carlsen to qualify for the Candidates tournament.

IOCL has also tied up with the Sports Authority of India and taken 30 girl

athletes on scholarships for three years under its Indian Oil Shakti programme. Vaidya said the IOCL has 'consciously' steered clear of investing in cricket since "it does not need hand-holding any more."

The IOCL also recently signed an MoU with the Paralympics Committee of India, pledging its support for Para Asian Games 2022 in

Hangzhou, the World Shooting Para Sports World Cup 2024 in New Delhi, and the Paralympic Games 2024 in Paris. "The para team requires full corporate support, and this is just the beginning," Vaidya said.

"We have signed an MoU with PCI and assured them that this is not a one-time effort but a long-term mission to boost Para sports. Deepa Malik, who is the 'brand ambassador' in a way, informed me that one of the throws by para javelin thrower Sumit Antil is about 70 metres. These remarkable athletes deserve all the limelight."

Asked about his company's future course of action vis-a-vis sports, Vaidya said: "We may take the hybrid route – some athletes could get contracts, and some will be groomed the regular way. But we will continue to engage in some form or another."

India expected to launch the Global Biofuel Alliance today

Rishi Ranjan Kala
New Delhi

Aiming to accelerate adoption of biofuels, create global standards and enhance industry participation, India is expected to launch the much-awaited Global Biofuel Alliance (GBA) at the G20 Leadership Summit in New Delhi on Saturday.

Sources said that 12 international organisations and 15 countries are willing to be initiating members, while four nations have expressed interest to be observer countries. However, countries such as China, Russia and Saudi Arabia have decided against joining the alliance.

"The Prime Minister is expected to launch the GBA to-

morrow at the leadership summit.

This will be the third global institution whose formation was spearheaded by India for global development after the International Solar Alliance (ISA) and the Coalition for Disaster Resilient Infrastructure (CDRI)," said one of the sources.

A senior government official said the formalities related to the announcement are expected to be firmed up at the bilateral meeting between India and the US, which among other issues includes clean energy. The US President Joe Biden is expected to strongly endorse the GBA.

India, at several forums, has emphasised that there is an urgent need to have a global platform that can address the un-

derlying challenges and enable wider international cooperation to realise the huge untapped potential of sustainable biofuels to cater to common global goods of climate change mitigation through reduced carbon emissions and achieving sustainable development goals.

PROMOTING BIOFUELS

The Ministry of Petroleum and Natural Gas (MoPNG) has been instrumental in aggressively promoting the cause of biofuels and the creation of a global consortium of countries to develop an international market for biofuels and promote research and development for second and third generation biofuels.

The MoPNG conducted a special ministerial session,



GBA: Consultations and Recommendations, which was headed by Oil Minister H S Puri on July 22, 2023, in Goa, in conjunction with the G20 Energy Ministerial Meeting.

Countries such as Argentina, Bangladesh, Brazil, Canada, Italy, Kenya, Mauritius, Paraguay, Seychelles, the UAE, Uganda and the US participated in the session.

The consultative process

resulted in the energy ministers recommending the establishment of the multi-stakeholder global alliance on Biofuels to the G20 leaders.

MEMBERSHIP

GBA will be a competent organisation that will set technical standards for Sustainable Aviation Fuel (SAF) business in collaboration with relevant industry bodies, he added.

The alliance will have a three-category membership structure bringing together member countries, partner organisations and industries.

GBA will work towards enhancing global collaboration and cooperation for accelerated adoption of biofuels by identifying global best practices for the development and deployment of sustainable

biofuels and bio-products.

BIOFUELS

The International Energy Agency (IEA) estimates that global sustainable biofuels production would need to triple by 2030 to put the world's energy system on track towards net zero emissions by 2050.

Liquid biofuels in 2022 avoided near 2 million barrels of oil per day in the transport sector. However, their deployment is not accelerating fast enough. Moreover, more than 80 per cent of global production is concentrated in just four markets: the US, Brazil, Europe and Indonesia.

In India, ethanol's share of energy use in gasoline vehicles reached 6 per cent in 2022, double of 2019 levels.

IOC's ethanol plant at Panipat to reach 100% capacity utilisation soon: Chairman

Ramesh M
Chennai

Indian Oil Corporation's ₹900-crore 2G ethanol plant in Panipat, which was inaugurated by Prime Minister Narendra Modi in August 2022, is set to reach 100 per cent capacity utilisation in a few months, said IOC's Chairman and Managing Director, Shrikant Madhav Vaidya.

In an interaction with the journalists of *The Hindu* Group of publications, Vaidya said the feedstock for the bioethanol plant — rice husk (parali) — is available for collection only for about 45 days, and will need to be stored for the entire year. The plant will need 150,000 tonnes of feedstock every year.

The collection of the feedstock has begun now, and the plant, therefore,



Indian Oil Corporation's CMD Shrikant Madhav Vaidya, in Chennai, on Friday BUJOY GHOSH

will reach full capacity shortly, he said. Refiners like IOC are required to supply petrol that has 20 per cent (bio)ethanol by 2025. Vaidya said that in October, IOC's blend was 12.5 per cent, which will be raised to 15 per cent next year, and then, gradually, to 20 per cent by 2025.

Also, part of the 2G ethanol will go to the production of SAF (sustainable aviation fuels), which is also

coming up near the Panipat refinery, under a joint venture with Lanzajet, a subsidiary of Lanzatech in which IOC has a stake. The Carbon Offsetting and Reduction Scheme of International Aviation (CORSIA) of the International Civil Aviation Organisation has said airlines will fly with 2 per cent SAF blends. IOC will supply fuels that comply with that decision, said Vaidya.

Stressing that "going green is no more an option but an imperative", Vaidya said "today, I am supplying 9 per cent of the country's energy — of all forms". The number will go up to 12.5 per cent by 2045. The entire increase will come from green sources, he said.

GREEN HYDROGEN

On green hydrogen, he said the joint venture with L&T and the renewable energy company, ReNew Energy,

had been formed, and "we will be bidding for projects".

In August, IOC invited bids for setting up a 10,000 tonnes-per-annum of green hydrogen capacity to be set up near its Panipat refinery. Vaidya said the IOC-L&T-ReNew joint venture will participate in the bid. The JV will have to bid and win the project; it will not be handed the project just because IOC is a partner in the JV, he said.

Vaidya said IOC will set up 500,000 tonnes-a-year of green hydrogen capacity by 2040. Asked whether green hydrogen will be expensive, he said it will cost three times as much as grey hydrogen (hydrogen produced through processes that have associated greenhouse gas emissions).

However, one should not always look at economics, but do the right thing for the planet, he said.

IOC's Panipat ethanol plant to hit 100% capacity utilisation soon

M. Ramesh

CHENNAI

Indian Oil Corporation's ₹900-crore 2G ethanol plant that was inaugurated by Prime Minister Narendra Modi in August 2022, is set to reach 100% capacity utilisation in a few months, from 30% now, IOC's Chairman and Managing Director, Shrikant Madhav Vaidya, said on Friday.

In an interaction with journalists of *The Hindu* group of publications, Mr. Vaidya said that the feedstock for the bioethanol plant – rice husk (parali) – was available for collection only for about 45 days and would need to be stored for the entire year. The



Shrikant Madhav Vaidya

plant would need 1,50,000 tonnes of feedstock every year. The collection of the rice husk had begun and the plant would reach full capacity shortly, he added.

Refiners including IOC are required to supply petrol that has 20% bioethanol by 2025. Mr. Vaidya said that in October, IOC's

blend would reach 12.5%, which would be raised to 15% next year and then, gradually, to 20% by 2025.

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LEAK IN PIPELINE LEADS TO CRUDE OIL SPILLAGE IN SEA

Aashish Gharat



Navi Mumbai: A leakage in the pipeline at the Oil and Natural Gas Corporation (ONGC) plant in Uran resulted in huge quantity of crude oil spilling into the storm water drainage channel and further into the Arabian sea early morning on Friday. The leakage has caused water pollution and has raised ecological concern, apart from affecting the livelihood of local fishermen and damaging the crops of some local farmers, alleged environmentalists. In the morning, when the fishermen arrived at Pirwadi beach to venture into the Arabian sea in their boats for fishing, they spotted the grey-black layer of crude oil stretched along the shoreline. Jameel Pasha, the spokesperson for ONGC said, "Minor crude oil spillover was observed at the seashore near Pirwadi Beach, Uran on Friday around 5.45 am. The Oil Spill Response (OSR) team of ONGC plant at Uran rushed to the spot. The root cause was detected, measures were taken and the spillover was arrested." — **George Mendonca**



Oil India plans net zero by '40, to invest \$2 billion in projects

Oil India Ltd aims to invest ₹165 billion (\$1.98 billion) in clean energy projects to meet its 2040 net zero carbon emissions goal, said two sources familiar with state-run energy companies' net zero strategy. The companies are investing billions of dollars in projects aimed at reducing emissions as one of the world's biggest emitters of greenhouse gases, aims for zero by 2070. Together with Oil India, six-state run energy companies plan to invest ₹6.38 trillion, the sources said.

PTI

Oil on the boil

The only way to reduce vulnerability to higher prices is to boost domestic production

WITH GLOBAL OIL prices surging to \$90 a barrel and expected to remain high and volatile in the future, their impact is bound to be serious for countries like India which imports 88% of its requirements. All of this is a recipe for costlier imports and build-up of inflation in the economy if global oil prices "pass-through" leads to higher domestic prices. If this indeed happens, this would straightaway translate into a 4.2 basis points increase in retail inflation that is currently ruling at 7.4%. But it is highly unlikely due to political compulsions to insulate the urban middle class from rising fuel prices ahead of forthcoming assembly and national elections. Recently, the government lowered the price of a gas cylinder by 1.8%.

Together with the ongoing freeze (17 months so far) on petrol and diesel prices at the pump, the country's oil marketing companies will obviously take the hit and will be awash in red. Elevated global oil prices—which are expected to remain in the range of \$85-95 a barrel over the near-term—are also bad news for the country's external account. A rule of thumb is that every increase in global oil prices by \$10 a barrel raises the current account deficit—which is the broadest measure of India's goods and services transactions—by \$9-10 billion. The deficit this fiscal may thus widen to more than the 2% of the GDP registered in FY 23.

Why is oil on the boil? The proximate cause is the decision of leading global oil producers like Saudi Arabia and Russia to unilaterally extend their cuts of 1 million barrels per day (bpd) and 300,000 bpd, respectively, till December. In a relatively tight market in which global production and consumption demand are roughly in balance this year, such a significant reduction in oil supplies led to oil prices breaching \$90 a barrel on September 5 for the first time since November 2022. Saudi Arabia has major stakes in higher oil prices to fund its ambitious modernisation programme and for diversifying its economy away from dependence on fossil fuels. Saudi Arabia has enormous pricing power and is exercising it. Russia needs higher oil revenues to fund its ongoing war in Ukraine and is squeezing supplies to ensure higher prices. Western sanctions sought to cap its price at \$60 a barrel but now the situation is vastly different. All of this does not augur well for India's energy security as it has been heavily dependent on discounted Russian oil. The prospect is now for rising prices, lower discounts and higher shipping costs which may result in lower purchases of Russian oil over the near-term.

To reduce its vulnerability to higher oil prices, India must aim for greater self-sufficiency through higher domestic oil and gas production over the medium-term. Unfortunately, this is not happening. Domestic crude production has been steadily declining from 38.1 million tonnes (mt) in FY 12 to 29.2 mt in FY 23. In the first four months of the current fiscal, production at 9.8 mt is not different from a year earlier. To curb import dependence, there is a need to step up domestic exploration and production. This is the best way to insulate the urban middle class from the vagaries of oil prices without bleeding the state-owned oil majors ahead of elections.



Oil, gas producers ride the wave of rising crude prices

Ujjval Jauhari

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NEW DELHI

Rising crude oil prices are drawing investors to upstream oil and gas producers.

ONGC Ltd, with gains of almost 18% in the last three months, is trading near the 52-week highs it scaled this week. Oil India Ltd, with gains of more than 11% during the period, is also trading near 52-week highs it scaled a few days back.

Brent crude that was trading in the \$70-75 a barrel range in June is up close to \$90 a barrel and at a 10-month high. The tightening of supplies by oil producers and extension of production cuts by Saudi Arabia and Russia are causing the rise in prices. With the onset of winter and rising needs of energy, oil prices could surge further.

Tapan Patel, fund manager,



As supply remains tight, demand for oil in Asia is rising. This could put pressure on prices if the supply situation doesn't ease. REUTERS

commodities, Tata Asset Management said global crude oil prices have rallied to the highest levels since November 2022 over tightening supply scenario. The benchmark NYMEX WTI crude oil prices hit \$88 per barrel while ICE Brent crossed \$90 per barrel.

"Crude oil prices surged after extended supply cuts from OPEC plus nations, majorly from heavyweights Saudi Ara-

bia and Russia. The large inventory draws in the US and depleted US SPR (strategic petroleum reserve) is an additional supply risk factor for oil prices in the coming months," said Patel.

As supply remains tight, the demand in Asia is rising, and this could again put pressure on prices if the supply situation does not ease.

"Asia's net oil imports will

rise to 29.1 million barrel per day (bpd) in 2023 from 27.9 million bpd in 2022 and 27.8 million bpd in 2021. For 2023 and 2024, Asia would regain its leading role by contributing to 64% of the global oil demand growth each year," said Wang Wu, head of global demand and Asia analytics, S&P Global Commodity Insights.

With rising demand and tightened supplies in the near term, analysts said, the prices are likely to stay firm till supplies ease.

The rise in crude prices is "sentimental positive news" for all oil producers, said analysts. Net crude oil realizations of the upstream companies, though, may not move up much as the government keeps adjusting the windfall tax in tandem with crude price movement. However, the

companies are expected to continue performing well overall.

Analysts at ICICI Securities said Q1FY23 (April-June 2022) saw the last quarter of strong oil realizations flowing through unimpeded to upstream companies (ONGC and Oil India), with the imposition of windfall

Tightening of supplies by oil producers and production cuts by Saudi & Russia are causing the rise in prices

tax from July 2022 restricting net realizations to \$72-76 a barrel level thereafter. The net realizations of \$74 a barrel in Q1FY24 for oil therefore dipped sharply by \$35 a barrel year-

on-year.

The realizations though restricted, however, remain steady. These steady realizations of close to \$70 a barrel, coupled with some rise in production, are still expected to drive earnings of upstreams, said analysts.

Oil, gas producers ride the wave of rising crude prices

Ujjval Jauhari

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