

10 countries likely to join biofuel group at launch

MANISH GUPTA
New Delhi, July 12

MORE THAN 10 countries are likely to be the founding members of the proposed Global Bio-fuel Alliance (GBA) at the time of its launch during the G20's Energy Transition Ministerial Meeting in Goa on July 22.

"The number of countries interested in joining the biofuel alliance is in double digits. Though this is not meant for all, countries that plan to be members are from all the continents," a government official said.

The BGA, which is backed by the US, Brazil and India, will be opened up for membership for all countries, including the G20 nations. Oil minister Hardeep Singh Puri has said that it is a priority under the India's G20 presidency.

India, USA and Brazil together account for 85% of global ethanol production with USA producing 55%, Brazil 27% and India 3%. The alliance is being seen as having a huge potential that can be a competition to OPEC.

International Energy Agency (IEA) estimates that the percentage mix of liquid and gaseous biofuels in liquid and gaseous fuels can grow from the current 1.6% up to 15.8% by 2050 in the net zero scenarios.

India plans to have special fuel stations across the country retailing E20 petrol by 2025. E20 fuel is a blend of 20% ethanol with petrol. It also plans to mandate the use of 1% of sustainable aviation fuel (SAF) for domestic airlines by 2025.

Singh, at an event on Tuesday, said that sustainable biofuels will significantly contribute in achieving net zero. Though it is economically viable, realisation of full potential is facing many hurdles including feedstock supply issue, technological limitations, policy framework, financing and investment, he said.

BP, Total win in \$14-bn German offshore tender

VERA ECKERT &
CHRISTOPH STEITZ
Frankfurt, July 12

OIL MAJORS BP and TotalEnergies emerged as the winners in a 7 gigawatt (GW) offshore wind site auction in Germany, with total successful awards for four locations amounting to 12.6 billion euros (\$13.96 billion).

"The results confirm the attractiveness of investments in offshore wind power in Germany," said Klaus Mueller, president of the regulator, the Bundesnetzagentur. He called the move an important step towards reaching a national offshore capacity goal of 30 GW by 2030.

Three sites in the tender for building 2 GW of offshore turbine capacity are located around 120 km north west of the island of Heligoland in the North Sea and one with 1 GW lies in the Baltic Sea, some 25 km away from the island of Ruegen.

BP won the rights to develop two projects, marking its entry into offshore wind in continental Europe and representing 4 GW out of the total, it said in a separate statement.

Awards for the other two sites -- which include rights to develop, build and operate the plants and to receive network connections -- went to TotalEnergies, the French company said in a statement.

Ninety percent of the revenue from the tender will go to reducing electricity costs and marine protec-



NEW WIND SITES

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BP said that the move was fully aligned with its integrated energy strategy and disciplined capital allocation. It said it expected returns from the project of between 6-8%.

BP's initial payments totalling 678 million euros, equivalent to 10% of the bid amount, will be paid by July 2024 and the remaining 90% over a 20-year period when the projects become operational.

—REUTERS



India plans global biofuel alliance with eye on Opec+

Saudi Arabia, China and Russia likely to give it a pass; India, Brazil, US are core members

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NEW DELHI

India is working on a plan to allow bio-fuel exports and trading as it sews together a compact for Global Biofuel Alliance (GBA), whose foundation document is set for a launch later this month in Goa that will be attended by G20 member countries and other nations as well.

However, Saudi Arabia, Russia and China are expected to skip the 22 July marquee event where the alliance will be opened up for membership, said two people aware of the development.

Goa is hosting the 14th Clean Energy Ministerial and 8th Mission Innovation meeting from 19-22 July on the margins of the G20 Energy Transitions Ministerial Meeting.

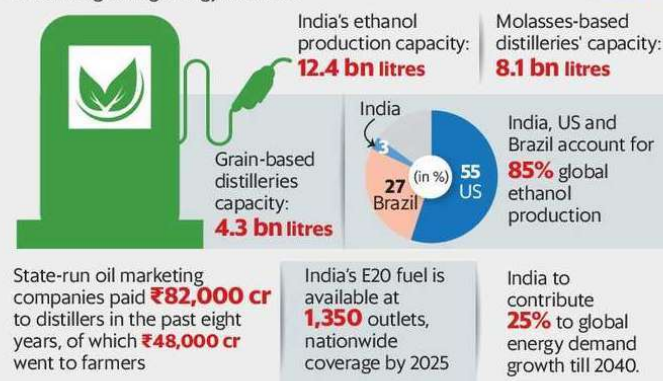
With an eye on the Organisation of the Petroleum Exporting Countries-plus (Opec+) grouping and achieving net-zero, the initiative is set to have an impact on the global energy architecture, with Brazil, the US and India being the core members of the alliance.

In 2018, India restricted the import and export of biofuels in a bid to increase domestic capacity.

The move also provides a signal to the Opec+ grouping, which has ignored calls by New Delhi to increase production amid record high prices of petroleum products.

Green fuel push

India is looking to ramp up biofuel production capability in view of growing energy demand.



It plans to achieve this by strengthening pathways involving biofuels, and securing their supply and availability. To be headquartered in India, other nations can also join the alliance by endorsing the foundation document. Membership is also open to non-G20 countries.

A spokesperson for the Chinese embassy in New Delhi in an emailed response said, "We don't know where the information comes from. It might be a rumour."

Brazil's ministry of foreign affairs said, "The Global Biofuels Alliance is a global initiative that aims to expand and strengthen sustainable biofuels markets through technical cooperation, policy lesson-sharing and dialogue about standards."

"Brazil supports the global biofuels alliance and its comprehensive and broad goals, especially towards the promotion of biofuels around the world."

Queries mailed to India's ministries of petroleum and natural gas, and external affairs; and the embassies of the US, Saudi Arabia and Russia on Monday remained unanswered.

India has an ambitious biofuel roadmap where the government has set a target to achieve 20% ethanol blending in petrol by 2025-26.

The target of petrol supplies with 10% ethanol blending was achieved in June last year, ahead of the original schedule of November 2022.

The alliance has not found favour with one of the world's largest oil producer Saudi Arabia, which has a focus on conventional hydrocarbons. Russia, meanwhile, is part of the Opec+ that has been announcing successive production cuts at a time when the global economic recovery has been fragile.

China, which is a major biofuel producer with whom India has been engaged in an eyeball-to-eyeball confrontation since 2020, is opposed to the India-led initiative. China also boycotted a G20 meeting on tourism held in Srinagar in May.

"Trading and exports of biofuels are

the main issue. Though India's national biofuel policy doesn't currently allow it, this will subsequently be modified. The foundation document is under advanced stage of negotiation and its voluntary endorsement is non-binding in nature and doesn't place any obligation," said one of the two people cited above.

The GBA's focus is on accelerated adoption of biofuels, creating new bio-fuels, setting internationally recognized standards and codes, identifying global best practices, and ensuring industry participation to have quantifiable outputs.

2018

Year India curbed import, export of biofuels

20%

ethanol blending in petrol target by 2025-26



IOC GIVES \$100 MN CONTRACT TO THYSSENKRUPP

Mumbai, July 12: Thyssenkrupp Industrial Solution India, a unit of the German engineering major, on Wednesday said it bagged a \$100-million order from Indian Oil Corporation to build a polybutadiene rubber plant at Panipat refinery complex in Haryana.

Polybutadiene rubber is manufactured from the polymerization of butadiene and has applications in manufacturing tyres and additives.

Thyssenkrupp will execute this project, with 60 kilo tonne per annum capacity.

The engineering, procurement and construction contract scope includes residual process engineering, detail engineering, project management, procurement, construction and commissioning of the plant, said Rajesh Kamath, chief executive officer of Thyssenkrupp Industrial Solutions' chemical plant business. It is also implementing the n-butanol project and catalytic dewaxing project for IOC's Gujarat refinery.

—PTI



Lower Prices Help RIL-BP, Nayara Treble Share in June Diesel Sales

However, current share of private players in national sales is still less than the 11.3% they had in 2021

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New Delhi: Reliance-BP and Nayara Energy have nearly trebled their share of the country's diesel sales to 9.4% in June from a year earlier, using price discounts to regain domestic customers they had lost last year while focusing on the high-margin export market. RIL-BP's share in total diesel sales has risen to 4% in June from 1.2% in the same month a year earlier. Rosneft-backed Nayara Energy's share has expanded to 5.4% from 2%. Shell's share remained stagnant at 0.1%.

As a result, the share of state-run players

Private Gain

RIL-BP's share in diesel sales rises to **4%** from **1.2%** a year ago

Rosneft-backed Nayara Energy's share up at **5.4%** from **2%**

Shell stagnant at **0.1%**

State-run players' share drops to **90.5%** from **96.7%**

However, BPCL and HPCL gain marginally

Indian Oil's share falls to **41.4%** from **49.1%**



has dropped to 90.5% from 96.7% despite BPCL and HPCL gaining marginally. Indian Oil Corp has been the only loser in the game, with its share declining to 41.4%

from 49.1%. Indian Oil's market share gain was equally dramatic last year, rising from 42.4% in June 2021 as it stepped in to fill the gap left by the private players.

For private players, the current share in diesel sales is still less than the 11.3% they had in June 2021. "The shuffling of market share shows things are getting back to normal," said an industry executive. Last year, private players were discouraging domestic sales as they didn't want to compete with state-run players who were selling at a price much lower than the skyrocketing international prices. International fuel prices have now fallen while domestic pump prices remain unchanged. This is helping retailers make supernormal profits.

Fuel retailers made ₹8-9 on each litre of petrol and diesel sold in the April-June quarter, according to ICICI Securities' estimates. "With such extraordinary margins, private players can afford to offer some discounts," said the executive, adding state-run players haven't cut prices as they are looking at their overall gains.

Maruti Suzuki drives in Fronx CNG trim

New Delhi: Maruti Suzuki India on Wednesday said it has launched a CNG trim of its compact SUV Fronx with price starting at Rs 8.41 lakh. The two trims -- Sigma and Delta -- are tagged at Rs 8.41 lakh and Rs 9.27 lakh, respectively. The CNG variants come mated with a 1.2 litre petrol engine with a power output of 77.5PS and a fuel efficiency of 28.51 km/kg.

PTI

To make corporate social spending more impactful, change the laws, rules and processes

More Bang for the CSR Buck



Laveesh Bhandari

The term dharm khaata has almost vanished from the language of business in India. But there was a time when the practice of adding an additional cost to the final bill, the dharm khaata, was prevalent. It contributed to the operations of educational and healthcare institutions and religious and community-oriented ones, especially in the pre-Independence era.

Philanthropy was practised in other ways too. Even today, religious institutions rent out spaces donated to them. The rental revenues fund their activities. Going back further in the past, there are examples of rulers and nobles endowing villages and tax revenues to ashrams and religious and educational institutions to help them fund their activities.

There is a difference between these two types of giving. The former contributed to the expenditures, while the latter was a one-time grant and helped create a corpus. More important, both types of philanthropy had different purposes, the former method of allocating funds for meeting expenditure needs had a short-term agenda, such as feeding the poor and providing clothes and scholarships for poor students. But the corpus or asset creation is more about undertaking activities with a longer-term perspective, including building educational institutions, hospitals, funding scholarships and religious leaders.

By appreciating this difference, we can better understand the ongoing

debate on CSR. Specifically, a recent newsletter by the ministry of corporate affairs states, 'To ensure that the impact of CSR is deeply felt, it is imperative that the companies take a long-term comprehensive approach to yield productive results. For increased effectiveness and efficiency, it is important to execute CSR efforts strategically with the right balance of capital investments and operational expenses.' Despite impressive growth in CSR spending, there are concerns that this spending delivers suboptimal results. These concerns need to be addressed, but the problem lies in the design of the CSR mechanism itself.

Any activity with a longer-term perspective takes time to show desired results. However, the CSR mechanism requires companies to report on the allocation and a detailed impact assessment.



Without a framework that differentiates between short- and long-term expectations, allocating CSR funds to activities that show quick, measurable results is always safer

Without a framework that explicitly differentiates between short- and long-term expectations, allocating funds to activities that show quick, measurable results is always safer. This is the CSR department's operational objective — being able to report results quickly and credibly.

But there is also a larger problem faced by the implementing agency or the NGO receiving the funds. If funds are not committed for a longer duration, it is risky to undertake any longer-perspective project. Therefore, NGOs also tend to prefer shorter-duration projects under the CSR regime, not by intention but for operational reasons.

A corpus helps the implementing agency (or the NGO) not be overly dependent on the future profitability of the funding firm. It also helps organisations hire better-quality human capital for the long term rather than project-based staff. But few can get corpus funding; only those who can prove credibility and sincerity get such funds. There is a built-in me-



Simplify the rule book

chanism of systemic improvement here; it takes some time for such market-based mechanisms to evolve, but the incentives are structured well naturally, as history shows.

How should we help enhance the power of CSR and yield superior longer-term sustainable results? The CSR law and subsequent rules call for the allocation of 2% of profit after tax. But they also specify different rules on what can be done, how to allocate and limits on its administration. Given that there are no tax-related issues, the laws should focus on a well-defined negative list and insist on transparency and reporting of CSR activities. The negative list already exists and includes limitations on CSR for activities such as employee welfare and political causes. The transparency mechanism also exists through regular impact assessments added to the firm's annual reports. There is no need for any other rules.

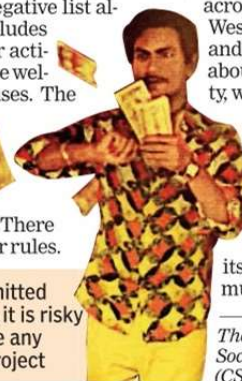
If funds are not committed for a longer duration, it is risky for firms to undertake any longer-perspective project

More important, investing in the corpus was initially allowed but later removed. This needs to be brought back. If the financials of the implementing agency are not stable, it will not be able to build sustainability in its projects. The problem of short-term orientation that the ministry is concerned about is linked to the form in which funding is being given and received. The action will be long term only if the funds are untied, that is, for the corpus.

There is also a deeper underlying issue. The concept of dharm khaata had an element of duty and responsibility (and there are similar concepts across different religions), and Western notions of charity and philanthropy are more about doing good for humanity, while CSR in India today is about following the law. Each has similar objectives of businesses contributing to social good, but they get operationalised differently.

If CSR is to work better, its laws, rules and processes must be reviewed.

The writer heads the Centre for Social and Economic Progress (CSEP). Views are personal



Natural gas futures: Buy on a dip to ₹215

Akhil Nallamuthu

bl. research bureau

Natural gas futures (continuous contract) on the Multi Commodity Exchange (MCX), after marking a high of ₹241 a couple of weeks, saw a fall in price. It is now hovering around ₹224.

COMMODITY CALL.

The price action since mid-June shows that the contract has been oscillating within the ₹215-240 range. Within this range, the nearest resistance from the current level is at ₹227. On the back of this, we might see the price falling to ₹215.

However, we expect the contract to rebound from this level and see a rally to ₹240. A break-



out of this level can lift the contract to ₹275. That said, instead of a bounce, if the contract declines below the support at ₹215, the short-term outlook might turn bearish. Support below ₹215 are at ₹200 and ₹190.

TRADE STRATEGY

Hold back now and initiate fresh long positions if natural gas futures dip to ₹215. Place stop-loss at ₹208 at first; revise this to ₹218 when the contract rallies past the hurdle at ₹227. Book profits at ₹237.

Why retail fuel prices are frozen despite decline in crude prices

Richa Mishra
Hyderabad

A piece of news that attracted attention last month was when the Minister for Petroleum and Natural Gas, Hardeep Singh Puri, was quoted as saying that the public sector oil marketing companies (OMCs) may take a call on fuel prices if crude oil rates stayed stable. The Minister seemed to be indicating, according to the reports, that the oil retailers would be in a position to look at the issue if international prices remained stable and the companies had a good next quarter.

DATA FOCUS.

Theoretically, oil retail pricing is deregulated in India, but the reality is something else. The government of the day does artificially manage the pricing by sending informal instructions to the oil companies. India's oil retail market is mostly dominated by public sector undertakings — Indian Oil Corporation, Hindustan Petroleum Corporation, and Bharat Petroleum Corporation — with Indian Oil Corporation being the key player. There are private sector players too.

As on April 2023, the number of PSU retail outlets in India was Indian Oil: 36,285; Bharat Petroleum Corporation: 21,029 and Hindustan Petroleum Corporation: 21,186.

The price at which Indian refiners bought their crude oil (Indian Basket) in April 2023–24 averaged \$83.76 a barrel; it cruised around \$74.9 a barrel in May and June; and in July till now, it has averaged \$76.62 a barrel.

But despite the price of crude imports moving down, retail selling prices for petrol and diesel have been frozen for more than 13 months now. And to add to this, the governments, both at the Centre and the States, play around with local taxes and levies. Petrol and diesel are

Fuel prices stagnant

Fuel prices stagnant for more than a year Price (₹/litre)

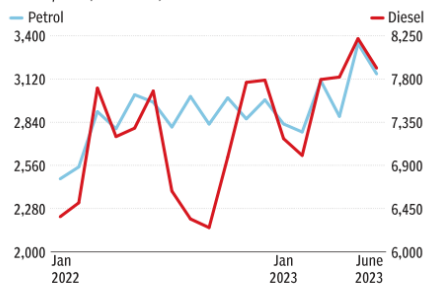
Last price revision	Metro	Diesel	Petrol
May 22, 2022	Delhi	89.62	96.72
May 22, 2022	Chennai	94.24	102.63
May 22, 2022	Kolkata	92.76	106.03
July 15, 2022	Mumbai	94.27	106.31

But crude oil price has been coming down



Consumers lose out since consumption is increasing

Consumption ('000 tonnes)



Source: PPAC

Compiled by AJ Vinayak

still out of GST rates.

Where does all this leave the consumer?

The high fuel costs definitely dent the consumer's pocket. And with some States going to the polls in the coming months, no one would touch fuel prices, as they do impact the vote bank. Even if lower prices benefit are passed on to the consumers, there is also a situation when the governments, both at the Centre and the States, tweak the tax components, thus making little or no difference to the consumer's pocket.

OMCs, according to ex-

perts, are supposed to compute moving average prices based on prices in the previous fortnight, considering the exchange rate. Those tracking the sector say now they are making a good margin and probably creating a buffer in case crude prices move up during election time.

According to some, the government is doing a balancing act behind the scenes while taking the official position that OMCs are free to fix petrol and diesel prices!

Visualisations by AJ Vinayak