

# '\$300-400-bn investment a year can meet energy transition target'

ARUNIMA BHARADWAJ  
New Delhi, October 12

**INDIA WILL HAVE** to invest \$350-400 billion annually in energy transition technologies till 2047 in order to achieve its energy transition commitments which also includes tripling the renewable energy to 500 GW, a recent report launched by KPMG said. Globally, \$4.5 trillion investment is required to meet the Net Zero emissions target by 2050.

"Manufacturing for the domestic and global clean energy and ancillary industries presents a \$300-400 billion market opportunity for India by 2030," the report said.

Out of this, renewables alone will require an investment of \$1 trillion per year globally, with its capacity increased to 1,600 GW by 2047.

However, to achieve this target, analysts believe a lot of work needs to be done on the research and development side with technological innovations.

"There is a lot of further action that needs to happen," said Vikas Gaba, national head – power at KPMG. "First is widening the technology option and then comes supply chain efficiencies."

Gaba further said that decarbonization of the indus-

trial sector is necessary where people can go for cleaner energy sources.

Global and domestic energy transition could create a demand for 5-6 million jobs by 2030 and 9-10 million by 2047 in India, the report said.

"Industry and government interaction is strong. However, industry, government, and research and innovation interaction is not there as of now, but we are looking into it," said

Anish De, Global Head for Energy at KPMG while talking about how can India deal with the challenges that come up while transitioning from fossil fuel based energy to renewables.

Further, the report highlighted

that Indian companies must identify reliable sources to ensure consistent supply of components for clean energy manufacturing. It emphasized the need to establish procurement processes that align with the best practices of the industry.

The share of non-fossil fuel is targeted to reach up to 85% in 2047 which will require ten times the growth than the 41% in 2022.

Analysts believe that private investments can help in building a stronger foundation for renewable sources. However, this would require a lot of project structuring.

**Manufacturing for the domestic and global clean energy and ancillary industries presents a \$300-400 billion market opportunity for India by 2030**

## ‘Consumption by city gas distribution network to see 23% rise in next 5-yr’s

**Our Bureau**

New Delhi

The present natural gas consumption by India’s city gas distribution (CGD) network is around 35 million standard cubic meters per day (MSCMD), which is expected to rise to 150 MSCMD by 2028.

Petroleum and Natural Gas Regulatory Board (PNGRB) Member Gajendra Singh said that out of the total 300 geographical areas (GAs) across the country, industrial consumers are procuring gas in 276 GAs.

### INDUSTRIAL USAGE

Singh was speaking at an event, where Oil Minister HS Puri launched the 12<sup>th</sup> CGD bidding round, which aims to establish natural gas infrastructure in the north-eastern states (except Mizoram) and union territories of

Jammu & Kashmir and Ladakh. The maximum is going to compressed natural gas (CNG) and industrial customers. Around 8-10 MSCMD is going to industrial (small industries) and commercial (hotels, etc) customers, Singh added.

Asked about the growth of the natural gas economy in the country, Singh said : “CGD network distribution is now connecting all demand centres, which are there in the GAs. For example, Indraprastha Gas (IGL) is currently taking 8-9 MSCMD and is a big anchor customer. Similarly, Mahanagar Gas (MGL) is taking 6 MSCMD. The gestation period is big. Whenever the CGD entities and GAs mature, they will draw more gas. Currently, the consumption is 35 MSCMD. We are seeing that by 2028, it is going to be around 150 MSCMD and that is the kind of requirement that will be there.”

## 12th round of city gas bids opens

**T**he Union government on Thursday said it will come up with the 12th round bids for city gas distribution (CGD), offering seven geographical areas in five states in the north east and two Union territories, Jammu and Kashmir and Ladakh.

The bids would help extend CGD to a total of 92 districts. According to the Petroleum and Natural Gas Regulatory Board (PNGRB) Mizoram, Andaman & Nicobar and Lakshadweep would be the only state and Union territories not connected to CGD networks.

A statement from the ministry of petroleum and natural gas said that PNGRB is in the process of inviting electronic bids from interested parties for 12th CGD bidding round and the bids would be invited from 13 October 2023.

The last date for submission of bids would be 11 January 2024.

**RITURAJ BARUAH**



## ● \$4.5 BILLION INVESTMENT SEEN

# Bids invited for city-gas in J&K, Ladakh & Northeast

FE BUREAU

New Delhi, October 12

**THE GOVERNMENT ON** Thursday invited bids under 12th round of city gas distribution plan, which will cover seven geographical areas including most parts of the northeast, Jammu, Kashmir, and Ladakh.

The network is expected to cover 92 districts with a total investment of about \$4.5 billion, Anil K Jain, chairman of India's gas transportation regulator Petroleum and Natural Gas Regulatory Board (PNGRB) said. The bidding process is likely to be completed by November.

"We plan to increase the potential coverage of city gas distribution to 98% of the population and 88% of geographi-

**HARDEEP SINGH PURI, MINISTER OF PETROLEUM AND NATURAL GAS**

WE PLAN TO INCREASE THE POTENTIAL COVERAGE OF CITY GAS DISTRIBUTION TO 98% OF THE POPULATION AND 88% OF GEOGRAPHICAL AREA



cal area," Minister of Petroleum and Natural Gas Hardeep Singh Puri said. "After this round we will go with the authorization for the island areas to cover 100% geographical areas," the minister added.

The government said that with the 12th bidding of the city gas distribution, the target of 32,000 km pipeline will be completed with this round.

At present, the country has

5,899 CNG (Compressed Natural Gas) stations and 1.15 crore domestic PNG connections. India's current share of gas in the energy mix stands at 5.78%.

In August, the country imported 1.7 MMT liquefied natural gas compared with 1.8 MMT in July, according to the latest data available on the Petroleum Planning and Analysis Cell.



# Don't foresee disruption in crude oil supply lines from Middle East: HS Puri

**Our Bureau**

New Delhi

The Minister of Petroleum & Natural Gas HS Puri on Thursday said that he does not expect any disruption in supply lines for crude oil and gas from the Middle East, even as the confrontation between Israel and Hamas has escalated.

"I don't expect the supply lines to be disrupted so I am not worried. The Prime Minister is very sensitive to price affecting the common man, price affecting the supply at the point of consumption for all forms of energy. We are monitoring it very carefully. We are reasonably confident that we can navigate through



Oil Minister HS Puri

this. So far, there has been no disruption to supply lines and I am also reasonably confident that any future development we can navigate. So, we have no issue on that," Puri told media.

The Middle East accounts for more than one-third of India's crude oil imports.

On October 7, Hamas

launched an armed attack on Israel, following which the latter declared a war on the Palestinian militant group.

## WAR FALLOUT

The conflict led to fresh volatility in crude oil prices, which had softened last week due to fears of global recession, rising interest rates and lower consumer spending.

Global crude oil prices clawed back some of their losses from last week on Monday after the attack on Israel.

It also reflected in prices at the two major crude oil benchmarks, which appreciated around 4 per cent. Brent Crude had hit \$88.15 a barrel, while WTI Crude rose to \$86.38.



# Government launches bidding for city gas distribution network in J&K, North-East

**Rishi Ranjan Kala**  
New Delhi

The Minister of Petroleum & Natural Gas HS Puri on Thursday launched the 12th City Gas Distribution (CGD) bidding round through which the government wants to create natural gas infrastructure in north eastern states and Jammu & Kashmir (J&K).

In his address, Puri said the government's focus is to increase the share of gas in India's energy basket. At present, 98 per cent of India's population and 88 per cent area has already been covered for CGD development in the last 11 rounds.

"Government of India is focused to promote usage of

**The electronic bids would be invited from October 13 and the last date for submission of bids is January 11, 2024**

natural gas as a fuel or feedstock across the country to increase the share of natural gas in primary energy mix from current level to 15 per cent in coming years. An approximate investment of \$67 billion is expected in natural gas infrastructure in next 5-6 years," he added.

The Petroleum and Natural Gas Regulatory Board (PNGRB) Chairman Anil

Jain emphasised that the current focus of the regulator is to create a vibrant and sustainable gas infrastructure in the entire country. The launch of this bidding round for these Himalayan States is a step towards providing a cleaner fuel in the fragile ecosystem of these states, he added.

"The \$4.5 billion investment expected is in gas infrastructure such as pipelines, pumping stations, etc. The investment which may come by industries and others following this (auction) is not included in this number," Jain said.

## **BIDDING SCHEDULE**

The PNGRB is in the process of inviting electronic bids

from interested parties for the 12th CGD bidding round offering seven Geographical Areas (GA) covering Arunachal Pradesh, Meghalaya, Manipur, Nagaland and Sikkim as well as Jammu & Kashmir and Ladakh.

The electronic bids would be invited from October 13, 2023, and the last date for submission of bids is January 11, 2024. The regulator intends to finalise the award by March 2024.

After completion of 12th CGD bidding round, almost the entire part of the country, except Mizoram (as the election date was announced on October 9), Andaman and Nicobar Islands and Lakshadweep will be covered under the CGD network..

## Government opens 12th city gas bid round

PTI ■ NEW DELHI

India on Thursday offered CNG retailing licenses in seven areas mostly in the North East and J&K for bidding in the latest round, as the government looks to expand the reach of natural gas in the country.

Petroleum and Natural Gas Regulatory Board (PNGRB) offered eight geographical areas (GAs) under the 12th city gas distribution (CGD) bidding round for retailing of CNG to automobiles and piping the fuel to household kitchens and industries. The GAs put out for bidding include Arunachal Pradesh, Meghalaya, Manipur, Nagaland, Sikkim, Jammu & Kashmir and Ladakh.

Launching the bid round, Oil Minister Hardeep Singh Puri said after this round, gas will be taken to islands which are the only uncovered areas.

Currently, there are 300 authorised GAs by PNGRB covering 88 per cent of the country's geographical area and 98 per cent of its population.



# Govt launches 12th city gas bid round for N-E, J&K

SUBHAYAN CHAKRABORTY  
New Delhi, 12 October

The government on Thursday announced the 12th round of bidding for city gas distribution (CGD) to expand the gas networks to the last remaining states of Arunachal Pradesh, Meghalaya, Manipur, Nagaland and Sikkim and the Union Territories of Jammu & Kashmir and Ladakh.

From Friday, the Petroleum and Natural Gas Regulatory Board (PNGRB) will invite electronic bids for these areas, which can be submitted until January 11, 2024. PNGRB intends to finalise the award by March. The completion of the latest 12th round of bidding would see the successful awarding of CGD

licences for almost the entire part of the country, except Mizoram. This is due to the model code of conduct kicking in.

Speaking at an event held to announce the launch, Petroleum and Natural Gas Minister Hardeep Singh Puri said the government is working on a programme to bring CGD to the Andaman and Nicobar Islands and Lakshadweep as well.

Natural gas is used for cooking by households as piped natural gas (PNG), and as an auto fuel as compressed natural gas (CNG).

Currently, there are 300 Geographical Areas (GAs) authorised by PNGRB; industrial customers are consuming gas in 270 GAs. The total consumption by CGD is 35 million metric standard cubic metres per

## MARCHING AHEAD

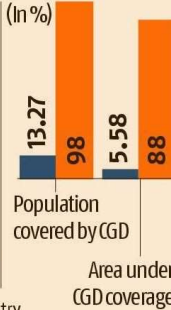
City gas coverage

PNG CONNECTIONS  
**2.54 million**  
**11.59 million**

■ As of May 2014  
■ As of August 2023

NO. OF CGD NETWORKS  
**53**  
**300**

NO. OF CNG STATIONS  
**738**  
**6,000**



Note: CGD refers to city gas distribution; Source : Petroleum and Natural Gas Ministry

day (mmscmd), with the maximum being supplied towards compressed natural gas and industrial customers. Around 8-10 mmscmd is going to industrial (small industries) and commercial (hotels, etc.) customers, said PNGRB Chairman Anil Jain.

In the latest round, each state has been considered as a single GA, in a departure from the existing practice of classifying districts as separate GAs, PNGRB officials said. Demand from city gas is likely to rise to 150 mmscmd by 2028, they added.

While the largest share of

demand originates from households now, fertilisers, power, and the industrial sector are set to become major sources of demand going forward, the government expects.

The government wants to raise the share of gas in its energy consumption mix to 15 per cent by 2030, up from the current 5.8 per cent. The country currently imports about 50 per cent of its gas requirements. India's energy demand is rising 4-5 per cent annually.

The government has pushed for the expansion of gas pipelines as an economical means of gas transport. PNGRB has also authorised around 32,203 kilometres of natural gas trunk pipelines in the country, out of which around 22,191 kilometres of pipelines are currently operational.



# Govt opens 12th city gas bid round

**PRESSTRUST OF INDIA**

NEW DELHI, OCTOBER 12

THE UNION government Thursday offered for bidding CNG retailing licences in seven areas, mostly in North East and J&K, that are expected to see investments of \$4.5 billion in setting up gas infrastructure, as the government looks to expand the reach of environment-friendly

fuel in the country.

The Petroleum and Natural Gas Regulatory Board offered seven geographical areas of Arunachal Pradesh, Meghalaya, Manipur, Nagaland, Sikkim, Union territory of Jammu & Kashmir and Ladakh under the 12th city gas distribution bidding round for retailing of CNG to automobiles and piping the fuel to household kitchens and industries.

# Govt opens 12th city gas bid round

**Launching the bid round, Oil Minister Hardeep Singh Puri said after this round, gas will be taken to islands which are only uncovered areas**

## OUR CORRESPONDENT

**NEW DELHI:** India on Thursday offered for bidding CNG retailing licences in seven areas mostly in North East and J&K that are expected to see as much as \$4.5 billion investment in setting up gas infrastructure, as the government looks to expand the reach of environment-friendly fuel in the country.

Petroleum and Natural Gas Regulatory Board (PNGRB) offered seven geographical areas (GAs) of Arunachal Pradesh, Meghalaya, Manipur, Nagaland, Sikkim, Union territory (UT) of Jammu & Kashmir and Ladakh under the 12th city gas distribution (CGD) bidding round for retailing of CNG to automobiles and piping the fuel to household kitchens and industries.

Mizoram, where assembly elections have been announced, will also be included once clearance from the Election Commission is obtained.

Launching the bid round, Oil Minister Hardeep Singh Puri said after this round, gas will be taken to islands which are the only uncovered areas.

There are 300 authorised GAs by PNGRB covering around 88 per cent of the country's geographical area and 98 per cent of its population.

On successful completion, India's entire area and popu-



Oil Minister Hardeep Singh Puri

**Mizoram, where assembly elections have been announced, will also be included once clearance from the Election Commission is obtained**

lation will be covered except Mizoram, Andaman and Nicobar Islands and Lakshadweep.

"The government is focused to promote the usage of natural gas as a fuel/feedstock across the country to increase its share in primary energy mix from current level of 6.2 per cent to 15 per cent by 2030," he said.

"An approx. investment of \$67 billion is expected in natural gas infrastructure by next 5-6 years." Bidding for 12th round will close on January 11 and award of areas is likely in 2-3 weeks thereafter.

A presentation made at the launch said an investment of \$4.5 billion is expected in the developing of city gas infrastructure in the areas being bid out. The country has 1.15 crore house kitchens connected with piped natural gas. There are some 5,900 CNG stations in the country.

The city gas sector consumes about 35 million standard cubic meters per day or 22 per cent of all gas consumed in the country.

In the last 11th and 11A CGD bidding round, PNGRB

## Highlights

- » There are 300 authorised GAs by PNGRB covering around 88% of the country's geographical area and 98% of its population
- » On successful completion, India's entire area and population will be covered except Mizoram, Andaman and Nicobar Islands and Lakshadweep
- » 'An approx. investment of \$67 billion is expected in natural gas infrastructure by next 5-6 years,' Oil Minister Hardeep Singh Puri said

authorised 67 GAs for the development of CGD network in the country.

Puri said that to promote the usage of natural gas, the government has put thrust on expansion of national gas grid pipeline, expansion of city gas distribution (CGD) network and setting up of liquefied natural gas (LNG) terminals.

At present, about 23,500 km long gas pipeline network is under operation in the country and around 12,000 km pipeline is approved/under construction.

Efforts are underway to complete the vision of One Nation One Gas Grid by 2030, he said.

"The government had insulated people from recent turmoil in oil and gas prices caused by geopolitical events. We had taken measures so that impact of the surge of international gas prices did not pass on to the consumers of the country. Last year, when Henry Hub prices witnessed an increase of 262 per cent in comparison to the preceding year, the rise in CNG price in India was only 75 per cent," he said.

"The development of gas sector and its allied industries are expected to create a robust gas ecosystem with multi-fold increase in investments as well as employment opportunities. The existence of such assured demand from the CGD sector can provide a strong incentive to increase domestic manufacturing and development of ancillary industries," he said.

Speaking at the occasion, PNGRB chairman Anil Kumar Jain said that the current focus of the sector regulator (PNGRB) is to create a vibrant and sustainable gas infrastructure in the whole country.

The launch of this bidding round for Himalayan states is a step towards providing a cleaner fuel in the fragile ecosystem of these states, he said.



# Govt starts bidding process for city gas distribution in 8 geographical areas

ENS ECONOMIC BUREAU @ New Delhi

THE government on Thursday offered eight geographical areas (GAs) under the 12th city gas distribution (CGD) bidding round for retailing compressed natural gas (CNG) and piping the fuel to household kitchens and industries.

These areas include Arunachal Pradesh, Meghalaya, Manipur, Nagaland, Sikkim, Union territory (UT) of Jammu & Kashmir and Ladakh. The electronic bids would be invited from October 13, 2023, and the last date for submission of bids is January 11, 2024. The Petroleum and Natural Gas Regulatory Board (PNGRB) will award for distribution of CNG to the companies by 2024.

"Government has focused on promoting the usage of natural gas as a fuel across the country to raise share of natural gas in primary energy mix from current level to 15% in coming years," said petroleum minister Hardeep Singh Puri, while speaking at the launch event.

Current share of gas in the energy mix stands at 5.78 %, and the government aims to in-



crease it to 15% by 2030. After completion of 12th CGD bidding round, nearly the entire country, except Mizoram Andaman and Nicobar and Lakshadweep will be covered under the gas distribution network.

The minister said successful conclusion of 11th CGD bidding round has increased coverage of CGD sector to about 98% population and 88% geographical area of the country. This round of bidding will help expand CGD coverage further. In the 11th CGD bidding round, PNGRB authorised 67 GAs for development of the CGD net-

work in the country.

He said, currently, a 23,500 km long gas pipeline network is under operation in the country and nearly 12,000 KM pipeline is approved/under construction. The government is trying to complete the vision of One Nation One Gas Grid by 2030. "Currently, there are 300 GAs authorised by PNGRB covering nearly 88% of geographical area and 98% of its population. PNGRB has authorised 32,203 km of natural gas trunk pipelines, out of which about 22,191 Kms of pipeline are currently operational," added Puri.



# Haldia Petrochemicals to become first integrated player in phenolics chain

**Our Bureau**

Hyderabad

Haldia Petrochemicals Ltd (HPL) is setting up the first on-purpose Propylene plant in India, based on Olefin Conversion Technology (OCT), and the largest Phenol plant in India at Haldia, West Bengal, becoming India's first integrated player in the Phenolics chain, a company statement said.

According to the statement, speciality chemicals have helped HPL, which is looking at becoming a leader in this niche segment, earn a revenue of ₹999 crore in FY23.

In addition, HPL's Phenol plant has a capacity of 300 KTPA Phenol and 185 KTPA Acetone. According to Navanit Narayan, Whole-

Time Director and Chief Executive Officer, HPL, "With the commissioning of these plants, the overall chemical business portfolio is expected to increase by an additional ₹5,000 crore. The company has ambitious targets to complete the project by Q1 2026."

## GROWING DEMAND

The demand for petrochemicals is growing due to a large population base, favourable demographics, increasing economic growth, urbanisation, and its positive impact on automobile production, construction, infrastructure, agrochemicals and pharmaceuticals. "This proposed investment will likely be the largest in West Bengal in the chemical sector over the last two decades," said the statement.





AK BALYAN

To increase the share of gas in the energy basket from 6 per cent to 15 per cent by 2030, the government has been working towards improving access to this fuel through favourable policy support and consistent growth of transmission infrastructure across the country.

As of today, India has gas pipeline network spanning 21,000 km across the country but primarily limited to West and North. A further 14,000 km is expected to be added in a few years, with the work on several sections already underway. Expanding the network will add more buyers and sellers from different parts of country. The network is expected to provide access to CGD companies, refineries, fertiliser plants and industries all over the country.

These pipelines, along with the transporters that operate them, are pivotal for supplying gas across the country. The investments put in by transporters to lay, maintain and grow the gas network is imperative to improve access to consumers, along with determining the capacity of transmission capabilities for this fuel. Hence, it is important to create well-functioning markets to ensure fair and healthy competition and a robust demand expansion based on market dynamics and will to act for cleaner fuel, replacing carbon intensive fuels like diesel, petrol, naphtha, pet coke, coal etc.

#### MARKET FRAMEWORK

Expanding network is only half work done, the access to network also needs transparency and neutrality for its non-discriminate use by all gas users. As India operates a multi-ownership gas pipeline transportation system, it is important that a framework be established ensuring rules for access for own use or others are same and there is level playing for all gas system users.

New players intending on purchasing gas in India are faced with a major challenge in the form of connectivity and access. When new entrants approach established players for access to their network, they are cornered into buying gas from them in order to transport the fuel through the pipelines owned by these bundled entities. Despite the presence of other suppliers willing to sell gas at lower prices, consumers are forced to buy gas through bundled entities just for their transportation networks as purchasing from third parties attracts an assortment of overhead costs such as 'Ship or Pay Charges' and 'Imbalance Charges'. These factors lead to the creation of an inefficient, monopolistic, and biased marketplace.

# How to step on the gas

To hike the share of gas in the energy mix, the unbundling of gas transportation is of vital importance



In a healthy and competitive market, the commercial aspects of market participants rely heavily on the operational and investment decisions made by the transporters. Thus, for an efficient and unbiased market to take shape, it is critical for transporters to function in a non-discriminatory manner to build trust amongst the participants. This is why the unbundling of transportation and trade/marketing of gas is essential.

The establishment of an Independent System Operator for the whole national gas grid can ensure non-discriminatory and uniform access to the grid and optimise grid operations across multiple pipelines.

Unbundling of the two components which should have been separate in the first place — commodity and transportation is the foundation stone to build transparency and fairness in the system. This will empower the buyers who will be able to make informed decisions on contracting after making an apples-to-apples comparison across quotes from different suppliers which currently is impossible given bundled nature of contracts offered by the infrastructure holders.

The buyer without any GTA with

**An Independent System Operator for the whole national gas grid can ensure non-discriminatory and uniform access to the grid and optimise grid operations across multiple pipelines.**

transporter, he is left with no choice to switch supplier. Also unbundling the two components will be tax efficient for the buyers.

Natural gas has still not been included in GST regime. In absence of common GST across the country, input credit is not available on taxes. Bundled contracts are not only commercially costlier for buyers they also lead to tax inefficiencies as in by bundling both transportation and gas commodity the buyer loses input tax credit on GST applicable on transportation tariff, which is especially significant for those who pay zone three tariffs.  $(18\% \times 114 = ₹20/MMBtu)$ .

Further, State VAT gets applicable on both the components — transport tariff and gas — a case of double taxation. Therefore, at least the invoicing for both the components needs to be unbundled to start with and natural gas has to be brought under GST.

Delivery of gas to consumers is impossible without pipelines and the transporters that operate them. In India, as per the industry norm, at least 25 per cent of any transporter's pipeline transmission capacity has to be reserved for common carrier access. The remaining 75 per cent of capacity can be utilised by the transporter for its own transactions, or to fulfil long term contracts.

Due to bundled entities having vested interests in the trade as well as the transport aspects of the gas business, even if this 75 per cent capacity is not utilised completely, other participants are not allowed access to these transmission capabilities. This leads to the underutilisation of precious infrastructure, hampers access, and

builds up unnecessary congestion in the network.

#### TRANSPARENCY IS CRITICAL

By virtue of operating the gas network, transporters have access to vital information such as volumes of gas being transported through the pipelines, along with details of the sellers and purchasers that are using the infrastructure. This information is a boon for market participants as it allows them to plan their procurement efficiently, avoid congestion on the network, and optimise prices.

This information can also be used by regulators for the formation of more effective policies and guidelines that will prove to be conducive to the growth of the country's gas markets. The data accrued by transporters will also prove to be invaluable to investors and new players looking to enter into the gas sector.

When access to India's gas networks is made available to all players on a non-discriminatory basis, the gas economy of the country will deepen, and market liquidity will improve drastically. The government has been instrumental in growing the Indian gas market thus far, but there is still work to be done in order to maintain the trajectory of the sector, so as to facilitate the transition of India into a gas-based economy.

Transparency, efficiency, and seamless connectivity of the nation's gas transmission sector, along with the unbiased functioning of transporters, will play key roles in facilitating the realisation of that vision.

The writer was former CMD of Petronet LNG and former Director, HR, ONGC



# IEA lowers 2024 oil demand growth forecast

**Reuters**

London

The International Energy Agency (IEA) lowered its oil demand growth forecast for 2024 on Thursday, suggesting harsher global economic conditions and progress on energy efficiency will weigh on consumption.

The Paris-based agency in its monthly report lowered its 2024 demand growth forecast to 880,000 barrels per day (bpd) from its previous forecast of 1 million bpd.

However, it raised its 2023 demand forecast to 2.3 million bpd from a forecast of 2.2 million.

OPEC and its allies, known as OPEC+, began limiting supplies in 2022 to support prices.

In September, global benchmark Brent hit 10-month highs after Saudi Arabia and Russia extended their combined 1.3 million bpd cuts until the end of the year.

However, prices dropped dramatically last week as a darkening macroeconomic outlook intensified fears of slower demand growth, eclipsing supply concerns.

“If extra cuts are unwound in January, the balance could shift to surplus, which would go some way to help replenish depleted inventories,” the agency said.



# IEA says risk of oil supply disruptions by conflict limited

AFP  
feedback@livermint.com  
PARIS

**T**he International Energy Agency (IEA) said on Thursday the risk of oil supply disruptions due to the conflict between Israel and Hamas is limited but that it stands ready to intervene in markets if necessary.

The Paris-based agency, in addition to its analysis and advisory roles, coordinates the release of emergency stocks held by its 31 mostly advanced-economy member nations.

A weekend attack by Hamas on Israel, and Israeli's military retaliation, have left thousands dead and rattled oil markets, amid fears that other nations might intervene and possibly disrupt shipments in the Middle East.

The region accounts for more than one-third of the world's seaborne oil shipments.

"While the prospect that oil supply flows will be impacted currently remains limited, the deadly strikes prompted traders to price in a higher geopolitical risk premium," the IEA said in its regular monthly report.

"There has been no direct impact on physical supply," it added.

But with supply and demand on the oil market currently tightly balanced, the IEA said it "stands ready to act if necessary to ensure markets remain adequately supplied".

Oil prices jumped at the start of the conflict but have since eased as there was no immediate disruption to supply flows and other nations have not intervened.

**Oil prices jumped at the start of the Israel-Gaza conflict but have eased as there was no disruption to supply flows**



IEA says it is ready to intervene in markets if necessary. AP

Yet prices remain relatively high as a result of supply cuts by Saudi Arabia and Russia, with the IEA also warning it was beginning to see signs of demand destruction.

The oil market has for months been caught in a tug-of-war between concerns about supplies and demand as high energy prices, combined with interest rate hikes in most advanced nations to combat inflation, leave consumers squeezed.

"There has been some evidence of large-scale demand destruction, especially in lower-income countries, like Nigeria, Pakistan and Egypt, and signs of accelerating declines within some OECD (The Organization for Economic Cooperation and Development) markets including the US," said the IEA, referring to the OECD club of advanced economies.

Consumers in developing nations have been hit by the sliding value of their currencies relative to dollar—in which crude oil is priced—and often the removal of gasoline subsidies.

# IEA, Opec oil demand growth predictions diverge for next year

ALEX LAWLER &  
NATALIE GROVER  
London, October 12

**THE GAP BETWEEN** two leading oil forecasters' views on 2024 demand growth widened on Thursday, with the International Energy Agency (IEA) predicting a sharper slowdown while producer group OPEC stuck to expectations for buoyant China-led growth.

The Organization of the Petroleum-Exporting Countries (OPEC) and the IEA, which represents industrialised countries, have clashed in recent years over issues such as the long-term oil demand outlook and the need for investment in new supplies.

In a monthly report on Thursday the IEA lowered its forecast for growth in oil demand in 2024 to 880,000 barrels per day from 1 million bpd, suggesting harsher global economic conditions and progress on energy efficiency will weigh on consumption.

By contrast, in its latest report OPEC stuck to its forecast that demand will rise by 2.25 million bpd in 2024. The difference between the two forecasts - 1.37 million bpd - is equivalent to more than 1% of daily world oil use.

Oil demand growth is an indication of likely oil market strength, and can affect prices and fuel costs for consumers and businesses. It also forms part of the backdrop for supply policy decisions by OPEC and its allies, known as OPEC+.

"In 2024, solid global economic growth, amid continued improvements in China, is expected to further boost oil



## DIFFERING VIEWS

■ IEA lowered its forecast for growth in oil demand in 2024 to 880,000 barrels per day from 1 million barrels per day

■ It signals harsher global economic conditions and progress on energy efficiency will weigh on consumption

■ By contrast, in its latest report OPEC stuck to its forecast that demand will rise by 2.25 million bpd in 2024

consumption," OPEC said in a monthly report.

Both forecasters are on roughly the same page for demand this year. The IEA raised its figure for this year's growth to 2.3 million bpd, bringing it closer to OPEC's forecast of 2.44 million bpd which it left unchanged on Thursday.

### DEMAND DESTRUCTION

The IEA said in its report it was seeing signs of demand being hit by rising prices and rising electric vehicle sales.

Crude rose close to \$100 a barrel in September before falling on economic concerns, only to jump on Monday on con-

cern the clashes between Israel and Palestinian Islamist group Hamas could escalate and disrupt supply. "There has been some evidence of large-scale demand destruction, especially in lower-income countries like Nigeria, Pakistan and Egypt, and signs of accelerating declines within some OECD markets including the United States," the IEA said. OPEC still expects oil demand in Organisation for Economic Co-operation and Development (OECD) countries to rise in 2024, while the IEA sees it entering "what is likely to be a permanent decline".

REUTERS



## 'LPG segment to grow despite PNG rollout'

ARUNIMA BHARADWAJ  
New Delhi, October 12

**DESPITE THE RAPID** expansion of piped natural gas (PNG) framework in the country, the Liquefied Petroleum Gas (LPG) segment will continue to grow in the near future, before it is phased down, analysts said.

"As for the switching from LPG to PNG, the fact is that there is a new cohort of customers coming in for the former.. both

segments are growing," said Pankaj Jain, secretary in the Ministry of Petroleum and Natural Gas while addressing the media during the launch of 12th city gas distribution bidding tender.

Highlighting the fact that over 7.5 million new connections have been added to the Pradhan Mantri Ujjwala Yojana, the secretary noted that usage of PNG as a primary fuel will require a greater customer base.

"There are places where PNG

is going to struggle, given the geography of our country and the land, Jain said.

The country still has a huge number of villages without even 200 households. For these places, PNG infrastructure may not be economically feasible.

The government earlier this month raised the subsidy on cooking gas (LPG) being sold under the Pradhan Mantri Ujjwala Yojana (PMUY), by ₹100 to ₹300/cylinder.







## ONGC takes proactive steps to ensure well safety in Periyakudi

**KARAIKAL:** Oil and Natural Gas Corporation (ONGC) is going to carry out a controlled reopening of a relief well (Well PD#2) in Periyakudi, Kariyamangalam village, Tiruvarur district.

This is being done using a drilling rig to protect the well and the surrounding community. It is a safer option compared to abandonment of the well. With support of the District Administration and the state govt, ONGC is hopeful of the necessary permissions for well intervention. There is absolutely no reason for alarm, as ONGC is continuously and diligently monitoring the situation at Well PD#2. ONGC's operations strictly adhere to Stan-

dard Operating Procedures and international safety standards.

Since the enactment of the "Tamil Nadu Protected Agricultural Zone Development Act 2020," ONGC has not drilled any new wells, ensuring strict compliance with the Act.

In 2012, ONGC commenced the spudding of this Well PD#2 after securing all necessary statutory clearances from the Tamil Nadu Pollution Control Board (TNPCB).

The well's construction was completed in 2013, and during production testing, a high-pressure flow necessitated the well's temporary closure. Despite earnest attempts in 2014 and 2016 to explore alternative zones within the well, technical

challenges hindered progress. Recognising the imperative of ensuring the well's safety and the welfare of Kariyamangalam's residents, ONGC approached the district administration in 2022 to propose workover operations.

A peace meeting convened at the RDO office in Mannargudi on August 2, 2022, unfortunately concluded without consensus due to local resistance stemming from misunderstandings and limited understanding of the operation's principles. As a responsible corporate citizen, ONGC remains dedicated to serving the people of Tamil Nadu and contributing significantly to the state and nation's progress. **MPOST**

## OPEC sticks to 2024 oil demand growth forecast



**London:** OPEC on Thursday stuck to its forecast for relatively strong growth in global oil demand in 2023 in 2024, citing signs of a resilient world economy so far this year and expected further demand gains in China. World oil demand will rise by 2.25 million barrels per day (bpd) in 2024, compared with growth of 2.44 million bpd in 2023, it said in a monthly report. REUTERS

## जम्मू-कश्मीर, पूर्वोत्तर राज्यों में शहरी गैस वितरण के लिए निविदा प्रक्रिया शुरू

नई दिल्ली, (भाषा)। देश में प्राकृतिक गैस की पहुंच बढ़ाने की कोशिश में लगी सरकार ने बृहस्पतिवार को नवीनतम दौर की बोली में जम्मू कश्मीर एवं उत्तर-पूर्व समेत सात क्षेत्रों में सीएनजी खुदरा बिक्री लाइसेंस की पेशकश की। इस लाइसेंस वितरण से 4.5 अरब डॉलर का निवेश आने का अनुमान है। पेट्रोलियम एवं प्राकृतिक गैस नियामक बोर्ड (पीएनजीआरबी) ने वाहनों के लिए सीएनजी की खुदरा बिक्री और घरेलू रसोई एवं उद्योगों तक ईंधन पहुंचाने के लिए बोली के 12वें दौर में आठ भौगोलिक क्षेत्रों (जीए) में शहरी गैस वितरण (सीजीडी) लाइसेंस की पेशकश की। इन भौगोलिक क्षेत्रों में अरुणाचल प्रदेश, मेघालय, मणिपुर, नगालैंड, सिक्किम, जम्मू-कश्मीर और लद्दाख शामिल हैं। चुनाव आयोग से मंजूरी मिलने के बाद इस सूची में मिजोरम को शामिल किया जाएगा। पेट्रोलियम एवं प्राकृतिक गैस मंत्री हरदीप सिंह पुरी ने शहरी गैस वितरण की बोली के नए दौर की शुरुआत करते हुए कहा कि इस दौर के बाद, गैस को उन जगहों तक पहुंचाया जाएगा जहां अब तक यह नहीं पहुंच पाई है। वर्तमान में पीएनजीआरबी ने 300 भौगोलिक क्षेत्रों में गैस वितरण को अधिकृत किया हुआ है। यह देश के लगभग 88 प्रतिशत भौगोलिक क्षेत्र और 98 प्रतिशत जनसंख्या को समाहित करते हैं।



# तेल और गैस आपूर्ति बाधित होने की आशंका नहीं : पुरी

जागरण ब्यूरो, नई दिल्ली: पेट्रोलियम और प्राकृतिक गैस मंत्री हरदीप सिंह पुरी ने कहा है कि इजरायल-हमास संघर्ष की वजह से वैश्विक स्तर पर कच्चे तेल और गैस की आपूर्ति बाधित होने की अभी कोई आशंका नजर नहीं आती है। गुरुवार को 12वें सीजीडी निविदा दौर के शुरुआत पर आयोजित प्रेस कॉन्फ्रेंस में पुरी ने कहा, 'अभी जो भी वैश्विक स्थिति खाड़ी क्षेत्र में बनी है उसका असर क्रूड की कीमतों पर असर नहीं दिखाई दिया है, लेकिन सरकार पूरी तरह से सतर्क है। उन्होंने यह भी कहा, 'पीएम नरेन्द्र मोदी की सरकार के लिए घरेलू बाजार में जनता को किस कीमत पर ईंधन की आपूर्ति की जा रही है यह काफी महत्वपूर्ण है।

पेट्रोलियम मंत्री पुरी ने एक दिन पहले कहा था कि इजरायल-फलस्तीन विवाद से अंतरराष्ट्रीय बाजार में कच्चा तेल महंगा हो सकता है, जिसका असर भारत की अर्थव्यवस्था पर होगा। हालांकि

## प्राकृतिक गैस आयात पर नहीं होंगे निर्भर

इस अवसर पर पेट्रोलियम मंत्री ने इन संभावनाओं को खारिज किया कि देश की इकोनमी में प्राकृतिक गैस की हिस्सेदारी बढ़ाने से देश में प्राकृतिक गैस का आयात भी बढ़ जाएगा। अभी भारत की कुल ऊर्जा खपत में छह प्रतिशत ही प्राकृतिक गैस का है। पीएम नरेन्द्र मोदी ने इसे वर्ष 2030 तक बढ़ाकर 15 प्रतिशत करने का लक्ष्य रखा है।

गुरुवार को वह कुछ कम चिंतित नजर आए। वजह यह है कि अंतरराष्ट्रीय बाजार में क्रूड की कीमतें भी गुरुवार को तीन प्रतिशत कम हुई हैं। अंतरराष्ट्रीय एजेंसियों ने कहा है कि अगर यह संघर्ष सीमित रहता है तो वैश्विक एनर्जी बाजार में ज्यादा बदलाव नहीं आएगा, लेकिन अगर मामले का विस्तार होता है तो फिर तस्वीर काफी बदल सकती है।