

50 birds of various species found coated black with oil

SV KRISHNA CHAITANYA @ Chennai

AFTER birdlife was badly hit by the recent Ennore oil spill, the state forest department has found close to 50 birds of different species completely 'painted' black with oil.

On Wednesday, an eight-member team of forest officials, fishermen, and members of Besant Memorial Animal Dispensary Animal Shelter that carried out a survey at a few bird areas in Manali and Ennore belt said several birds looked sick and exhausted.

Nishanth Ravi, a BMAD volunteer who was part of the rescue team, said, "We didn't find any dead birds, but there were many sick ones with oil all over the body. Crustaceans have been completely wiped off and there are lots of dead fish in the creek. There were instances where birds were feeding on the oil contaminated dead fish and vomiting."

He said it was difficult for the team to rescue the birds since most of them were out of reach sitting on tall mangrove trees. Among the birds, Spot-billed



Pelicans were the worst hit and found in most numbers. Other bird species like Painted Stork, Lesser Cormorant, Great Cormorant, Caspian Tern, Whiskered Tern, Cattle Egret, Pond Heron, Grey Heron and Brown Headed Gull were also sighted with oil stains.

Chennai Wildlife Warden E Prasanth told this newspaper that it's a difficult operation. "The rescue team had got caught in the low tide on Wednesday and had to walk in hip-level water to get close to the affected birds. On Thursday, three teams will be visiting the areas exploring the possibility of rescuing a few birds

and also throw some fresh fish feed for the birds in these areas," said Prasanth.

Bird watchers said there were far less migratory birds in Ennore-Kosasthaliyar wetlands post the oil spill as there is no food available and the ecosystem got completely compromised. The fish, shrimp, and other crustaceans are the primary source of food for the birds and it's completely gone, they said. Meanwhile, Supriya Sahu, Additional Chief Secretary, Environment, Climate Change and Forests, visited Ennore on Wednesday. "We are doing our best to restore the environment," she said.

BPCL's new Kochi unit to get ₹5,044 cr

State-owned Bharat Petroleum Corporation Ltd (BPCL) on Wednesday said it will invest ₹5,044 crore in setting up a polypropylene production unit at its Kochi refinery in Kerala to meet rising petrochemical demand in the country.

The 400,000 tonnes per annum polypropylene unit will be constructed in about 46 months from the date of the investment approval, the company said in a statement. BPCL chairman G. Krishnakumar said, "Our ₹5,044 crore investment in the Kochi Refinery's polypropylene unit is part of our strategic commitment towards a sustainable future. Addressing India's petrochemical demand, this project will reshape the industry, meeting the requirements for packaging films, containers and more." This initiative builds upon BPCL's existing capabilities, with the operation of a Propylene Derivative Petrochemical Plant at the Kochi refinery.

PTI

BPCL to invest ₹5,044 cr to set up polypropylene unit

Bharat Petroleum Corporation (BPCL) will invest ₹ 5,044 crore, to set up a polypropylene (PP) unit at Kochi refinery. The unit, with a production capacity of 400 kilo-tonnes per annum, is to be completed in 46 months. The project will leverage the propylene feedstock at the Kochi refinery, the company said. The facility is expected to cater to domestic demand from sectors such packaging films and containers. The company said the project will be funded through a mix of debt and equity in a 65:35 ratio.

AMRITHA PILLAY



BPCL TO INVEST ₹5,044 CR AT KOCHI REFINERY

STATE-OWNED BHARAT Petroleum (BPCL) on Wednesday said it will invest ₹5,044 crore in setting up a polypropylene production unit at its Kochi refinery in Kerala to meet rising petrochemical demand in the country.

FINANCIAL EXPRESS
READ TO LEARN



Gas demand from Power sector to grow 30-40% in FY24: IGX

Our Bureau

New Delhi

India's rising power demand, fuelled by growing industrial and household consumption, is propelling higher consumption of natural gas, which the Indian Gas Exchange (IGX) expects to grow by 30-40 per cent y-o-y in the current fiscal.

"Natural gas consumption by the power sector stood at 20.4 million standard cubic meters per day in FY23, which is expected to grow by 30-40 per cent in FY24," IGX MD and CEO Rajesh Kumar Mediratta said.

Power consumption in India, which witnessed an all-time high peak power demand of 241 gigawatts on September 1, has grown by more than 20 per cent during August, September, October and November 2023.

The demand is expected to

show a growing trend in the near term driven by CGD expansion and power sector demand.

Prices are expected to remain range bound given the brimming European Union storage levels, robust liquefied natural gas supply, high Norwegian pipeline gas supply and sluggish Asian LNG demand. In the upcoming months, temperatures across Europe and Asia will remain the key determinant for spot prices, Mediratta said.

LONG TERM CONTRACTS

IGX also signed an index sharing agreement with S&P Platts for Long Term Contracts. Now, Platts indices JKM, WIM and Brent will be used for launching contracts beyond a month—3 Months, 6 Months and 12 Months—With this, the exchange shall target to bring bilateral trading for up to a year contracts.

Govt may allow 28 cr litres of ethanol to be produced from sugarcane juice

Our Bureau

New Delhi

The government may allow around 28 crore litres of ethanol from now on to be produced from sugarcane juice (SCJ) as per the indicative revised allocation for SCJ and b-heavy molasses (BHM) released by the Oil Marketing companies (OMCs).

As per the indicative allocation list, the OMCs have allocated 42.56 crore litres to be produced from SCJ for which 7 lakh tonnes(lt) of sugar will be diverted. For BHM, a quantity of 114.76 crore litres has been allocated that will lead to 10 lt of sugar diversion. This allocation is for two quarters-November 2023-April 2024 period.

Sources said that around 15 crore litres of ethanol has already been made from sugarcane juice before the December 7 ban was imposed. Hence, from now on,

around 27.56 crore litres more needs to be produced to meet the revised allocation.

Earlier, the OMCs had allocated 135.43 crore litres of ethanol to be produced from SCJ, and 130.13 crore litres from BHM for the same period.

The indicative revised allocation by the OMCs may now facilitate limited quantities of SCJ for producing ethanol. The Food Ministry may have to issue an order accordingly, since the ban was not lifted.

PRICE INCREASE

Commenting on the development, Shree Renuka Sugars Executive Director Ravi Gupta said "With this allocation issue behind us, now important thing is that increase in ethanol price is declared immediately so that industry may plan ethanol production."

On December 7, the government banned sugar mills and distilleries from using

sugarcane juice or sugar syrup for producing ethanol with immediate effect to ensure adequate availability of sugar for domestic consumption. However, the ban is a "temporary pause" due to a lack of clarity on sugar output for the current season.

In order to achieve the target of 20 per cent blending by 2025, about 1,016 crore litres of ethanol is required and total requirement of ethanol including for other uses is 1,350 crore litres.

For this, about 1,700 crore liters of ethanol producing capacity is required to be in place by 2025 considering the plant operates at 80 per cent efficiency.

The Government has estimated the demand of ethanol required for 20 per cent blending by 2025 keeping in view the growth of petrol-based vehicles in two-wheeler and passenger vehicle segments and the projected sale of Motor Spirit (MS).

IGX Plans to Offer LNG Trading

Our Bureau

New Delhi: The Indian Gas Exchange (IGX) is planning to offer liquefied natural gas (LNG) contracts on its platform, which will benefit buyers in areas that are not connected by pipelines, said its CEO Rajesh Mediratta.

IGX, the country's only physical delivery-based gas exchange, was launched three years ago and currently offers only natural gas contracts. In November, 6.7 mmscmd of gas traded on the exchange, a fraction of the 178 mmscmd consumed in the count-



FILE PHOTO

ry. About three-fourths of the gas traded on IGX is locally produced, which is subject to a government-set price ceiling. The balance is mostly regasified LNG.

IGX is now seeking a nod from the Petroleum and Natural Gas Regulatory Board to launch LNG trading, Mediratta said. It plans

to offer LNG trading facility at Dahej, Dabhol, Hazira and Ennore terminals from where imported LNG can be taken in tankers for distribution to customers in areas that are not connected to the gas pipelines.

About 0.7 mmscmd of LNG is transported by road in India, constituting around 0.4% of the country's total natural gas consumption, Mediratta said, adding that it was expected to grow to 5 mmscmd over the next five years. IGX has six regional hubs and multiple delivery points. It offers six contracts, ranging from day-ahead to monthly.

IGX plans to soon launch small-scale LNG trading, awaits PNGRB nod

ENSECONOMICBUREAU

NEW DELHI, DECEMBER 20

THE INDIAN Gas Exchange (IGX) plans to soon launch small-scale liquefied natural gas (LNG) contracts on its trading platform and has sought the approval of sector regulator Petroleum and Natural Gas Regulatory Board (PNGRB) for the same, the exchange's chief executive officer Rajesh Mediratta said.

This will be the first instance of exchange trading of natural gas in its liquefied or super-cooled form. Currently, the three-year-

old IGX offers trading only in natural gas—domestic as well as regasified LNG. According to Mediratta, small-scale LNG contracts will benefit buyers located in areas that are not connected by natural gas pipelines. He added that the PNGRB's nod to the proposal is expected soon. Although there is no prohibition on LNG trading in India, IGX is required to seek the regulator's approval before launching any new contract.

Small-scale LNG refers to direct use of LNG in the liquid form, instead of the conventional route of regasifying it and then using it as natural gas. Regasified LNG,

which is essentially natural gas, needs pipelines to be transported to consumers. In areas that are not covered by a natural gas pipeline network, small-scale LNG, which is supplied using cryogenic road tankers, is seen as an alternative route for increasing natural gas consumption.

LNG can be directly used as fuel for heavy commercial vehicles, and is viewed as an alternative for diesel in that segment. A few Indian oil and gas companies have plans to push the use of LNG directly as a vehicular fuel and small-scale LNG fits well into those plans.

ONGC, Oil India set to grow despite crude fall

Manvi Agarwal
feedback@livemint.com

Shares of Oil & Natural Gas Corp Ltd (ONGC) and Oil India Ltd have risen sharply, significantly outperforming the benchmark Nifty50 index with gains of 38% and 73%, respectively, so far this calendar year. These gains were fuelled by a rise in global crude oil prices, which buoyed the profitability and operating margins of these state-owned energy companies.

However, the landscape shifted when crude oil prices declined from around \$100/barrel in September to approximately \$80/barrel amid a market reversal despite tight supplies and escalating tensions in the Middle East.

This abrupt decline followed a shift in market concerns from supply risks to global economic uncertainties and oil demand. Despite OPEC's decision to extend supply cuts beyond December 2023, oil prices haven't responded significantly. The limited impact is attributed to the realization that the supply cut isn't enough to offset non-OPEC output growth. Moreover, lingering worries about a weakening global economy persist.

This drop in crude prices typically signals reduced net realizations for upstream producers, but the government's windfall tax has kept the outlook optimistic.

This tax was introduced in 2022. When crude prices increase, the windfall taxes also rise, and conversely, they decrease when crude prices decline.

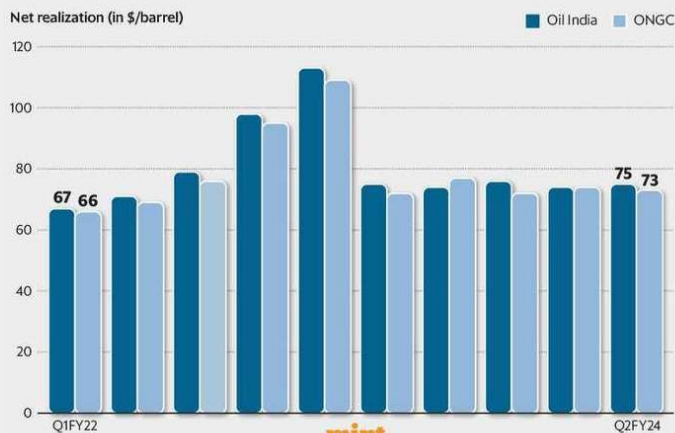
This tax, adjusted biweekly, stabilizes net oil realizations for companies like ONGC and Oil India, ensuring consistent earnings.

JM Financial Securities Ltd said that the windfall tax adjustments by the government imply a comfortable net crude realization of about \$75/barrel for Oil India and ONGC.

"Brent crude price of \$75-80/barrel is a sweet spot for ONGC/Oil India, as it

Limited traction

The realizations of upstream oil companies Oil India and ONGC have been range bound lately



Source: Company, CLSA

PRANAY BHARDWAJ/MINT

improves visibility for net crude realization of \$75/barrel by eliminating the risk of ad-hoc fuel subsidy burden," JM Financial said in report dated 18 December.

In Q2FY24, Oil India reported a marginal 2% sequential uptick in net realizations to \$75 and a 5.7% year-on-year rise in crude oil production, while ONGC saw a slight decrease in net realizations to \$73, alongside a 1.6% drop in output.

tors like production volume increases are key. ONGC is resuming operations in Mozambique and starting production in the Eastern offshore block KG-98/2.

These new assets, expected to contribute 12% to 20% of ONGC's current domestic oil and gas output, serve as potential catalysts for a favourable reassessment of the stock.

Both companies also have ambitious

capital expenditure plans, with ONGC allocating over ₹20,000 crore across FY24 and FY25, and Oil India planning to spend over ₹14,000 crore in FY24.

Despite their strong dividend history, ONGC and Oil India have experienced

substantial impairments in the past, especially during the commodity boom.

With the current lower oil prices and global growth concerns, investors should be cautious of potential impairments.

Ultimately, the trajectory of these stocks depends heavily on crude oil price movements.

OIL'S WELL

THE drop in crude prices typically signals reduced net realizations for upstream producers

DESPITE FALL IN CRUDE PRICE, Centre's windfall tax has kept the outlook optimistic

ASIDE from government policies, factors like production volume increases are key

Brent prices below \$75/barrel could adversely affect earnings of these companies.

Going by the estimates of Emkay Global Financial Services, for every \$5/barrel decline in oil prices, ONGC/Oil India's FY25 standalone earnings per share would fall 10% and 9%, respectively.

Aside from government policies, fac-

PNGRB Invites Bids for 875km Pipeline between TN, Maha

Our Bureau

New Delhi: The Petroleum and Natural Gas Regulatory Board (PNGRB) has invited bids for laying an 875 km natural gas pipeline between Ennore in Tamil Nadu and Barshi in Maharashtra.

The pipeline will have a minimum capacity of 8 mmscmd, including common carrier space, and serve industrial, commercial and other customers falling along the route in Andhra Pradesh, Telangana, Karnataka and Maharashtra, according to the PNGRB bid document. IOC has an LNG import terminal at Ennore, which is barely utilised due to lack of connectivity with demand centres.

The deadline for submission of bids is April 16, 2024. Interested parties will have to offer a natural gas pipeline tariff bid for each year of the economic life of the project. The successful bidder will need to lay, build and operate the natural gas pipeline.

Small-scale LNG trading on IGX soon

ARUNIMA BHARADWAJ
New Delhi, December 20

INDIAN GAS EXCHANGE is looking to start trading of small-scale LNG (Liquified Natural Gas) on the platform in its liquid fuel form and has proposed to launch the same at Dahej, Dabhol, Hazira, Kochi, Ennore LNG terminals to start with, Rajesh Mediratta, MD and CEO of the Indian Gas Exchange said on Wednesday.

"This is basically a market for truck LNGs and will be available at all the LNG terminals," Mediratta said. "Areas which are not connected to pipeline and many areas where there is a delay in pipeline, there we could use this."

The application for the same has been filed with the Petroleum and Natural Gas Regulatory Board for approval and the approval is expected soon, the

company said.

The small-scale LNG contracts will benefit buyers who are situated in areas which are not yet covered under the national gas grid. In the financial year 2023, 0.7 MMSCMD of LNG was transported by road in the country, constituting 0.4% of the total natural gas consumption.

IGX expects this to grow to 5 MMSCMD (Million Metric Standard Cubic Meters per Day) over the next five years.

"The exchange will

trade LNG from regassified liquefied natural gas terminals and distributed fields in small-scale LNG containers," it said.

Additionally, the exchange also wishes to introduce CBG (Compressed Biogas) certificates scheme to support the implementation of the recently introduced CBG blending obligation by the government.

Small-scale LNG contracts will benefit buyers who are in areas which are not yet covered under the national gas grid



US Slaps More Sanctions on Russian Oil, Issues New Rules for Shippers

Washington: The US on Wednesday imposed new sanctions on alleged violators of a \$60 per barrel price cap on Russian oil and tightened compliance rules for insurance firms and shippers. Firms across the United Arab Emirates and Hong Kong were identified for economic sanctions, including UAE-based Sun Ship Management D Ltd, which Russian state-owned fleet operator Joint Stock Company Sovcomflot owns. Also sanctioned were Hong Kong-based Covart Energy, which has increased its share of the trade of Russian oil since the



price cap policy was implemented, and Hong Kong-based Bellatrix Energy.

Firm administrators were not available for comment to The Associated Press. The sanctions, which follow others imposed this year on shippers of Russian oil priced above the cap, block their access to their US-owned property and prevent US individuals and firms from doing business with the groups.

The price cap coalition also announced Wednesday that it will soon require service providers, including shippers and movers of Russian oil, to receive attestations from their purchasers and sellers each time they lift or load Russian oil. **AP**