

# G20 Panel for Low-cost Funds to Aid Energy Transition Tech

Working group aims to double rate of energy efficiency improvement

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**Panjim:** The G20 Energy Transition Working Group has agreed to work towards low-cost financing for energy transition technologies, doubling the rate of energy efficiency improvement, and technological gaps in the transition.

“Some breakthrough is there in doubling the rate of energy efficiency. The members have taken note of a voluntary action plan,” Power Secretary Pankaj Agarwal said.

The group has taken note of the Green Hydrogen Innovation Centre as well as the Global Biofuels Alliance, he said addressing the media after a day of deliberations.

The members also noted voluntary action plans proposed by India for lowering the cost of finance for energy transition and doubling the rate of energy efficiency improvement, Additional Secretary Ajay Tewari said.

The group is working on a joint communique for the Energy Transition Ministerial Meeting on July 22.

The nations consented for an aim to work towards facilitating access to low-cost finance for clean energy technologies. The deliberations may continue till Friday to discuss the remaining issues, Tewari said.

There are 27 paragraphs in the draft communique, including green hydrogen and biofuels, that are being deliberated upon. Green hydrogen terms, the role of transnational grid interconnections, and princi-

## Push for Energy Efficiency

Group takes note of Green Hydrogen Innovation Centre



Members take note of Global Biofuels Alliance

**GREEN HYDROGEN TERMS STILL BEING DELIBERATED UPON**



**Deliberations could continue till Friday**

## ON THE TABLE

**Green H2 terms, role of transnational grid interconnections, principles for collaboration on critical minerals for energy transitions being discussed**

ples for collaboration on critical minerals for energy transitions were among the major topics that were still being discussed, according to an official.

The need for international finance institutions and multilateral development banks to develop new mechanisms for access to low-cost financing and to mobilize private finance for faster energy transition was also

agreed upon, the official said. Cooperation in promoting the use of sustainable biofuels through collaboration between producers, consumers, and interested countries was accepted, the official said. The significance of accelerating the pace and scale of commercial deployment of mature clean energy technologies including solar, wind, hydropower and pumped storage, carbon capture utilization and storage, and nuclear energy, were also agreed upon, as per the official.

Other technologies like electrolyzers, bioenergy with carbon capture and storage, direct air capture, high-efficiency fuel cells, and small modular reactors, among others, will likely be accelerated. Cooperation in promoting use of sustainable biofuels through collaboration between producers, consumers, and interested countries was also accepted, the official said.

## India's Oil & Gas Bill Contracts to \$35 b in First Qtr

Our Bureau

**New Delhi:** India's oil and gas import bill contracted by a third from a year earlier to \$35 billion in the April-June quarter as prices sharply dropped, as per the oil ministry data.

Crude oil worth \$31.4 billion was imported during the April-June period, lower than \$48.1 billion in the same period last year. The volume of oil imports marginally reduced to 60.1 million metric tonnes (mmt) in the first quarter from 60.7 mmt in the same period last year.

Liquefied natural gas (LNG) imports rose 4.3% in volume terms to 7,590 mmscm but in value terms dropped 19% to \$3.8 billion.

Oil and gas prices were extremely volatile in the April-June quarter last year due to the uncertainties induced by the Russia-Ukraine war and the consequent western sanctions imposed on Moscow. The global crude benchmark Brent averaged \$116 per barrel in the April-June of 2022. It was 35% lower at \$76 per barrel in the same period this year.

Similarly, the LNG benchmark Japan Korea Marker (JKM) for the April-June period of last year averaged \$29 per mmbtu, nearly triple the average of \$11 for the same period this year.

India has also benefited from a sharp increase in the import of Russian oil that came at a deep discount to Brent. A sharp decline in LNG prices from the record highs of 2022 has begun to boost Indian imports slowly but many customers in the country find the current rate of about \$12 per mmbtu unaffordable. Natural gas consumption in the country rose 2% year-on-year during the April-June quarter.





# 'Oil demand growth could near zero globally by 2028 – fossil fuel subsidies are a hidden problem in the green energy transition'

**Arthur van Benthem** is Associate Professor of Business Economics and Public Policy at Wharton, the University of Pennsylvania. Speaking to **Srijana Mitra Das**, he discusses metrics reflecting environmental impacts:



**Q. What is the core of your research?**

A. I am the co-director of the Wharton Climate Center. My research studies the effectiveness of energy and environmental policies. I look

at how these can be efficient at reducing pollution but can at times have unintended consequences, like being very expensive for tax payers. I also study carbon trading markets and policies which improve the fuel efficiency and local air pollution emissions of vehicles. Recently, I've begun to study land protection policies as well.

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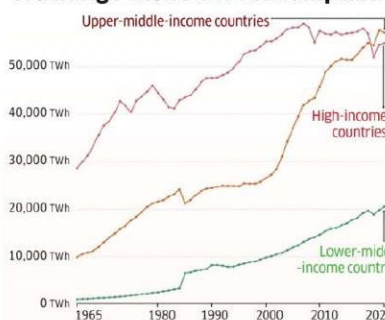
**Q. Which are the three kinds of emissions investors are focusing on now?**

A. One categorisation is Scope One, Two and Three emissions. Scope One are from sources owned and controlled directly by a firm—that could be like a refinery which uses natural gas for an industrial furnace. Scope Two emissions are associated with the electricity, heating and cooling of a business purchases—these are part of the life cycle emissions of a firm's products. Scope Three emissions result from activities which are upstream or downstream in the value chain. A company doesn't directly control these and they can be very hard to quantify—consider a car manufacturer importing leather for its seats from Brazil. They could indirectly be causing tropical deforestation—that's part of Scope Three emissions.

Investors care significantly about all three categories now. Scope Two and Three are indirect emissions but they could be regulated down the road—that would increase the cost of the energy or inputs a business buys, affecting its cash flows and profits.

**Incomplete unified ESG reporting frameworks** give firms leeway to engage in greenwashing. There is a push now for standardised reporting in response to new disclosure regulations in the EU and US—hopefully, that will make it easier for investors to assess climate risks between companies on an apples to apples basis

## Tracking Fossil Fuel Consumption

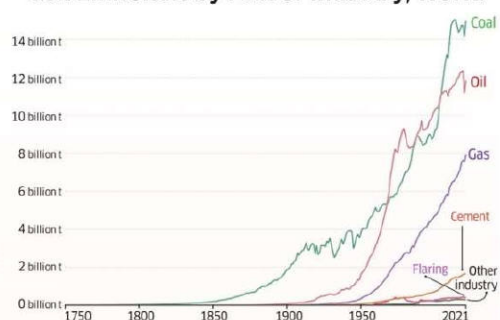


Source: Energy Institute Statistical Review of World Energy (2023)

Data Courtesy: Our World in Data

**Why The World Is Warming:** Fossil fuels emit greenhouse gases (GGE) which heat the atmosphere, causing climate change—this July has already seen the hottest week ever on Earth, with Europe experiencing record-breaking heatwaves and parts of Asia flooded by intense rains caused by warm air holding more moisture. However, despite cost reductions in renewable sources of energy, the use of fossil fuels in sectors like power, building and transport remains high—changing this requires taking key steps like technology transfers to developing economies and reducing fossil fuel subsidies

## CO2 Emissions by Fuel or Industry, World



Source: Our World in Data based on the Global Carbon Project (2023)  
Credit: OurWorldinData.org/co2-and-greenhouse-gas-emissions

**Investors look at Scope One, Two and Three emissions – these impact both costs and profits**

**Q. Why did the Ukraine crisis, which raised fossil fuel prices, see more usage?**

A. Initially, the Ukraine crisis led to an oil and gas shock which caused very high prices. But generally, prices have come down as the immediate impacts of the crisis subsided—importantly, there was pent-up Covid recovery demand for transportation and energy.

It is not so certain though that this growth in oil and gas will continue. The International Energy Agency (IEA) predicts that growth in oil demand globally could slow to almost zero by 2028 as many regions start moving in a greener direction, aided by more stringent regulations.

**Q. The IEA also discusses subsidies as supporting the oil and gas sectors – do you see these gradually diminishing?**

A. Subsidies for fossil fuels are very pervasive worldwide—while some countries have tried to change these, they've tended to be quite persistent. This is one of the biggest hidden problems in the transition to green energy—I see this as a major issue for reform which is needed to move in a lower carbon direction.

*Views expressed are personal*

performance across industries. There is a push for standardised reporting in response to new disclosure regulations in the European Union (EU) and a similar ongoing process in the United States—hopefully, that will make it easier for investors to assess climate risks between firms on an apples to apples basis.

**Q. How much of a risk is greenwashing to accurate climate reporting?**

A. It is a problem—interestingly, to some extent, it tells you firms are worried enough about climate risks to go through the trouble of doing this. The lack of data and incomplete unified ESG reporting frameworks, especially for Scope Three emissions, give firms leeway for selective reporting and greenwashing. Hopefully, as more standardisation happens as a result of regulations, it will become harder to do this.

**Q. How are climate risks impacting debt and real estate markets now?**

A. Recent studies have found climate risks—specifically floods—are impacting housing markets. One study found in Florida, high-flood risk homes stay in the market for longer now and ultimately sell for less. Other studies have looked at municipalities facing high risks of flooding—their municipal bonds receive less favourable terms. Investors are wary about lending them money because of potential future flooding and lower property values. Another effect is wildfire risk—California has seen several insurers pull out of the market as their losses from homeowners' insurance premiums have accumulated.



# Crude oil imports from Russia may remain subdued for now

**BARREL BASICS.** Russia's domestic needs, seasonality seen as contributing factors

**Rishi Ranjan Kala**  
New Delhi

Crude oil imports from Russia are expected to remain subdued during the summer months as domestic refineries undergo maintenance even as the erstwhile Soviet Union is curbing exports to increase production of gasoline for meeting domestic demand.

According to Kpler, Russia's largest seaborne crude oil buyer imported 1.66 million barrels per day (mb/d) of crude oil in June, down 26 per cent m-o-m from 2.23 mb/d in May 2023.

When asked whether imports going ahead would be subdued, Kpler's Lead Analyst (Dirty Products and Refining) Andon Pavlov told *businessline*, "To a degree, yes. There is also the factor of seasonality of Indian refinery runs (in light of the monsoon season) that will probably keep imports in check over the rest of summer."

He added: "The story around Russian crude export reductions is more related to rising domestic crude intake, as gasoline



**TURNING TO OLD ALLIES.** Though India has increased offtake from the US and the Middle East, it is not feasible for Russia to trim its exports to the country in any meaningful form, experts say

shortages across Russia start to push domestic prices high. Beyond the summer season, we see little reason for Russian crude exports to suffer; in fact, we are not yet fully convinced that there will be a full-fledged decline in Russian crude supply, beyond some cosmetic shave-offs."

As Russian supplies to India slows down, the world's third largest energy guzzler is increasing cargoes from the US and its traditional trading partner, the Middle East, trade sources said.

When asked about declin-

ing barrels from Russia leading to India turning towards the US and Middle East, Pavlov said: "Difficult to see it. At this stage, India is Russia's second largest export market for crude, so it is not feasible for Russia to trim exports in any meaningful form for the foreseeable future."

## PAYMENT PAIN

Several analysts have pointed to the currency issue as Russia's Ural grade has already surpassed the G7 price cap of \$60 per barrel.

They said that Russians

are saddled with over \$2 billion in Indian currency, which they are unable to utilise. Besides, it's becoming difficult for Indian refiners to make payments in US dollars.

Asked if currency issues can impact relationships, Pavlov said: "In my view, this looks like a minor issue. After all, there have been even more serious concerns at the beginning of this partnership and they have been overcome rather swiftly."

As long as there is a fundamental drive behind certain commodity flow, currency issues becomes secondary. One option might be UAD, which technically is not USD, although it is pegged to it, so it helps Russia save face and gives India an opportunity to continue operations as usual, he explained.

However, this issue is likely to be resolved as India and the UAE have decided to start trade settlement in their currencies and link their fast payment systems to make international financial interactions simpler.

The pact was signed during Prime Minister Narendra Modi's visit to the Arab country last week.

# Vehicle, industrial activity to drive oil demand in 2023

**Rishi Ranjan Kala**  
New Delhi

India's rising industrial and construction activity, coupled with a growing demand for auto fuels from the logistics, travel and tourism sectors, is likely to further propel oil demand in 2023.

"Overall, India's oil demand is expected to grow by 246,000 barrels per day (b/d) in 2023, revised higher by 14,000 b/d from last month due to robust gasoil/ gasoline demand being reported," S&P Global Commodity Insights Oil Analyst Wang Zhuwei said.

However, the delay in the start of HPCL-Mittal Energy's 1.2 million tonnes per annum (mtpa) naphtha-fed steam cracker at the Bathinda refinery in northern Punjab is likely to pull down naphtha supply, he added.

"Middle distillates, gasoil, and kerosene/jet fuel combined will account for 65 per cent of the demand growth, with gasoline and naphtha both contributing. Oil demand is holding up quite well and should continue rising, supported by solid economic growth with more focus on industrial and construction activity; however, the third quarter (July-September) is expected to see a seasonal dip



due to monsoon," Zhuwei added.

India's oil demand in 2023 is expected to be 7 per cent higher than in 2019, and this may be about 11 per cent higher in 2024, he projected.

Moreover, gasoline demand rebounded beyond pre-Covid levels in 2021 and is expected to be about 24 per cent higher in 2023 than in 2019. Gasoil demand is expected to be nearly 9 per cent above pre-Covid levels this year, but kerosene/jet fuel demand will remain about 20 per cent lower than 2019 levels.

## RAINS SKEW DEMAND

India's demand for oil products fell by 40,000 b/d month-on-month (m-o-m) in June, mainly due to a drop in demand for naphtha and transportation fuels with the onset of monsoon, S&P Global Commodity Insights said.

Demand for transportation fuels also fell m-o-m in June following a high base achieved in May. Year-on-year (y-o-y), the demand was up by 187,000 b/d, or 4 per cent, it added.

PPAC data show that diesel demand dropped by 1 per cent m-o-m, but remained 3 per cent compared to a year ago, and 6 per cent higher than in June 2019.

"Demand growth for gasoil since March 2023 can be attributed to several factors, including a rise in construction, industrial, and agricultural activities, as well as the need for power generation and industrial purposes," Zhuwei added.

In June, kerosene/ jet fuel demand remained the same as in May, at 183,000 b/d. According to AirNav Radar Box, the number of domestic flights in June were 4 percentage points lower than in the previous month, but up by 3 percentage points on the year.

International travel was 2 per cent less than in May, but 21 per cent higher than in the previous year. Despite the summer travel demand, the pickup in jet fuel demand remains slower than expected. Flight data for early July also points to similar numbers m-o-m for both domestic and international sectors, he said.

## Petrol, diesel cost same since June 2022

PRICES OF PETROL and diesel have remained unchanged since June 2022 and price of India's crude import basket has dipped by 32 % in last one year, minister of petroleum and natural gas Hardeep Singh Puri informed Parliament on Thursday. He also said that fuel prices are market-determined and set by oil marketing companies. The central government reduced excise duty on fuel in November 2021 and May 2022, resulting in a fall in the retail prices of petrol and diesel.

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## Gas grid to connect all states by 2026

OIL AND GAS minister Hardeep Singh Puri on Thursday informed Parliament that 68% work on national gas grid was complete and that all states will get connected to the grid by 2026. More than 23,000 km of natural gas pipeline are operational and another 12,000 km pipeline is under various stages of construction.

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# Reliance on imported crude rises to 88.3%

SUKALP SHARMA  
New Delhi, July 20

**INDIA'S RELIANCE ON** imported crude inched up to 88.3% in April-June from 86.5% a year ago as consumption of fuels and other petroleum products rose while domestic oil production declined slightly, as per data released by the Petroleum Planning & Analysis Cell (PPAC) of the oil ministry. The reliance on imported crude in the first quarter (Q1) of the current financial year (FY24) was also higher than the previous fiscal's 87.4% — the highest-ever for a full year.

While the government wants to reduce India's high dependency on imported crude oil, sluggish domestic oil output in the face of continually growing domestic demand has been a key obstacle. In 2015, the government had set a target to reduce reliance on oil imports to 67% by 2022 from 77% in 2013-14, but the dependence has only grown. Heavy reliance on imported crude oil makes the Indian economy vulnerable to global oil price volatility, apart from having a bearing on the country's foreign trade deficit, foreign exchange reserves, rupee's exchange rate, and inflation.

At 60.1 million tonne, the volume of India's oil imports in April-June was a tad lower than 60.7 million tonne in the year-ago period. However, reliance on imported crude still rose as the country's petroleum product exports declined to 14.7 million tonne from 16.6 million tonne in the year-ago quarter. The computation of import dependency is based on the domestic consumption of petroleum products and excludes petroleum product exports as those volumes do not represent India's demand.

According to the PPAC, total production of petroleum products from domestic crude oil in April-June was 6.8 million



FUEL CONSUMPTION UP, OUTPUT DOWN

	Q1 FY23	Q1 FY24
Domestic oil output (mt)	7.5	7.3
Petroleum product consumption (mt)	55.4	58.1
Oil imports (mt)	60.7	60.1
Oil import dependency (%)	86.5	88.3
Oil import bill (\$ million)	48.1	31.4

Source: PPAC, Ministry of Petroleum & Natural Gas

MT: million tonnes

tonne, which translates to a self-sufficiency of just 11.7%. In the corresponding quarter of last year, petroleum product production from indigenous crude was 7.5 million tonne and self-sufficiency stood at 13.5%.

With refining capacity of over 250 million tonne per annum, India — the world's third-largest consumer of crude oil and also one of its top importers — is a net exporter of petroleum products.

Interestingly, even as the dependency on imported oil rose in Q1 from the corresponding period of last year, the oil import bill was nearly 35% down, thanks mainly to relatively lower prices of crude oil in the international market. Global oil prices had surged a year ago to multi-year highs in the aftermath of Russia's invasion of Ukraine, but have cooled off significantly since. India's import of discounted Russian oil in large quantities has also played a role in savings on oil imports. Indian refiners started snapping up Russian oil after the war in Ukraine broke out. Moscow started offering discounts to willing buyers as Western buyers started shunning its oil follow-

ing its February 2022 invasion of Ukraine.

In April-June of last year, India's oil import bill was \$48.1 billion dollars, while in Q1 of the current fiscal, it was \$31.4 billion, according to the PPAC data.

The price of the benchmark Brent crude averaged at around \$114 per barrel in Q1 of FY23, while in the corresponding quarter of the current financial year, it averaged at around \$78, as per data from the US Energy Information Administration.

Cutting oil imports is one of the main objectives of the government's push for electric mobility and other alternative fuels for transportation and industries.



## भारत ने 20 लाख बैरल प्रति दिन के हिसाब से खरीदा रूसी तेल

नई दिल्ली, 20 जुलाई (एजेंसी) : न अमरीका का डर है और न यूरोप का, भारत रूस से जमकर तेल खरीद रहा है। रूस से भारत का तेल आयात जून में सर्वकालिक उच्च स्तर पर पहुंच गया। हालांकि, आयात में वृद्धि अक्टूबर 2022 के बाद से सबसे धीमी थी। यह इस बात का संकेत हो सकता है कि भारत का रूसी तेल आयात पीक पर पहुंच गया है। रॉयटर्स ने अपनी रिपोर्ट में टैंकर डाटा का हवाला देते हुए यह बात कही। रूस द्वारा यूक्रेन पर हमला करने के बाद पश्चिमी देशों ने रूस पर व्यापार प्रतिबंध लगा दिए थे। इसके बाद रूस ने डिस्काउंट पर तेल बेचना शुरू किया था। तब से भारतीय रिफाइनरीज रूसी तेल की भारी खरीद कर रही हैं। हालांकि, पेट्रोल-डीजल की कीमतों में गिरावट के अभी कोई संकेत नहीं मिल रहे हैं।

हालांकि, अब रूसी तेल पर डिस्काउंट कम हो गया है और पेमेंट सैटलमेंट में समस्याएं पैदा हो रही हैं। इसने हाल ही में भारतीय रिफाइनरीज को मिडिल ईस्ट के वैकल्पिक स्रोतों की तलाश के लिए मजबूर कर दिया है। भारत ने जून में रूसी कच्चे तेल की लगभग 20 लाख बैरल प्रति दिन (बी.पी.डी.) की खरीदारी की थी। आंकड़ों से पता चलता है कि मई से इसमें मामूली वृद्धि हुई है।

## उज्ज्वला गैस न मिलने की शिकायत का दो घंटे में एआरओ कुलदीप जैन ने किया समाधान



**वैभव न्यूज ■ अलीगढ़**

लोधा क्षेत्र के इंडियन गैस लोधा के द्वारा प्रधानमंत्री उज्ज्वला योजना के तहत प्रार्थी रामवती देवी वाइफ ऑफ जगबीर सिंह निवासी भैमती के द्वारा प्रार्थना पत्र में जिला अधिकारी महोदय को अवगत कराया कि 2 वर्ष पूर्व प्रधानमंत्री उज्ज्वला योजना के तहत गैस कनेक्शन के दस्तावेज लोधा इंडियन गैस एजेंसी पर जमा

किए थे। जिसमें लोधा इंडियन गैस एजेंसी द्वारा कनेक्शन करने के बाद भी प्रार्थीया रामवती देवी को गैस कनेक्शन नहीं दिया गया था। जिला अधिकारी की शिकायत का तुरंत संज्ञान लेकर एआरओ कुलदीप जैन मौके पर पहुंचे। प्रार्थीया रामवती को 2 घंटे में गैस सिलेंडर दिलवाया। जिसमें प्रार्थीया रामवती ने जिला अधिकारी महोदय और एआरओ कुलदीप जैन का आभार व्यक्त किया।