

No need for upping oil reserves now, says IEA

Singapore, Oct. 24: The International Energy Agency (IEA) sees the current level of oil storage in member states sufficient to take action if required to stabilise oil markets, and sees no need to increase strategic reserve requirements, an official said on Tuesday.

The Paris-based agency said earlier in October that it stood ready to act if needed to keep markets well supplied as the Middle East conflict is fraught with uncertainty and poses risks to oil flows from the region.

Oil prices soared to over \$95 a barrel after Hamas launched a shock attack on Israeli civilians in early October, posting one of the most significant geopolitical risks to oil markets since Russia's invasion of Ukraine last year.

The agent's 31 member countries made two batches of oil releases from their emergency reserves last year, totalling 182.7 million barrels, in response to the turmoil caused by Russia's invasion of Ukraine.

"I don't think we need to do anything like that at this moment. But we will keep an eye on the situation," said Keisuke Sadamori, said director of energy markets and security at IEA, on the sidelines of an industrial



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event in Singapore.

The IEA requires the member states to hold oil stocks equivalent to at least 90 days of net oil imports and to be ready to collectively respond to severe supply disruptions affecting the global oil market. The current tally of the combined strategy reserves at IEA members is 1.2 billion barrels.

"By the size of 90 days of net imports, I think that should be good enough at this moment. Such kind of stockpiles are necessary not only for taking actual actions but also to keep confidence in the market," Sadamori further said.

—Reuters



Crude oil stays broadly stable amid weak economic data

Reuters

Crude oil prices were broadly stable on Tuesday following the previous session's dip after a flurry of economic data from Germany, the wider euro zone and Britain sketched a bearish picture which could weigh on oil demand.

Brent crude futures were up 9 cents at \$89.92 a barrel by 0847 GMT, while US West Texas Intermediate crude futures inched up 4 cents to \$85.53 a barrel.

Both oil benchmarks fell more than two per cent as diplomatic efforts in the Middle East, the world's biggest oil-supplying region, intensified to contain the conflict between Israel and Hamas.

In the US, crude stockpiles were expected to have risen last week, a preliminary Reuters poll showed on Monday.



Oil prices slip amid flurry of weak economic data from Euro zone, UK

London: Oil prices dipped on Tuesday following the previous session's slump, while a flurry of economic data from Germany, the wider euro zone and Britain sketched a bearish picture that could weigh on oil demand.

Moving between positive and negative territory in the session,

Brent crude futures were down 47 cents, or 0.5 per cent, while US West Texas Intermediate crude futures were down 47 cents, or 0.6 per cent, at \$85.02 a barrel.

Euro zone business activity took a surprise turn for the worse this month, data showed on Tuesday, suggesting the bloc may

slip into recession. German readings suggested a recession in the country is well underway, while Britain's businesses reported another decline in activity this month, underlining the risk of recession ahead of the Bank of England's interest rate decision next week. **REUTERS**

OMCs look to spur demand with bigger ethanol tender

SANJEEB MUKHERJEE

New Delhi, 24 October

Oil marketing companies (OMCs) have floated tenders for supply of 8.25 billion litres of ethanol from all sources for the 2023-24 supply year that will start from November 1. This quantity of the fuel is required to meet the 15 per cent blending target for the period. The bid document was floated a few days back and its validity ends on July 31, 2024.

In the 2022-23 ethanol supply year (ESY), the OMCs had floated tender documents for supply of 6.51 billion litres of ethanol from all sources. Of this, around 3.51 billion litres of ethanol had been supplied till July-end. Of this, 82 per cent of ethanol came from sugarcane-based sources while the rest came from grain-based sources.

Sources said against the target of 12 per cent average annual national blending in 2022-23 supply year, around 11.76 per cent was achieved till a few weeks back.

"Ethanol produced from different feed stocks namely sugar cane juice, sugar, sugar syrup/B heavy



The Centre is likely to increase the price of ethanol produced from sugarcane-based molasses for the 2023-24 season

molasses/ C heavy molasses /damaged food grains/maize/ surplus rice sourced from FCI being procured by OMCs and same has been mentioned in quantity bid form. Bidders must offer their total quantity under the respective feedstock for the respective period," the offer document said.

According to the official plan, India plans to reach 15 per cent average annual national blend by 2023-24 supply year, followed by 18 per cent blend in 2024-25, and 20 per cent in 2025-26.

"The ethanol industry is set to expand by a staggering 500 per cent and by 2025, as we move towards a 20 per cent blending level,

demand is expected to soar to 10.16 billion litres, propelling the industry's worth from ₹9,000 crore to over ₹50,000 crores," said Vijay Nirani, founder & managing director, TruAlt Bioenergy.

"This tender itself stands as a strong indicator to India's dedication to reaching the ambitious 20 per cent ethanol blending target and pushing beyond," Nirani added.

Meanwhile, the Centre is likely to increase the price of ethanol produced from sugarcane-based molasses for the 2023-24 season starting from November 1 by up to 3 per cent, in line with the trend followed since the last few years, trade and industry sources recently said.

DELHI GOVT'S ELECTRIC VEHICLE PUSH

IGL's Gas Volumes, Growth may get Unplugged

Phased EV adoption tilts the scales against the gas distributor, may impact pricing power and sales

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ET Intelligence Group: Indra-prastha Gas (IGL) has lost nearly one-fifth of its total market value in the past four trading sessions after the Delhi government's mandate for cab aggregators to adopt electric vehicles (EVs) by 2030 in a phased manner.

This may affect 15-20% of the company's CNG volume and 10-12% of the total gas volume from the beginning of 2025.

The Delhi government targets the conversion of 5% of the total fleet to EVs in the next six months. It will reach 50% in three years and

100% in five years. The scheme is applicable to cab aggregators, delivery service providers and e-commerce entities having more than 25 vehicles in their fleet.

IGL sold 8.2 million standard cubic meters per day (mmscmd) of gas in FY23, of which 70-75% was contributed by the CNG segment, which powers vehicles. The taxi and three-wheeler segment forms around 40% of the company's CNG volume.

Several aggregator cabs registered in neighbouring states ply on roads in Delhi and refill CNG tanks as prices in Delhi are lower due to the tax difference. There is no clarity on whether the state's new EV policy has a bearing on such cabs.



Barring higher initial capital to buy an EV, the total cost of operation (TCO) will be 15% lower than a CNG-powered vehicle over the five-year duration. The equation may turn more favourable for EVs if gas prices remain elevated with an increasing shortfall of gas available under the administered pricing re-

gime. Also, the incremental gas volume is expected from wells with higher difficulty in extracting gas. That may keep prices buoyant.

Lower volume growth could also deteriorate the pricing power of the company. IGL also faces the risk of volume slippage from the bus segment which accounts for 20% of the CNG volume given the rising number of EV buses. The government-owned buses contribute about 10% to the CNG volume in Delhi. These factors are likely to impact IGL's long-term volume growth estimates.

The company's gas volumes grew 9% annually between FY18 and FY23. It may drop to under 5% if the EV adoption goes as planned. This is likely to contract the price-earnings (P/E) multiple. At Monday's closing price of ₹392.1, the stock trades at 16 times one-year forward earnings compared with the long-term average valuation multiple of 21.

ET ANALYSIS

● RUN UP TO COP28

FOSSIL-FUEL USE MUST END IMMEDIATELY IF CLIMATE GOALS ARE TO HAVE A FIGHTING CHANCE

Coal isn't cool, oil's not well

THE COP28 IN December should play out like an epic blockbuster with twists and turns where the climate agenda emerges victorious at the last moment—or at least that's the hope as the renewed discussions on gathering momentum happen alongside lacklustre climate meets across the world. In reality, the world is moving woefully slowly on climate action despite the mounting destruction from extreme weather and the breach of the planet's boundaries.

The battle lines are clear: the worst affected nations and communities want an immediate pledge on phasing out fossil fuels while the richest nations stack their weight behind abating and removing emissions. This is technical speak for preventing carbon emissions from coal, oil, and natural gas from entering the atmosphere and removing what has been emitted. It is done through fixes like the CCS (carbon capture and storage) technologies that store carbon underground or under the sea and are being touted as a convenient solution to lowering emissions without stepping away from fossil fuels. The reality is not that straightforward.

The problem is that such a technology-driven approach to solving a planetary crisis has significant limitations. CCS has been around since the 1970s, but all evidence points towards its futility in scrubbing carbon out of the air. Instead, whatever carbon is captured is pumped underground through oil and gas shafts to recover more of the fuels. There are examples of projects around the world where storage methods are faulty, unreliable, and leaky with little or no carbon pollution actually reduced in reality.

Proponents of CCS, such as oil and gas firms and even some governments, now have come out to say that a premature phaseout of the carbon-heavy fuels is dangerous. The EU too has

**AARTI KHOSLA
& ANIRUDDHA
BHATTACHARJEE**

Respectively, director,
and researcher, Climate Trends



declared it will push for the phaseout of unabated fossil fuels at the COP (except for France), but the apprehension is that CCS will indefinitely extend their use and even greenlight their expansion.

The issue is complex as the global economy remains heavily dependent on hydrocarbons. Fossil fuel use must be reduced by more than a quarter of current levels if runaway climate change is to be checked. There is no room for new exploration or extraction of coal, oil, and gas. Yet shipping, aviation, and most of the world's road transport still run on varying grades of petroleum and strengthening growth and development will mean doubling energy needs within a decade or two.

The right to development and better living standards in the Global South, too, are primary drivers that are making a case to exploit local fuel reserves. Brazil has okayed exploratory drilling in the Equatorial Margin offshore zone despite it being an ecologically sensitive region along the Amazon. The country draws 88% of its power from renewable sources and it argues that the added revenue from oil and gas projects will improve the people's lives in the impoverished region. The UK too has granted

a licence to the Rosebank oil field—the largest undeveloped field in the North Sea oil patch—over its stated goal of energy security, even though it could emit the same emissions as 90 countries put together.

It comes as no surprise then that apart from the petroleum industry's record high profits of \$219 billion in 2022—its highest ever—natural gas has emerged as the go-to fuel for economic growth. It burns relatively cleaner than coal and oil, can be piped and shipped across borders, and a recent survey by the *Financial Times* found that it's being seen as an investment as dependable as renewables. This is happening even though methane,

which makes up 85-90% of the fuel, has 86 times the global warming potential of CO₂ over 20-odd years. And when gas projects may not advance as planned, breakthrough technologies for batteries and deflationary prices of solar and wind power take over the markets.

Globally, fossil fuels received an incredible \$7 trillion in subsidies in 2022. Critics argue that this keeps them artificially close to the levelised cost of electricity of renewables, but the subsidies continue to flow even as the world is predicted to warm by

1.5°C by the mid-2030s. Meanwhile the power from utility-scale solar and even offshore wind energy farms is now cheaper than from new coal and gas plants; the subsidies, if re-directed to renewables, could do wonders to move the needle on decarbonisation.

Discussions on transforming development finance urgently are now gathering pace. Given the need to bring immediate liquidity into clean energy markets, would it not be possible to allocate a percentage of fossil profits directly into development of wind and solar power across the world?

A tripling of the G20's renewable energy capacity, as agreed in Delhi this year, could indeed stave off seven billion tons of CO₂ emissions between now and 2030 and further deflate clean energy tariffs, if it is not matched by similar ambitions for abatement technology. By inference, this could mean that new natural gas projects worth billions of dollars in investments may end up as stranded assets well before they are designed to go offline. A decisive shift in the funding towards renewables may happen when the insurers and underwriters demand that big businesses and investors declare their role in, and exposure to, climate risks.

As the world draws closer to COP28, all eyes will thus be on securing serious commitments that get to work immediately. The pushback from the supporters of conventional energy is predictable, but this year's meet is almost being seen as a do-or-die window for humanity. The small island nations and the poorest of the Global South are pleading for an end to fossil fuels as to them climate change has become an existential threat. One therefore hopes that as the delegates pour over every word that goes into the final declaration, the intent will be to hammer out the boldest, most progressive climate solutions that the world can afford at this moment.

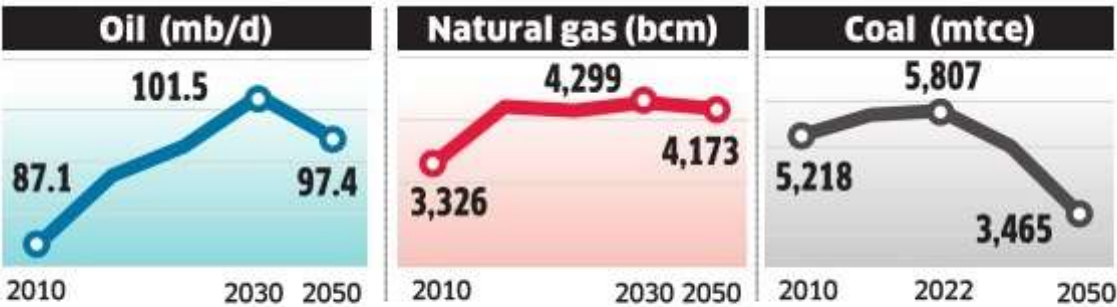
**With COP28
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IEA Sees 2030 Oil Peak

Global demand for oil will reach its peak this decade, the IEA predicted for the first time. The agency also anticipates coming peak for natural gas under the base-case, called the Stated Policies Scenario*. However, the IEA says the process of decarbonising the global economy 'will be a long one and fossil fuel producers remain influential' in the years to come...

Global demand outlook for oil, natural gas and coal



...In the base-case, Russia and Opec will keep their combined share of the oil market at 45-48% until the end of this decade. By the middle of the century, that will rise above 50% thanks to higher production in Saudi Arabia

*STEPS: It is the base scenario under current policies; the other two are 'announced pledges scenario' and 'net-zero emission scenario'
mb/d: million barrels per day; bcm: billion cubic metres; mtce: million tonnes of coal-equivalent

गैस पाइप लाइन बिछाने के लिए उखाड़ी नई सड़कें

कई जगहों से पेयजल और सीवर की पाइपलाइन भी टूटी

माई सिटी रिपोर्टर

पानीपत। वार्ड-23 में गैस कंपनी गैस पाइपलाइन बिछाने का काम कर रही है। इसके लिए कंपनी की ओर से वार्ड की तकरीबन सभी गलियों को उखाड़ दिया गया है। इससे गली के नीचे बिछे सीवर और पेयजल पाइपलाइन तक टूट गई हैं।

इससे सीवर का गंदा पानी पेयजल पाइपलाइन में मिलकर लोगों के घरों में जा रहा है। वहीं, गलियों और सड़कों में गहरे गड्ढे भी बन चुके हैं, जिससे लोगों का आवागमन प्रभावित हो रहा है। हैरानी की बात यह है कि कंपनी ने सड़कों और गलियों को उखाड़ा, लेकिन उनको दोबारा मरम्मत किए बिना ही छोड़ दिया। इसके बाद स्थानीय लोग उसे खुद चंदा इकट्ठा कर बनवा रहे हैं। इससे वार्ड के लोगों में रोष व्याप्त है।

वहीं, निगम के विकास कार्यों में भी नुकसान हो रहा है। वार्ड के लोगों ने इसकी शिकायत निगम अधिकारियों समेत पार्षद को भी दी। जिस पर निगम अधिकारियों का कहना है कि मामले की जांच पड़ताल कर नियमानुसार उचित कार्रवाई करेंगे। वार्ड 23 के पार्षद अश्वनी धोंगड़ा ने बताया कि वार्ड के कच्चा कैंप, पूरेवाल कॉलोनी, आर्य नगर, भाटिया नगर, भाटिया कॉलोनी, इंडस्ट्री एरिया में गैस कंपनी ने गैस पाइपलाइन बिछाने के लिए सड़कों को उखाड़ना शुरू कर दिया है। अब वीवर्स कॉलोनी, आदर्श



पानीपत शहर के वार्ड 23 में खोदे गए गड्ढे। संवाद

लोगों से बातचीत

उखाड़कर छोड़ी सड़क

कॉलोनी में नई सड़कों को उखाड़ा जा रहा है। पाइपलाइन बिछाने के बाद कंपनी सड़कों की मरम्मत तक नहीं करवा रही है। इससे लोगों का आवागमन प्रभावित हो रहा है। - बलदेव।

घरों में जा रहा सीवर का पानी

कई जगह गली में बिछी सीवर लाइन तक टूट गई है। इससे सीवर का गंदा पानी पेयजल पाइपलाइन में मिलकर लोगों के घरों में जा रहा है। - गुरमीत।

मुश्किल से हुए विकास कार्य

मुश्किल से वार्ड में विकास कार्य हुए थे। अब इनको गैस पाइपलाइन वाले उखाड़ रहे हैं। इससे लोगों में रोष बन गया है। - सुरजीत।

करेंगे कार्रवाई : निगम

मामला संज्ञान में आया है। कंपनी को नोटिस जारी किए जाएंगे। अगर कंपनी इसकी भरपाई नहीं करती है तो निगम इसकी भरपाई करेगा और हर्जाना कंपनी से वसूलेगा। - अजय चौवकर, जेई, नगर निगम।

नगर की सड़कों और गलियों को उखाड़ने की तैयारी की जा रही है। इस बारे में निगम अधिकारियों से शिकायत की तो उन्हें भी

मामले की जानकारी नहीं थी। अब निगम अधिकारियों ने आश्वासन दिया है कि वे कंपनी के खिलाफ कार्रवाई करेंगे।