MIDDAY, Mumbai, 14.1.2023
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MOL and GAIL to strengthen partnership

GAIL, a central public sector undertaking under the Ministry of Petroleum and Natural Gas, Government of India and India's largest gas utility and gas supply company, through a wholly owned MOL subsidiary signed a time charter contract for a newbuilding LNG carrier and a joint ownership of an existing LNG carrier. The new building vessel will be the second MOL Group LNG carrier serving GAIL; the parties signed a contract for the first vessel in 2019. The existing vessel still has been chartered to GAIL through a wholly owned MOL subsidiary from 2021 and even now, MOL's shipping service is highly regarded by GAIL. At this time, MOL and GAIL reached an agreement to share the vessel by transferring a portion of a wholly owned MOL subsidiary's shares to GAIL.

In fillip to CBG, govt allows mixing of manure with urea

SUBHAYAN CHAKRABORTY
New Delhi, 13 January

The Union government has tweaked a key initiative to promote production of compressed bio gas (CBG) by allowing the bundling of bio manure, a byproduct, with fertilisers such as urea, and is also willing to pay more for the gas, officials told *Business Standard*.

This will increase returns for entrepreneurs with CBG plants not only by paying them a higher price for their output but also by increasing demand for the byproduct. This is under the Sustainable Alternative Towards Affordable Transport (SATAT) scheme, which, launched four years ago, encourages independent entrepreneurs to set up CBG plants.

The officials said CBG rates under the SATAT scheme had been raised from ₹46 per kg to ₹54 per kg, and that the government was open to a further increase. Given the abundance of biomass in the country, CBG can support the development of an alternative clean fuel for automotive, industrial and other commercial purposes.

The initial target of having 5,000 CBG plants over the next five years has faltered. And, the government is refocusing its approach to the scheme, officials had told *Business Standard* in October 2022.

In December, the Parliamentary Standing Committee on Petroleum and Natural Gas had noted that the scheme was "burdened by lack of clarity, procedural hurdles and has not enthused investors and entrepreneurs to come forward to set up CBG plants." Case in point, only 35 plants have come up under the initiative till July 2022, the ministry told Parliament. Since then, a single plant has gone live in Punjab's Sangrur with a capacity of 33 tonnes of CBG per day.

FEW TAKERS

- **Launched in 2018,** SATAT aims to incentivise production of compressed biogas (CBG) from various biomass sources
- **Initial target of having 5,000 CBG plants** over the next five years has faltered
- **High cost of setting up plants,** low remuneration model, and other factors have led to low interest
- **Only 36 plants** have come up under the SATAT initiative to date

Work in progress

However, officials said a large number of plants are set to go live soon. But the earlier plan of 40 new plants by March 2023 would not be possible.

The committee had recommended that the ministry set up a panel to review the letters of intent (LoIs) issued so far and also issue guidelines for fresh LoIs. It had pointed out that as of June 1, 2022, as many as 3,263 LoIs had been issued by oil PSUs such as IOC, HPCL, BPCL, GAIL, and IGL.

Land has been finalised in 328 cases and only 97 LoIs had achieved financial closure. Officials, however, said no review of the LoIs already issued are planned. "We will instead work on making new LoIs more lucrative for the industry," an official said. More inter-ministerial talks on the scheme are also planned, he added.

SATAT has wide-ranging financial implications, given how the government is incurring ₹75,000 crore worth of capital expenditure for setting up infrastructure for the city gas distribution network. This network is likely to later carry the CBG produced under SATAT, after being synchronised with CNG. Research institutes working with the government have suggested the need for reinstating the New National Biogas and Organic Manure Programme, which had run till March 2021.

SATAT ensures that oil-marketing companies (OMCs) provide floor prices for the offtake of CBG for the first 10 years through upfront long-term agreements. But the high cost of setting up plants, the low-remuneration model, and other factors have led to low interest.

CBG produced at these plants are transported through a cascade of cylinders to the fuel station network of OMCs. It is then marketed as a green transport fuel alternative. But industry insiders said these prices are too low.

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'India's ethanol capacity to jump 25% to 1,250 cr litres by year-end'

NEW DELHI: The government on Friday said the overall ethanol production capacity in India is expected to go up by 25 per cent to 1,250 crore litres by the end of this year, as proactive steps have been taken for faster clearance of projects. A single-window clearance has been put in place wherein ethanol projects seeking interest subvention and environment clearances are given faster clearance.

"As on today, more than Rs 20,000 crore worth loans have been sanctioned by the banks for ethanol projects, Out of which Rs 10,000 crore has already been disbursed under the interest subvention scheme," said Sangeet Singla, Director of Sugar and Vegetable Oils under the aegis of the Union Food Ministry.

Around 225 projects have been benefited so far, he said, speaking at a conference on "Fuels for future' organised by industry body Assocham here.

India has doubled ethanol blending with petrol to 10 per cent in the last two years. Ethanol blending will reach 12 per cent this year and meet the target of 25 per cent by 2025, he added.

Expressing confidence that many distilleries are coming up in the country, Singla said, "We are having more than 1,000 crore litre capacity this year. By the end of 2023, we will have 1,250 crore litre plus. This is the pace at which we are building our capacity in the country."

Ethanol blending will reach 12 per cent this year and meet the target of 25% by 2025

Out of 1,000 crore litre capacity that India has today, sugar and grains-based ethanol is in the ratio of 70:30, he said, adding that these capacities are not only meeting the requirement of fuels but also all other industry uses including portable alcohol.

The official said that not only sugarcane growers, farmers growing grains are also getting benefitted from ethanol making, as they are getting better rates for broken rice.

Besides sugar, the government has allowed the use of broken rice for ethanol production. However, there are concerns about the availability of grains, he said.

The official mentioned that the government is keen to diversify the basket of ethanol in multiple ways. One way is generation of 2G ethanol where Indian Oil Corporation has already commissioned one plant in Panipat.

"We are also promoting cultivation of maize. As of now, maize is allowed for feed stock but it is used on a limited scale. We are requesting states to promote cultivation of maize, which will lead towards water friendly fuel," he added.

Singla said the government is coordinating with various ministries and stakeholders involved in the ethanol industry for producing greener fuels.

"... Climate change is a big change. In our opinion, there is no choice but to fall in line and adopt the greener fuels," he said.

There are multiple alternative greener fuels like hydrogen, electric vehicles, and ethanol but blend of these fuels can be the way forward, he added.

Speaking at the event, Counselor of Public Diplomacy (Trade and Economic Affairs) at Brazil Embassy in India, Paulo Chiarelli, said: "Brazil has more than 40 years of experience in ethanol production and it is keen to have a knowledge partnership with India." The two major sugar producing nations in the world can play an important role in ethanol trade at the global level, he added.

Sugar Technologists' Association of India (STAI) President Sanjay Awasthi, GAIL India Executive Director Atul Kumar Tripathi and ICRA Ltd senior Vice President and Group Head Shamsher Dewan also spoke about greener fuels and challenges ahead.

A knowledge report was also released on the occasion. PTI