FINANCIAL EXPRESS, Delhi, 3.9.2023
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Govt cuts windfall tax on domestic crude

MANISH GUPTA
New Delhi, September 2

THE GOVERNMENT HAS reduced the special additional excise duty (SAED), or windfall tax, on domestically produced crude oil to ₹6,700 per tonne from ₹7,100 per tonne with effect from Saturday, as per a finance ministry notification late on Friday.

The central board of indirect taxes and customs (CBIC), under finance ministry, also revised the export duties on diesel and aviation turbine fuel (ATF) in its fortnightly review. Export duty on diesel has been raised to ₹6 from ₹5.50 per litre.

The duty on jet fuel or ATF has been doubled to ₹4 from ₹2 per litre.

Meanwhile, the export duty on petrol continues to be nil.

Windfall tax was introduced last year on July 1 to tax supernormal profits of energy companies, as is done in some other countries.

Since then, duties have been reviewed every fortnight based on average global crude oil prices in the previous two weeks.

The average crude oil price for Indian basket fell from $83.76 per barrel in April to below $75 for both May and June, as per the Petroleum Planning and Analysis Cell (PPAC).

The government levies windfall tax when prices cross $75 a barrel.

The levies were made zero for ATF in March, for diesel in April and for domestically produced crude oil in May, but were reimposed in August as crude oil prices increased to an average of $86.43 a barrel during the last month.

Global oil prices on Friday rose to a 10-month high of above $88 a barrel amid supply cuts by Opec+ countries.

LPG price cut, Ujjwala expansion could cost over ₹37k cr annually

SUKALP SHARMA & AANCHAL MAGAZINE
NEW DELHI, SEPTEMBER 2

THE GOVERNMENT'S decision to slash domestic cooking gas prices by Rs 200 per 14.2-kg cylinder and expand the Pradhan Mantri Ujjwala Yojana (PMUY) by adding 75 lakh poor households to its beneficiary base could cost upwards of Rs 37,000 crore on an annualised basis, an analysis of liquefied petroleum gas (LPG) consumer base and average gas refill data suggests. For the computations, it is assumed that the LPG cylinder refill rates will stay at the levels recorded for 2022-23 (FY23) and fuel retailers will continue to sell LPG to households at a price that is Rs 200 lower than what they would have charged for a cylinder had the price cut not been announced.

On its part, the government has not provided any estimate of the cost of the twin decisions. Speaking on condition of anonymity, a senior official in the finance ministry said that the actual cost could be somewhat "lower" than this estimate as there are a number of variables in the equation. These include possible over recoveries on LPG sales by fuel retailers, movement in international crude and LPG prices going ahead, and currency fluctuations. The official, however, did not provide any estimation of what the actual cost might be.

The government on Tuesday announced the price cut, which was implemented by public sector oil marketing companies (OMCs) on Wednesday. While the government has so far not officially clarified whether or not it plans to foot the bill for this price reduction, which will benefit over 31 crore domestic LPG consumers in the country, the finance ministry official quoted above said that OMCs will bear the impact of the price cut. The official, however, clarified that the government will cover the Ujjwala subsidy of Rs 200 for the 75 lakh new beneficiaries, as is the case for existing beneficiaries under the scheme. For Ujjwala beneficiaries, the price cut is over and above the subsidy, which implies that they will get a cumulative relief of Rs 400 per cylinder.

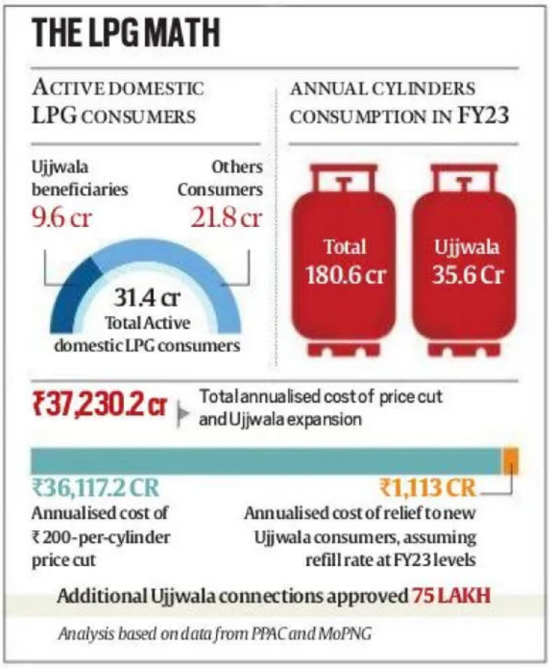
India has a total of 31.4 crore domestic LPG consumers, according to latest available data with the petroleum Planning & Analysis Cell (PPAC) of the oil ministry. Of the total consumer base, 9.6 crore are poor households under the Ujjwala scheme, which leaves the total non-Ujjwala consumer base at 21.8 crore. As per government data, the average LPG refill rate for Ujjwala beneficiaries was 3.71 cylinders for FY23 in terms of 14.2-kg cylinders, while for non-Ujjwala consumers, it was 6.65 cylinders. This takes the total domestic LPG consumption to 180.6 crore cylinders per annum, going by FY23 data. Assuming the Rs 200-per-cylinder cut stays in place for a year, the impact of the price reduction alone works out to Rs 36,117 crore. This means that if the government does not compensate the companies for price cut, which has been termed as its gift to the consumers, the cumulative annualised revenue forgone by the OMC would be over Rs 36,000 crore. Additionally, for the 75 lakh new connections that are set to be given under the Ujjwala scheme, the annualised cost of benefits is estimated to be Rs 1,113 crore, going by the average refill rate and the benefit of Rs 400--Rs 200 each on account of the price cut and government subsidy--per household. This takes the total cost of the two announcements to around Rs 37,230 crore for a year.

An e-mail sent to the petroleum ministry seeking clarity on the cost estimates and whether the government is mulling compensating the OMCs later did not elicit a response till press time.

The government stopped providing LPG subsidy in the early months of the 2020-21 fiscal, when global oil and fuel prices had crashed. Later, subsidy was brought back, but only for poor households covered under the Ujjwala scheme. The government currently provides a subsidy of Rs 200 per cylinder to Ujjwala beneficiaries by way of direct bank transfers for up to 12 refills per year. Even as the government was not giving subsidy to non-Ujjwala consumers, it did provide a one-time grant of Rs 22,000 crore to the three OMCs last year to compensate them for selling LPG at a loss for the previous two years, which had resulted in accumulated losses of Rs 28,000 crore.

The grant came at a time when the OMCs were grappling with significant losses, particularly in the fuel retail segment. However, the companies have now largely recovered from last year's losses and industry insiders do not expect the government to be as eager to help the companies through a special financial grant.

In interviews to television news channels following the decision, Petroleum Minister Hardeep Singh Puri alluded to the strong earnings performance of the OMCs in the April-June quarter as well as expectations of robust financial health in July-September as well, suggesting that the companies are well-positioned financially to absorb the impact of the LPG price cut. Puri reiterated his view that the OMCs have behaved as good and responsible corporate citizens by keeping fuel prices reasonable and affordable for the Indian consumer at a time when energy prices had shot up globally due to extreme volatility, partly fuelled by the war in Ukraine.



ECONOMIC TIMES, Delhi, 3.9.2023
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MISSION GREEN

How RIL plans to make its carbon-intensive, oil-to-chemicals business net zero

Richa Sharma & Sudipto Dey

At the 46th annual general meeting (AGM) of Reliance Industries Ltd (Ltd) earlier this week, Chairman Mukesh Ambani revealed a blueprint for the company's green-energy transition. "We have embarked on our journey to transition our O2C [oil-to-chemicals] business into a sustainable and green, circular and consumer-integrated, chemicals and materials business," he told shareholders on August 28.

To understand the magnitude of this transition, look at the share of RIL's O2C business in the company's annual revenues. As of FY23, O2C contributed 60.99% to RIL's top line of ₹9.7 lakh crore. O2C (at approximately ₹5.9 lakh crore) is the company's most carbon-intensive business, and Ambani's target to make it net zero in a little over a decade may seem like a long shot.

ETPrime

Overseeing this journey is a recently appointed three-member ESG (environment, social and governance) committee at the board level, chaired by Ambani's cousin Hital R Meswani, who has been closely involved in the setting up of several chemical and petrochemical manufacturing plants since the mid-90s. PMS Prasad (an old Reliance hand and Ambani's close confidant) and Arundhati Bhattacharya (former SBI chairperson and an independent board member of RIL) are the other members of the committee. The company's latest annual report says, "This committee will also monitor RIL's performance on realising its goals of reducing net carbon footprint, addressing climate change, fostering a circular economy, facilitating energy transition and nurturing inclusive growth."

So, how does RIL plan to go about it?

In his address, Ambani talked about the three pillars to achieve the net carbon-zero goal by 2035:

- Renewables and bioenergy
- Circularity and consumer integration
- Technology and innovation

RIL's FY23 Business Responsibility and Sustainability Report (BRSR) provides the elements of this transition journey. The company aims to progressively replace transportation fuels with sustainable alternatives such as clean electricity and hydrogen for building chemical blocks such as ethylene, propylene and aromatics that are integrated with downstream derivatives.

RIL is investing ₹75,000 crore in new-energy business to create a manufacturing ecosystem that will be fully integrated with a secure and self-sufficient supply chain. It is designed to complement traditional fuels with clean energy sources such as solar, wind and hydrogen to achieve an optimal mix of reliable, clean and affordable energy that can be stored in batteries.

To enable this transition, RIL is collaborating with global partners to commercialise its proprietary multi-zone catalytic cracking (MCC) technology for 70% conversion of crude to high-value chemical products.

The company's O2C business has been incorporating internet of things (IoT) and machine learning-based cutting-edge digital solutions into its operations to conserve energy. It has also made efforts to develop the synthesis of gas from renewable sources through biomass gasification.

During FY22-23, renewable energy consumption across RIL's operations saw a year-on-year jump of 115%. The company's Dahej and Hazira manufacturing units in Gujarat generated 6.1 million GJ (gigajoule) of renewable energy, accounting for over 90% of the total green power produced by RIL in the fiscal year.

RIL's O2C segment operates the largest single-site refinery in the world at Jamnagar with a crude-refining capacity of 1.4 MMbpd (million barrels of oil per day). It includes refining, petrochemicals, fuel retailing through Reliance BP Mobility Ltd, aviation fuel and bulk wholesale-marketing. It includes a breadth of portfolio spanning transportation fuels, polymers, polyesters and elastomers.

To address emissions related to value chains, in FY23, suppliers were asked to take the 'sustainability test by EcoVadis' — a comprehensive assessment on a range of topics focusing on supply chain. It evaluates the performance of value chain partners on 21 parameters in broad areas like environment, labour, human rights, ethics and sustainable procurement.

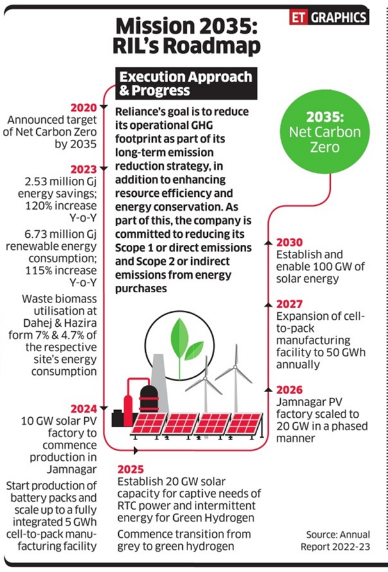
"As of March 31, 2023, we have engaged with over 90% of our suppliers on the assessment, of which 11% have completed the assessment," RIL said in its FY23 BRSR.

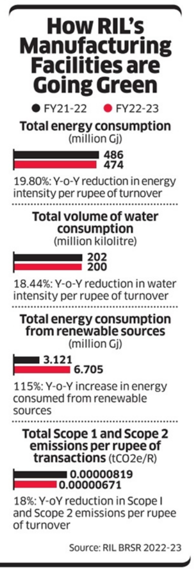
RENEWABLES & BIOENERGY

RIL's businesses have captive energy requirements that generate significant base-load demand, supporting the company's objective to establish giga-scale manufacturing operations. Upon validating the feasibility of this initiative at scale, it will double its investment to further scale up the manufacturing ecosystem.

It aims to establish 20GW of solar energy generation capacity by 2025, which will be solely utilised to fulfil the captive needs of round-the-clock power and intermittent energy for green hydrogen production. RIL is also looking to establish and operationalise 100GW of solar capacity by 2030.

"We are well on our way to building the new-energy ecosystem of manufacturing solar, wind, batteries, hydrogen and bioenergy platforms. This will enable us to speed up the development of our renewable generation assets to deliver round-the-clock electricity for our captive requirements as well as to meet the growing needs of Indian consumers. As the cost of renewables will be significantly lower compared to fossil fuel-based energy, this will result in reduced energy costs and improved profitability for the O2C business," said Ambani.





New energy has already begun using biomass extensively as a fuel to produce green energy at scale and has replaced almost 5.3% of the energy consumed at its Dahej and Hazira sites with green power and steam. RIL is also looking to develop a suitable process for producing green hydrogen from renewable feedstock (biomass) at a significantly lower life-cycle cost.

Leveraging new and emerging technologies and innovations, Reliance inaugurated the first phase of its Bio-Energy Technology (BET) centre in Jamnagar in August 2022.

Meanwhile, Ambani also talked about plans to deploy bioenergy projects across the country after setting up two demo units for compressed biogas (CBG) in Jamnagar and commissioning the first commercial-scale CBG plant at Barabanki in UP. It's worth noting here that India produces nearly 230 million tonnes of non-cattle feed biomass and a major chunk of it contributes to air pollution.

"Within a short span of one year, we have become India's largest bioenergy producer based on our indigenously developed technology. We will rapidly scale this up to 25 CBG plants across India. Our target is to establish 100 CBG plants in the next five years, consuming 5.5 million tonnes of agro-residue and organic waste, thereby mitigating nearly 2 million tonnes of carbon emissions, and producing 2.5 million tonnes of organic manure annually. This would result in a reduction of about 0.7 MMTPA (million metric tonnes per annum) of imported LNG," Ambani said at the AGM.

RIL is working towards the transformation of CO2 into a recyclable resource and is exploring technologies that can help convert the emission gas into valuable products. Investments in carbon capture-and-utilisation technology will play a pivotal role in tapping CO2 as a resource instead of releasing it into the atmosphere.

At Jamnagar, it is working towards the utilisation of CO2 from highly concentrated streams.

CIRCULARITY & CUSTOMERS

RIL is also working on scaling up its chemical recycling technology to deliver application-specific green products, thus helping access high-value, high-potential customers in new value chains. It is also in the process of creating fully circular polymers through International Sustainability and Carbon Certification at the company's refineries and making crackers using post-consumer plastics.

TECHNOLOGY & INNOVATION

RIL is working on an in-house waste-to-oil technology for chemical recycling (pyrolysis oil). The commissioning of 10 TPD (tonnes per day) demo plants is over along with the successful completion of product trials.

"Our refinery at Jamnagar will be progressively operated as 'chemicals and materials feedstock production' engine. We started this by converting some low-value refinery streams to recently launched highly specialised halo-butyl rubber grades and a new purified isophthalic acid plant, which is under commissioning," Ambani said.

In February 2023, RIL unveiled its first hydrogen internal combustion engine technology for heavy-duty trucks and buses. It is also exploring hydrogen fuel-cell technology solutions and is partnering with auto manufacturers and others to create a sustainable future for transportation.

OPPORTUNITIES & CHALLENGES

While the business opportunities from this transformation were highlighted in Ambani's AGM address, RIL's top management is aware of the risks that this decadal journey holds. Under the section 'Management Discussion and Analysis' in RIL's latest annual report, the 'Risk and Governance' part talks about the reputation risks associated with climate change and the increased momentum towards net carbon-zero.

Further, the report says there are higher expectations from society and investors to address the environmental impact. "Failure to meet these expectations could lead to damage to the company's reputation, which could impact RIL's ability to attract capital, as well as to attract and retain talent," it adds.

Clearly, given the sheer size of RIL's O2C business, the arduous journey of transformation to net zero may prove to be a destination in itself.

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गेल GAIL

FREE PRESS JOURNAL, Mumbai, 3.9.2023

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Windfall profit tax on crude oil cut

NEW DELHI: The government has cut the windfall profit tax on crude oil produced in the country while the levy on exports of diesel and ATF has been hiked, an official notification said. The tax, levied in the form of special additional excise duty or SAED, on domestically produced crude oil was reduced to Rs 6,700 per tonne from Rs 7,100 a tonne. SAED on the export of diesel was increased to Rs 6 per litre from Rs 5.50 a litre and on jet fuel or ATF to Rs 4 per litre from Rs 2, the notification said. SAED on export of petrol will continue to be zero. The new tax rates came into effect from Saturday, the order dated September 1, said.

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Levy on diesel, ATF exports hiked

PTI ■ NEW DELHI

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India first imposed windfall profit taxes on July 1 last year, joining a growing number of nations that tax supernormal profits of energy companies. At that time, export duties of Rs 6 per litre (USD 12 per barrel) each were levied on petrol and ATF and Rs 13 a litre (USD 26 a barrel) on diesel.

A Rs 23,250 per tonne (USD 40 per barrel) windfall profit tax on crude oil produced by companies such as Oil and Natural Gas Corporation (ONGC) was also levied.

The tax rates are reviewed every fortnight based on average oil prices in the previous two weeks.

A windfall tax is levied on domestic crude oil if rates of the global benchmark rise above USD 75 per barrel. Export of diesel, ATF and petrol attract the levy if product cracks (or margins) rise above USD 20 per barrel.

Product cracks or margins are the difference between crude oil (raw material) and finished petroleum products.

International crude oil prices averaged USD 86.43 per barrel in August, up from USD 80.37 in the preceding month and USD 74.93 a barrel in June.

The levy on domestic crude oil dropped to nil in the first half of April as international crude oil prices fell but was back in the second half in step with a rise in rates.

Levy on diesel became nil in April but the levy was brought back in August. Levy on ATF became nil in March and was brought back in second half of August.

The export tax on petrol was scrapped in the very first review.

Crude oil pumped out of the ground and from below the seabed is refined and converted into fuels like petrol, diesel and aviation turbine fuel (ATF). Reliance Industries Ltd, which operates the world's largest single-location oil refinery complex at Jamnagar in Gujarat, and Rosneft-backed Nayara Energy are primary exporters of fuel in the country.

MILLENNIUM POST, Delhi, 3.9.2023
Page No. 6, Size:(12.21)cms X (14.64)cms.

Windfall profit tax on crude oil cut; levy on diesel, ATF exports hiked

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NAVBHARAT TIMES, Mumbai, 3.9.2023
Page No. 5, Size:(5.89)cms X (11.44)cms.

जेसीबी से खुदाई के दौरान गैस पाइप लाइन क्षतिग्रस्त

इंटरनेट वायरिंग के लिए खुदाई के दौरान फूटी पाइपलाइन की मरम्मत करते कर्मचारी।

निसं, कल्याण: डोंबिवली जिमखाना रोड पर इंटरनेट केबल बिछाने के लिए एक निजी कंपनी की जेसीबी सड़क खोद रही थी। उसी दौरान महानगर गैस की पाइपलाइन क्षतिग्रस्त हो गई। जेसीबी के बकेट की टक्कर से गैस पाइपलाइन फट गई और गैस का रिसाव शुरू हो गया। महानगर गैस कंपनी और अग्निशमन विभाग की टीम ने पाइपलाइन की गैस सप्लाई बंद कर दी और पाइपलाइन की मरम्मत का काम शुरू किया है। बताया जा रहा है कि लापरवाही बरतने के मामले में कंपनी के खिलाफ जल्द ही केस दर्ज हो सकता है।

HINDUSTAN, Delhi, 3.9.2023
Page No. 7, Size:(12.47)cms X (5.16)cms.

नोएडा-ग्रेनो में सीएनजी वाहन बढ़े

नोएडा। दाम बढ़ने के बावजूद जिले में तेजी से सीएनजी वाहन पंजीकृत हो रहे हैं। गौतमबुद्ध नगर में बीते साल की तुलना में करीब 20 फीसदी सीएनजी वाहनों का रजिस्ट्रेशन बढ़ा है। एक साल में 14331 सीएनजी वाहन पंजीकृत हुए हैं। बीते साल अगस्त में 73740 सीएनजी वाहन पंजीकृत हुए थे। परिवहन विभाग के अनुसार इस साल फरवरी में यह संख्या बढ़कर 81653 हो गई थी।