ECONOMIC TIMES, Delhi, 12.4.2023
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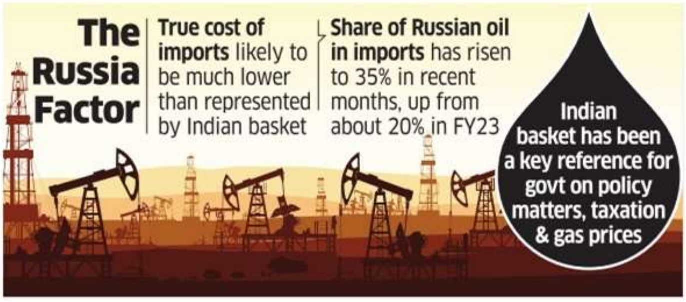
Oil Import Bill Yet to Factor In Discounted Russian Crude Buys

CRUDE DISCREPANCY Refiners currently depend on Russia for about a 3rd of their needs

Sanjeev.Choudhary
@timesgroup.com



New Delhi: The price of the Indian basket of crude oil, meant to broadly represent the cost of the country's crude imports, has yet to begin accounting for the deeply discounted Russian oil that's flooding the country. Since domestic refiners currently depend on Russia for about a third of their requirements, the true cost of imports would be much lower than the one represented by the Indian basket.

"There would be domestic implications for this in policymaking and consumer prices," said Sunil Kumar Sinha, principal economist at India Ratings and Research.

The Indian basket of crude oil has been a key reference for the government on policy matters, taxation and gas prices. The domestic natural gas price is equal to 10% of the Indian basket crude price in the previous month.

The petroleum and natural gas ministry did not respond to **ET**'s queries. The Indian basket represents a derived basket comprising sour grade and sweet grade of crude oil processed in Indian refineries in the ratio of 75.62: 24.38, said the ministry's Petroleum Planning and Analysis Cell (PPAC). The cell uses two global benchmarks – Dubai and Oman average for sour grade and Dated Brent for sweet – to determine the Indian basket price.

The weighted average of these benchmarks has for years served well to broadly represent imported crude cost, said a ministry official, adding that the basket wasn't meant to represent the actual import costs as refiners don't share those details, including the prices for Russian oil, with PPAC.

The Gulf countries have traditionally been India's top supplier, mainly of sour grades, with prices mostly linked to the Dubai and Oman average.

Since the beginning of the Ukraine war, Russia's flagship crude oil Urals has sold for $20-30 per barrel discount to Brent, the most popular oil benchmark. The Urals sold for nearly the same price as Brent before the war. The share of Russian oil in Indian imports has risen to 35% in recent months, up from about 20% for the entire 2022-23.

"We believe that this discount on Russian crude is a temporary phenomenon, which is expected to taper off going forward as the situation between Russia and Ukraine eases. Therefore, the need to modify or change the Indian crude basket at the moment doesn't seem to be necessary," said Sourav Mitra, director-consulting, CRISIL Market Intelligence and Analytics.

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Oil prices may rise, could hit eco, users: IEA

Sidhartha@timesgroup.com

Paris: The International Energy Agency (IEA) on Tuesday said that oil prices are expected to increase from current levels of around $85 a barrel due to the recent decision by Opec+ to reduce production and warned that it could "put a burden" on the Indian economy and consumers.

The agency, which tracks energy markets in major economies, also said it was "legitimate" for India to import crude from Russia and export petrol and diesel to other countries, including Europe. "India is doing this in a transparent way. And India is profiting by importing crude at a lower, discounted price," IEA executive director Fatih Birol said after meeting commerce and industry minister Piyush Goyal here.

India's oil imports from Russia have soared to make the sanction-hit nation the second-largest source of crude. During April-February 2022-23, export of petrol and diesel from India has also shot up almost 50% to $86.2 billion, with shipments to several countries such as the Netherlands seeing a significant increase.

Birol said the restrictions that followed Russia's attack on Ukraine last year have reduced export earnings for Moscow, especially from gas. "More and more countries are producing and exporting gas. In the next two-three years, there will be a flow of LNG coming to markets, which will put downward pressure on the prices and ease gas supply," he said.

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>
> ...When global economy is still very fragile and many emerging countries are having difficulties with economic performance, **I found this (Opec+) decision risky for global economy**
>
> **—FATIH BIROL**
> EXECUTIVE DIRECTOR, IEA

The IEA chief, however, was critical of the decision of the Opec+ countries to slash production. "We have all the reasons to believe that there could be an upward pressure on the prices. At this juncture, when the global economy is still very fragile and many emerging countries are having difficulties with economic performance, I found this decision risky for the global economy."

He cautioned the decision could push up India's import bill as the country imports 85% of its crude requirement.

MILLENNIUM POST, Delhi, 12.4.2023
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Cairn Oil & Gas appoints Steve Moore as COO

NEW DELHI: Vedanta Ltd's Cairn Oil & Gas, India's largest private oil and gas exploration and production company, on Tuesday announced the appointment of Steve Moore as the firm's chief operating officer (COO).

Before this appointment, Moore was the

technical director and chief growth officer at Energean plc, Europe's leading exploration and production company company. "Having previously held positions with Shell, Maersk and Mubadala, Moore has over three decades of extensive international experience in technical, operations and executive leadership roles," the firm said in a statement. MPOST

FREE PRESS JOURNAL, Mumbai, 12.4.2023
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'OPEC+ OUTPUT CUT MAY HIKE OIL PRICES, PUSH INDIA'S IMPORT BILL'

PTI / Paris

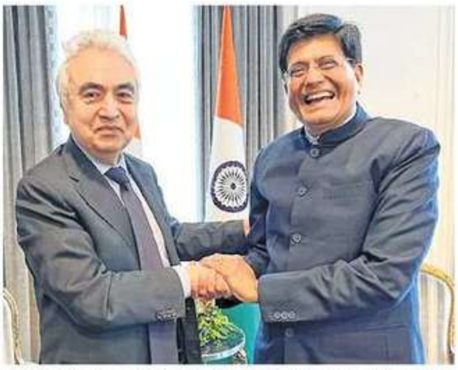
The International Energy Agency (IEA) on Tuesday termed the decision of OPEC+ to cut oil production as "risky for the global economy", saying it may push up already high prices, leading to higher import bills for nations like India.

Global oil markets were already set to tighten in the second half of 2023, with the potential for a substantial supply deficit to emerge, said Fatih Birol, head of the Paris-based energy watchdog.

Talking to reporters after a bilateral meeting with India's Commerce and Industry Minister Piyush Goyal here, he said, "The cut of the additional production would mean that we have all the reasons to believe that there could be an upward pressure on the prices".

"At this juncture of time when the global economy is still very fragile and many emerging countries have difficulties with economic performance, I found this decision risky for the global economy," he noted.

Asked if oil prices could go past USD 100 per barrel again, he said, "I think we are all seeing the day but USD 85 now, and looking at the second half of this year, I have reasons to believe that it can go even higher at current levels".



Fatih Birol and Piyush Goyal in Paris on Tuesday

Higher oil prices will not just translate into inflationary pressure on other commodities but will also lead to a larger import bill for nations like India, which are dependent on overseas supplies to meet their requirements.

"India is an energy important country, oil important country, a majority of the oil consumed in India is important, such a move could increase India's oil import bill and as such a burden on the Indian economy and Indian consumers," Birol said.

Goyal is here to meet his counterpart and French CEOs to promote trade and investments between the two countries.

India is the world's third-largest oil-importing and consuming nation. It meets 85 per cent of oil needs through imports.

It spent USD 118 billion on oil imports in the first 11 months of the 2022-23 fiscal.

Birol said India's economy is strong and continues to be stronger.

"We expect the Indian economy will soon be the third largest economy of the world and the growing economy needs... we do revise our numbers all the time but I expect that the Indian economy will still be strong this year, one of the strongest in the world. And as such, we require strong oil and electricity demand," he said. On Russia's invasion of Ukraine, he said the war has led to a big push for clean energy solutions.

"In addition to that, we also see that as a result of this war, Russia was a major world's number one natural gas exporter. More and more countries are producing and exporting gas and we expect in the next two to three years... there will be a float of LNG coming to markets and as such, would put downward pressure on the prices and ease gas supply security concerns."

MINT, Delhi, 12.4.2023
Page No. 2, Size:(26.34)cms X (7.98)cms.

Opec+ output cut may lead to higher oil prices, push up import bill: IEA

PTI
feedback@livemint.com
PARIS

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Higher oil prices will translate into inflationary pressure on other commodities. MINT

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On Russia's invasion of Ukraine, the IEA chief said the war has led to a big push for clean energy solutions.

Asked about the impact of sanctions on Russia, he said the objective of reducing Russian oil revenue has been achieved.

"Our numbers show that in one year since 24 February, when the war started, the Russian oil and gas export revenues declined, dropping by 60%. If we consider that the oil and gas export revenues are a very important input for the Russian budget, it is a major challenge for the Russian economy."

Russian oil is being sold at a discount to international benchmarks because some western nations have stopped buying it and their insurance companies are no longer providing cover for ships carrying such oil.

India is one of the countries, which utilised the opportunity to buy discount oil to cut its import bill.

The IEA head said India was doing this in a transparent way and within the international rules and regulations. "And India is profiting by...importing of crude at a lower discounted price than the others. This is definitely a legitimate step."

BUSINESS LINE, Delhi, 12.4.2023
Page No. 3, Size:(2.99)cms X (5.04)cms.

OPEC+ output cut may push up India's import bill

Paris: The International Energy Agency (IEA) on Tuesday termed the decision of OPEC+ to cut oil production as "risky for the global economy", saying it may push up already high prices, leading to higher import bills for nations like India.

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Tech to Net Green Goals

Alok Kumar

To achieve the goal of net-zero emissions by 2070, India's energy transition pathway beyond 2030 will depend largely on technological advancements. Keeping energy security in mind, India will have to take policy decisions selecting appropriate decarbonisation technologies for each sector: power generation, hard-to-abate industries and heavy mobility.

An energy scenario for 2047 with a 90% share of renewable energy will require 1,200 GW of renewable energy-based capacity, energy storage of 340 GW, hydropower capacity of 121 GW and nuclear power generation of 50 GW.

Implementing this scenario requires addressing three challenges: localising battery manufacturing and managing the required supply of critical minerals; constructing hydropower projects in mission mode; and a paradigm shift in implementing nuclear power projects.

Of these, developing pumped hydro-storage projects, with a maximum potential of about 80-90 GW, is relatively easy. The technology is mature, what is required is a framework for allocating sites and a rational methodology for environmental clearance.

That would still require at least 250 GW of battery storage. The technology is very costly — storage alone is about ₹10 per unit — and is dependent on imports from a handful of countries. India needs to incentivise local manufacturing for grid-scale battery storage. These batteries are technologically different from those used in electric vehicles (EV). Lithium-ion batteries have a clear technological advantage for now and are likely to remain the preferred option for the next decade. Accelerating R&D for batteries based on other materials is another challenge.

If India is not able to reduce battery cost, either through local manufacturing or development of alternatives, implementing the high renewable energy (RE)-based power generation scenario will be almost impossible.

Gas-based power generation appears to be a difficult option. The existing fleet of about 24 GW is barely operating at 20% capacity because of the high cost of LNG. There is also the matter of competing demands — city gas supply and the fertiliser sector — for gas.

The only option before India is the commercialisation of carbon capture utilisation and storage (CCUS) technology. This will permit us to generate base load power from coal. However, there are serious concerns the world over about safe and durable storage of large quantities of carbon dioxide captured from power plants. Battery storage appears to be more promising than CCUS.

Hydropower plants support peaking power requirements in a green manner. India, however, has been able to develop only 29% of its potential compared to 80% in US and 70% in EU. India's experience of hydropower project development has been lukewarm. There is need to work with the states to develop a suitable financial model ensuring bearable tariff in the early years of the hydro projects. A more effective communication strategy and proactive stakeholder encouragement is also needed.

Green is good

Technologically, India's nuclear power programme has been quite successful. Going beyond 2047, nuclear power appears to be an important strategic option for base load power. A mission on small modular reactors (SMR)-based production is required. SMR-based plants can be set up quickly and have the technical capability of flexible generation, critical for large-scale renewable energy integration. More public and private companies need to be brought in for nuclear power generation.

Globally, industry accounts for 25% of CO2 emissions. As developing countries industrialise, the sector's share of emissions will grow. Green hydrogen is the most promising decarbonisation technology particularly for core and hard-to-abate sectors such as steel and cement. India has a target of producing at least 5 million tonnes of green hydrogen annually by 2030. This requires local manufacturing capacities for electrolysers — an estimated 25 GW production capacity is required over the next 15-20 years. The production-linked incentive (PLI) scheme for electrolysers will help. The bigger challenge is creating demand for green hydrogen. Many countries still prefer 'blue' hydrogen from natural gas coupled with carbon capture. Emerging protectionist tendencies may hamper India's plans for reducing the cost of green hydrogen. Nonetheless, green hydrogen is the best option for decarbonising India's industrial sector.

Transport is another tricky sector. The ethanol-blending programme is an easy and important option to reduce oil-import dependence. Electric mobility in India is largely focused on two- and three-wheelers. Battery-based heavy mobility solutions are not recommended as it reduces net transport efficiency. Green hydrogen also has the disadvantage of net efficiency losses from double conversion of energy. This will be a difficult area for India's energy transition. R&D in increasing efficiency of electrolysers and fuel cells will be the key.

The writer is secretary, ministry of power, GoI

स्टीव मूर केयर्न ऑयल एंड गैस के सीओओ नियुक्त

नई दिल्ली। वेदांता समूह की कंपनी केयर्न ऑयल एंड गैस ने मंगलवार को स्टीव मूर को अपना नया मुख्य परिचालन अधिकारी (सीओओ) नियुक्त करने की घोषणा की।

इससे पहले मूर यूरोप की अग्रणी खोज और उत्पादन कंपनी (ईएंडपी) कंपनी एनर्जीन पीएलसी में तकनीकी निदेशक एवं मुख्य विकास अधिकारी थे।