

Russia oil imports to hit new high

Bloomberg
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India's oil processors are open to buying even more Russian crude if the price is right, said refinery executives, potentially providing a bigger outlet for Moscow almost a year after its invasion of Ukraine.

The South Asian nation increased Russian oil imports in 2022, ending the year with record monthly volumes as discounted barrels enticed buying. Executives said more cheap crude may be available to India from early next month, with a European Union ban on seaborne Russian fuel shipments possibly weighing on refining rates in

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India's crude imports rose to a record last year, although increased buying of Russian barrels has crimped flows from OPEC.

Cartel members accounted for about 62% of total oil imports from April to December, compared with around 71% in the previous corresponding period, according to government data.

A decent beginning

Sovereign green bonds have started off well;
it's time to meet the challenges of scaling up

THE LAUNCH OF sovereign green bonds has gone off well, with more than 50 investors participating in the issuance. The 10-year bond was priced at a coupon of 7.29%, six basis points lower than the yields on papers of comparable maturity, while the five-year paper commanded a 'greenium' of 5 basis points. Typically, greeniums tend to be bigger, but this is a beginning. The pricing should serve as a reference for private sector companies looking to raise rupee debt related to the environment, social, and governance (ESG). From the government's point of view, ₹8,000 crore in the kitty is good going, and the current year's target of ₹16,000 crore should be easily achieved. In the years ahead, however, it would need to raise significantly bigger sums to meet its green commitments.

For that to happen, the investors subscribing to the bonds must be convinced there is no green-washing and that the funds are, indeed, being used to support green projects. There has not been much transparency in the use of funds that are collected for specific purposes—for instance, a cess for education. But the framework that has been put in place to track the use of the funds raised through green bonds is fairly comprehensive. To begin with, the funds will be deposited in the Consolidated Fund of India, and a separate account will be maintained by the finance ministry. A "Green Register" or an information system with all details relating to bond issuances, funds collected and allocations made will be maintained.

A Green Finance Working Committee (GFWC) will make sure that the process is being followed and that the deserving projects get the investments. It will monitor the execution and turn out reports regularly to document the progress of projects. The funds will be released in tranches as physical targets are achieved. To make the process credible, the government has decided to rope in an external third-party reviewer to provide an annual assessment of the allocation. All this and more would be required to keep investors satisfied.

The government is also clear about what it will not finance. For instance, nuclear power generation, direct waste incineration, and biomass power plants that source the biomass from protected areas or landfill projects won't be funded. Again, hydropower projects, which are a renewable source of energy, won't be funded if they are bigger than 25 MW, as they are seen to have endangered the environment. In fact, subsidies or incentives for private transportation using compressed natural gas (CNG) are excluded, as are coal power plants that want to boost their energy efficiency levels.

Meanwhile, banks, too, must step up lending to the renewable energy sector. As Rajeshwar Rao, Deputy Governor, the Reserve Bank of India, observed recently, structural changes may be called for in the traditional lending approach, including evaluating and certifying green credentials of projects. Rao also highlighted the challenges in scaling up green finance, especially the presence of a robust ecosystem for third-party verification and impact assessment. Indeed, it is important to address green-washing concerns to ensure the flow of capital to green projects. India has done exceedingly well to increase the share of non-fossil fuel-based energy resources to 40% of installed electric power capacity. The objective should be to achieve the next set of targets—500 GW of non-fossil capacity by 2030, for example—at lower investment costs through enablers like green bonds.

Adani Eyes Petrochem, Mining in Azerbaijan

New Delhi: Asia's richest man Gautam Adani's group is eyeing petrochemical and mining projects in Azerbaijan as the ports-to-energy conglomerate looks to expand the business beyond Indian shores. Adani met Azerbaijan President Ilham Aliyev in Davos last week, according to a statement from the office of the President of Azerbaijan.

"During the conversation, the parties discussed Azerbaijan's attractiveness for foreign direct investments, the development of the country's economy, and the prospects for cooperation with the Adani Group in petrochemical, mining and metallurgical in-

dustries, as well as other areas of mutual interest," it said.

Adani, in recent years, is on a rapid diversification spree, expanding an empire centred on ports and coal mining to include airports, data centres and cement as well as green energy. A first-generation entrepreneur, Adani, 60, founded the Adani Group in 1988 as a trading company, and its interests now span real estate, ports, airports, power generation, green energy, cement, coal and FMCG.

"According to Gautam Adani, the firm has vast experience in the fields of port management, transport and transportation in India and other regions of the world and has made direct invest-



ments in these fields in a number of nations," the Azerbaijan government statement said.

"The parties agreed to conduct reciprocal visits of delegations and to hold comprehensive discussions on future collaboration."

During the discussion, the two sides noted that Azerbaijan is the initiator of the East-West and

North-South transport corridors, as well as one of the major transport logistics hubs, and explored potential avenues of cooperation in this respect.

They also acknowledged the significance of the Middle Corridor via Azerbaijan within the context of the East-West transportation corridor.

The Trans-Caspian East-West Corridor, known as the Middle Corridor, is crucial to reviving the ancient Silk Road. It traverses on rail and road routes across Georgia, Azerbaijan and the Caspian Sea and continues toward China on the Turkmenistan-Uzbekistan-Kyrgyzstan and Kazakhstan routes. **PTI**

Clean Energy Sets \$1.1-t Record that's Bound to be Broken

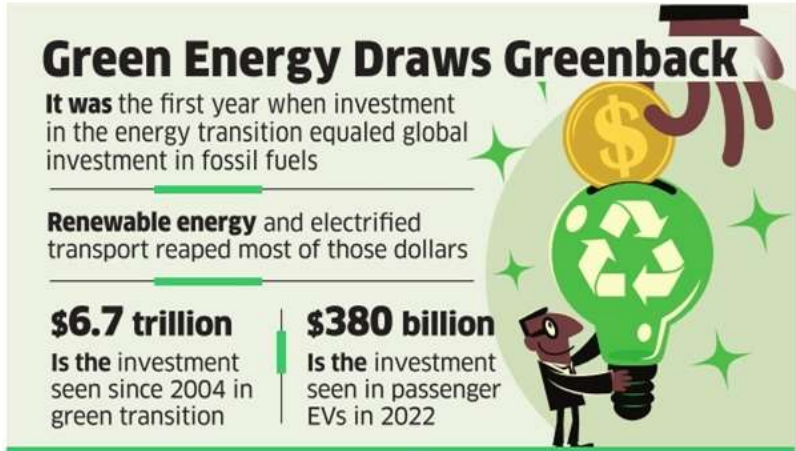
BETTING BIG ON GREEN In 2022, investment in decarbonizing energy jumped more than \$250 b year on year

Bloomberg

Last year was a double milestone for decarbonizing the world's energy system. It was the first year when investment in the energy transition equaled global investment in fossil fuels, according to the latest data release from clean energy research group BloombergNEF.

The money flowing into the upstream, midstream and downstream segments of oil and gas, and into fossil fuel-fired power generation without emissions reduction technology, was \$1.1 trillion last year. Likewise, annual investment in renewable energy, electrified transport and heat, energy storage and other technologies reached \$1.1 trillion.

But 2022 was also a milestone in another sense — as the first year when investment in decarboni-



zing energy surpassed \$1 trillion. The year-on-year increase of more than \$250 billion from 2021 was the largest jump yet.

Renewable energy and electrified transport reaped most of those dollars. Those sectors were buoyed by soaring installations of

wind and solar — with more than 350 gigawatts of assets built — and sales of 10-million-plus electric vehicles globally.

Although renewable energy saw record investment in 2022, electrified transport is growing at a faster rate. Passenger EVs acco-

unt for the bulk of the transport dollars invested (\$380 billion) but by no means all of that sector's capital flow last year. Public charging infrastructure saw an influx of \$24 billion, while nearly \$23 billion was spent on electric 2- and 3-wheelers. Electric buses got \$15 billion, and commercial electric vehicles such as trucks received \$8 billion.

BNEF tracks six other sectors in the energy transition, and all but one of them (nuclear) also set annual investment records last year. The two smallest sectors for investment, shown below, are also worth noting. Carbon capture received \$6.3 billion in 2022 and hydrogen a little over \$1 billion. However, both grew significantly in relative terms: Carbon capture investment almost tripled while hydrogen investment more than tripled. Both technologies have made big promises in the past

half-decade, and investment is now following. But there will need to be orders of magnitude more use of them to have a substantial climate impact.

Inflation did play a role in the increase in invested dollars last year — but not that much of a role, given that inflation in the range of 8% is less than a third of the total year-on-year dollar increase. Inflation drove up costs of components, construction and financing for energy across the board. Yet expansion in nearly every sector increased total dollars invested much more.

A trillion dollars invested in a year is something. It is also short of what is needed. In order to get on track for net zero emissions in 2050, the world would need to immediately triple this \$1.1 trillion spend — and add hundreds of billions of dollars more for the global power grid.



Russian oil exports to India may hit new highs

RAKESH SHARMA

26 January

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PRESS TRUST OF INDIA

Adani group may invest in petrochem, mining in Azerbaijan

Press Trust of India

New Delhi

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NEW | REALITY

Western countries, who refuse to buy Russian crude oil, buying refined fuel from India

India may buy more Russian oil to sell fuel to others

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The refinery executives said Indian processors will maintain their long-term supplies from producers such as Saudi Arabia, with any increase in Russian purchases done on a spot and opportunistic basis.

Russian fuel oil flows to India have also surged, almost doubling month-on-month in December to more than 137,000 barrels a day, according to data from Kpler. The product can be used to upgrade other more valuable fuels or be used in power generation.

— Bloomberg



Russian oil exports to India may hit a new high as interest grows

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RECORD IMPORT

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