

Domestic refiners plan to buy more Russian oil on spot market

REUTERS



Some Indian refiners are planning to take more Russian crude from the spot market this year, with at least one processor seeking changes to contract clauses to allow greater buying flexibility. Indian Oil Corp. is planning to have a quarter of its supply made up of Russian barrels, while Bharat Petroleum Corp. wants around a third of its processed crude to be from the OPEC+ producer.

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India to save ₹1.8 trillion on import bill on softening global oil prices

New Delhi: India, the world's third largest oil importing and consuming nation, is likely to save as much as ₹1.8 trillion on import of crude oil and liquefied natural gas (LNG) if the trend of softening international energy rates continues, Icra said Wednesday. India, which meets over 85% of its crude oil needs through imports, spent \$242.4 billion on buying crude from overseas in the fiscal year ended 31 March 2025. **PTI**

Adani solar park, RIL refinery on alert

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The Centre has put the country's key energy assets along the Pakistan border in Gujarat—including the world's largest solar power park at Khavda, and the world's biggest oil refinery at Jamnagar—on high alert, along with increasing the security at these facilities.

"The security at energy installations along the Pakistan border, including Khavda RE park and Jamnagar refinery are already at high alert and security has been further tightened," said a person aware of the development on condition of anonymity.

Khavda is touted to be the world's largest renewable energy park with a cumulative capacity of 45GW, with Adani Green developing the largest share of 30GW. The other developers in the park include state-run NTPC and Gujarat Industries Power Company (GIPC). The project, in Kutch area of Gujarat, is just 1km away from the India-Pakistan border and falls under the jurisdiction of the Border Security Force (BSF).



Khavda is touted to be the world's largest renewable energy park with a cumulative capacity of 45GW. REUTERS

Jamnagar oil refinery is also under high alert as the area has an airbase and is a no-fly zone for civilian aircraft. The refinery is owned and operated by Reliance Industries, and is the largest and most complex single-site refinery in the world with 1.4 million barrels per day (MMBPD) crude processing capacity and a complexity index of 21.1—the highest in the world.

The refinery is also a major exporter of petroleum products from India. Another per-

son aware of the matter said that security at the refinery has been heightened and it is under constant vigil.

Queries mailed to the Union ministry of home affairs, Adani Group, NTPC and Reliance Industries remained unanswered till press time.

Simarpreet Singh, executive director & CEO of Hartek Group, a renewable energy company, said: "Safeguarding renewable energy resources requires a robust and multifold approach. This includes extensive physi-

cal security such as perimeter fencing, surveillance, staffing, and practical vertical security alongside cyber security."

Singh added that also equally critical are avoiding prolonged response times, layering with insurance policies to manage fiscal exposure, and regular safety drills.

"What goes beyond the supply of electricity is the enduring and unwavering response supported by strong infrastructure that is built, keeping in mind, geopolitical unpredictability," he added.

There are three Indian Air Force bases—Jamnagar, Naliya and Bhuj—within a radius of 50 km and the area is under high alert. Further, the Jamnagar airport is also closed, along with 24 other airports as per NOTAM (Notice To Airmen) issued by the government till 9 May.

The preparedness has been enhanced after the Indian armed forces carried out targeted strikes on nine terror-linked sites under 'Operation Sindoor' early on Wednesday.

The operation came as a response to terrorist attacks in Pahalgam, Jammu & Kashmir that killed 26 people, including a Nepali citizen.

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Counter-intuitive: Why Opec is pushing for lower oil prices

The answer goes beyond punishing over-producers of oil like Iraq



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Saudi Arabia's motives may also have a geopolitical dimension. AP

Cartels have one—and only one—*raison d'être*: push prices higher. Opec, the most famous of all of them, is a textbook example. So why is Saudi Arabia, which leads this group of oil producers, driving prices down?

Ostensibly, the kingdom is trying to re-establish discipline among rogue producers: Kazakhstan, Iraq and the UAE are cheating on their output targets. To force them to relent, Riyadh has been voting at Opec+ meetings for higher production for the whole group, hoping that the ensuing price decline forces the cartel's troublemakers to fall in line.

The explanation makes a lot of sense. First, because the cheating is real, it's getting worse and the unruly countries have ignored warnings. Second, because Saudi Arabia has done it before, launching price wars against Opec cheaters in 1985-86, 1998 and 2020.

Yet, I remain unconvinced that's all there's to it.

To appreciate Saudi oil policy, it always helps to focus on what the kingdom does, rather than on what it says—whether in public or private. The doing is quite transparent: higher production, which results in lower oil prices. Importantly, Riyadh has made no effort to talk up the market. In fact, the opposite is true. In recent days, the Saudis have quietly sent a message to others in Opec and beyond: We can live with low oil prices. Reading between the lines, Riyadh seems to be aiming to keep Brent crude below \$70 a barrel, and perhaps even lower, a significant departure from its previous so-called Saudi First policy of sustaining prices as close to \$100 as possible.

Understanding the new approach is critical, given the last meeting of eight Opec+ countries, which happened on 5 May. The desire to punish cheaters is one explanation for the shift. But Kazakhstan sounds more like the collateral benefit of a new policy rather than its main reason. Saudi oil policy may have several objectives at once. So here are some educated guesses about Riyadh's key considerations:

First, Arabia has realized its previous policy of "as close to \$100-a-barrel as possible" was unsustainable, as it would require further production cuts. To sustain high prices, Saudi output last year was its lowest since 2011. If Riyadh had maintained its policy of high prices, it probably wouldn't be able to increase production in either 2025 or 2026. The outlook beyond that—in 2027 or 2028—looked increasingly difficult for an expansion, potentially condemning Riyadh to lower-forever output.

Second, Energy Minister Prince Abdulaziz bin Salman has long acknowledged, at least in private, that Riyadh had benefited from US sanctions on two Opec+ rivals: Iran and Venezuela. If either was producing anything close to their pre-sanctions level, Saudi Arabia would have long confronted lower prices or lower production—or both. Abdulaziz has also operated under the assumption that the sanctions would not last forever. If Riyadh feels that day is approaching—say because the White House negotiates a deal with Tehran—it may help to increase production.

Third, Arabia has also historically battled external producers—the biggest being the US. In 2014-16, it flooded the market to crush US shale producers. Famously, former Saudi oil minister Ali al-Naimi told American drillers in February 2016 they could "lower costs, borrow cash or liquidate" in the face of sub-\$50-a-barrel prices. But declaring another price war against shale oil players would be politically difficult for Riyadh. Donald Trump appears to want lower oil prices, even if it may hurt its domestic energy industry. But American lawmakers like Senator Ted Cruz of Texas and Lisa Murkowski of Alaska, for example may not agree.

Fourth, for nearly a decade, Saudi Arabia has worked closely with Russia. But that relationship feels more transactional than strategic. Russian President Vladimir Putin is courting Trump, and Moscow could one day turn its back on Riyadh. Perhaps the Saudis sense a change in the Kremlin's tone and are hedging their bets, increasing production before an actual split emerges.

Finally, Riyadh is in talks with the US about several issues: defence guarantees, weapons contracts, Iran and a Saudi civilian nuclear programme. Oil surely plays a role in those talks. Trump is headed for Riyadh this month, making the country part of his second foreign trip (the first one was the unscheduled trip to Rome for the Pope's funeral).

Ultimately, many of those considerations will inform the Saudi rationale to let oil prices drop by exercising its clout within Opec+. One of them will be the main driver, while the other gains would be collateral benefits. Keeping Kazakhstan and others in line is more likely among the latter than the former.

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Taking ethanol blending beyond E20

Tarun Sawhney

Over the past decade, India's Ethanol Blended Petrol (EBP) Programme has emerged as a cornerstone of the country's green transition. As of February 28, 2025, India had already achieved a 17.98 per cent ethanol blending rate under the ongoing Ethanol Supply Year (ESY) 2024-25, with public sector oil marketing companies (OMCs) clocking 19.68 per cent blending in February alone. The country is now swiftly approaching the 20 per cent blending milestone.

While the E20 target by 2025 is a significant achievement, it must not be viewed as the final goal.

To move beyond E20, a forward-looking ethanol roadmap must pivot towards advanced biofuel technologies and systems thinking. Central to this is the scale-up of second-generation (2G) ethanol technologies, which utilise agricultural residues and avoid competition with

food crops —thus promoting both environmental sustainability and food security. Simultaneously, the roll-out of flex-fuel vehicles (FFVs) and hybrid electric vehicles (HEVs) capable of running on higher ethanol blends is essential. These vehicles can serve as a bridge between today's fossil-fuel systems and the net-zero future, enabling a cleaner, more flexible mobility ecosystem.

The establishment of ethanol-integrated bio-hubs — particularly in sugarcane-rich regions — can consolidate multiple renewable streams, including bioelectricity, biogas, and bio-fertilizers, thereby maximising resource efficiency and fostering a rural circular economy.

The sugar industry continues to be the backbone of the ethanol economy. Its ongoing investments in dual-feed distilleries, 2G ethanol production, and even Sustainable Aviation Fuel (SAF) have positioned it as a key contributor to the EBP Programme's success.

For ethanol to move beyond E20,



DIVERSIFY. Sources of feedstock

India must address structural bottlenecks. One of the most pressing is feedstock availability. A continued reliance on sugarcane and surplus FCI rice is unsustainable. A structured push towards maize and other non-food biomass sources is required to diversify inputs and de-risk supply chains.

On the policy front, GST rationalisation for FFVs (5 per cent), differential ethanol fuel pricing, and total cost of ownership (TCO) parity with BEVs will accelerate consumer adoption. A formula-based pricing model — linked to the fair and remunerative price of sugarcane — can

bring long-term predictability for producers. Also, India must invest in ethanol-to-hydrogen conversion, SAF technologies, and carbon capture solutions that can expand ethanol's utility far beyond conventional blending.

As India ramps up blending, global trade dynamics have added complexity. The US has sought greater access to Indian ethanol markets. While imports might seem to offer short-term support, they conflict with the very *raison d'être* of the EBP Programme — reducing foreign exchange outflow and uplifting domestic agriculture. The ethanol strategy must therefore be rooted in self-reliance — prioritising domestic production, while selectively engaging in global partnerships for technology transfer, R&D, and innovation.

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AMID SOFTENING GLOBAL OIL PRICES

India to save ₹1.8 lakh cr on oil import bill

NEW DELHI: India, the world's third largest oil importing and consuming nation, is likely to save as much as Rs 1.8 lakh crore on import of crude oil and LNG if the trend of softening international energy rates continues, Icra said Wednesday.

India, which meets over 85 per cent of its crude oil needs through imports, spent \$242.4 billion on buying crude from overseas in the fiscal year ended March 31, 2025. With domestic production meeting roughly half of the demand, it also spent \$15.2 billion on import of LNG in the fiscal.

Oil prices in international markets fell to over four-year low of \$60.23 per barrel earlier this week on fears of rising global supply at a time when demand outlook is uncertain. Brent crude and US West Texas Intermediate crude, which fell

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to their lowest since February 2021, have since risen to \$62.4 on signs of more Europe and China demand and less US output. Still the rates are \$20 per barrel lower than March 2024 when petrol and diesel prices were cut by Rs 2 per litre each ahead of general elections.

"Icra expects average crude prices for FY26 to remain in the \$60-70 per barrel range," the rating agency said in a note.

At these levels, earnings of upstream companies is estimated at Rs 25,000 crore for FY26. Upstream companies are

ones that produce crude oil.

"However, there would be savings of Rs 1.8 lakh crore for crude imports and Rs 6,000 crore for LNG imports," it said.

For fuel retailers, the marketing margins on auto-fuels will remain healthy, while LPG under-recoveries are likely to reduce, Icra said. Uncertainty related to global tariffs and their impact on growth, coupled with an announcement by OPEC+ to steadily withdraw their production cuts, starting with 411,000 barrels per day addition from May 2025 and another 411,000 bpd from June 2025, have resulted in oil prices declining from about \$77 a barrel as on March 31 to about \$60-62.

Icra said in the scenario where crude remains in \$60-70 a barrel range, the profit before tax for upstream players in FY26 is expected to be lower by Rs

25,000 crore. In spite of this, Icra foresees the capex plans of domestic upstream players to remain intact. Marketing margins on auto fuels for oil marketing companies (OMCs) would remain above long term average of Rs 2.5-4 a litre and under recoveries on LPG are expected to fall with decline in crude prices.

While petrol and diesel prices are deregulated, the government controls cooking gas LPG prices. OMCs sell the fuel at way below cost and are compensated for the under-recovery by way of subsidy from the government. Lower LPG under-recovery and compensation by the government would support profitability of downstream companies, despite the increase in excise duty on auto fuels by Rs 2 a litre with effect from April 8, 2025.

PTI

Security ramped up to protect fuel refining assets

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NEW DELHI: India has ramped up security and threat monitoring for Indian refineries and petroleum production facilities near the western border, people familiar with the matter said, citing preparations that include camouflaging exercises and activation of air defences.

The heightened security covers installations that account for more than 38% of India's total 257 million tonnes of annual refining capacity, located in the border states of Gujarat, Punjab, and Rajasthan.

"All security protocols are active, and both security agencies and refinery managements are prepared to thwart any attempt by hostile entities," said a senior official who asked not to be named.

Key petroleum installations under enhanced protection include Reliance Industries Ltd's Jamnagar refineries, Nayara's Vadinar refinery in Gujarat, HPCL Mittal Ltd's Bathinda refinery in Punjab, and Vedanta Ltd's Barmer oil fields in Rajasthan.

India has capabilities to detect, intercept and destroy incoming ballistic missiles, ranking among the few nations with such capacities. "All air defence assets have been put at their highest levels," said a second official, requesting anonymity.

Though law and order falls under state jurisdiction, vital installations like refineries, oil and gas fields, pipelines, and petroleum storage facilities receive additional security from the Central Industrial Security Force (CISF). The people cited above said that agencies have conducted thorough security audits and strengthened protective measures accordingly.

A second official noted that refineries in Jamnagar and Panipat, secured by CISF, are under particularly stringent surveillance given their proximity to the border. "The Vadinar facility

is especially sensitive as it is just kilometres away from the sea border. All emergency response protocols are in place," the official said.

CISF officials have been holding continuous meetings since Wednesday morning to review preparedness and enhance arrangements at refineries and airports nationwide. "The refineries are guarded by substantial armed CISF personnel, while security for nearby ports and surrounding areas falls to other agencies," said an officer involved in the security operations.

Gujarat hosts three major refineries. Two belong to RIL at Jamnagar – one with 33 million metric tonnes per annum (MMTPA) capacity serving the domestic tariff area (DTA) and another with 35.2 MMTPA capacity in the special economic zone (SEZ). Nearby, Nayara Energy Ltd (formerly Essar Oil Limited) operates a 20 MMTPA refinery at Vadinar, a small coastal town in Devbhoomi Dwarka district.

"As Russian energy major Rosneft has over 49% equity stake in Nayara, any misadventure by Islamabad is ruled out," one source noted, though adding that this would not deter agencies from maintaining high alert. Other strategic refineries near the western border include HPCL Mittal Energy Ltd's 11.3 MTPA Bathinda facility in Punjab, Indian Oil Corporation's 13.7 MTPA Koyali facility in Gujarat, and IOC's 15 MMTPA Panipat refinery in Haryana.

The ministry of home affairs has been conducting drills at these vital installations to prepare for potential terror attacks or conflict situations. State governments where these facilities are located are also implementing camouflage measures for critical infrastructure.

According to government data, India's refining landscape comprises 19 public-sector undertaking refineries, three private-sector facilities, and one joint venture operation.