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Upstream

❖ As per reports, **Indian Oil Corporation Limited (IOCL)** has **secured 1.45 million standard cubic meters per day (mscmd) gas** out of the total 4 mscmd natural gas offered by the consortium of Reliance Industries Limited and BP Exploration (Alpha) Limited in its latest **auction** from **KG-DWN-98/3 (KG D6) block**. IOCL has been the top bidder for KG D6 gas since the last two auctions and has sought gas for fertilisers plants. Besides, Gujarat Gas Limited and Torrent Gas Private Limited has won 0.5 mscmd and 0.45 mscmd gas for supply to automobiles and households after its converting into compressed natural gas (CNG) whereas Adani Total Gas Limited (ATGL), Indian Oil Adani Gas Private Limited, Indraprastha Gas Limited and Mahanagar Gas Limited has received 0.29 mscmd, 0.17 mscmd, 0.30 mscmd and 0.30 mscmd gas, respectively. A total of 38 bidders from fertilisers, city gas distribution (CGD), refineries and aggregators sectors have successfully won the auction. The bidders were asked to quote a premium 'v' over and above the 12.67 per cent of the Brent crude oil price with starting price being kept at USD1.08 per million British thermal unit (mBtu). The gas price comes up at USD12.11 per mBtu at the prevailing Brent crude oil price of USD80 per barrel. The gas will be available from the onshore terminal at Gadimoga, Andhra Pradesh.

Midstream

❖ **Chhara liquefied natural gas (LNG) import terminal** is likely to **commence commercial operations** in the coming **few months**. Although the terminal was mechanically completed in March 2023 but the commissioning process had been delayed since a pipeline connecting the terminal was under construction. Hindustan Petroleum Corporation Limited (HPCL) has set up the LNG storage and regasification terminal at Chhara in Gir Somnath district of Gujarat with system capacity of five million tonnes per annum (mtpa). The terminal would receive natural gas in liquid state through cryogenic ships which would then be converted into gas before supplying to industries as feedstock.

❖ **Construction work** on the **capacity expansion** of **Panipat refinery** is likely to be **completed** by **December 2025**. Besides, the cost has been revised from Rs 329.46 billion to Rs 362.25 billion. IOCL is implementing the project in Haryana. It involves capacity expansion of the Panipat refinery from 15 mtpa to 25 mtpa.

❖ **Engineers India Limited** has **invited bids** for miscellaneous **mechanical works-IV** for the **Barmer refinery-cum-petrochemical complex**. The last date for submission of bids is December 13, 2023. The work is likely to be completed in six months. The project involves setting up of a 9 mtpa capacity oil refinery-cum-petrochemical complex in Barmer district of Rajasthan. It is being implemented by HPCL and Rajasthan State Refinery Limited, having the equity stakes of 74 per cent and 26 per cent respectively. The refinery will process the locally available crude from the oilfields of Cairn India Limited in Rajasthan along with other categories of fuel. The complex will produce motor fuels with the latest environmental specifications.

Downstream

❖ The **Petroleum and Natural Gas Regulatory Board (PNGRB)** has **invited bids** for **grant of authorisation** for **development** of **CGD networks** in **Mizoram geographical area (GA)** under round 12A of CGD bidding. The last date for submission of bids is February 23, 2024. The Mizoram GA includes Aizawl, Lunglei, Saiha, Champhai, Kolasib, Serchhip, Lawngtlai, Mamit, Hnahthial, Saitual and Khawzawl districts.

❖ The **union government** has successfully **inaugurated** the **second floating CNG mobile refuelling unit (MRU) station** at **Ravidas Ghat** in **Varanasi**, Uttar Pradesh. The floating CNG MRU, being built by

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GAIL (India) Limited has compression capacity of 4,000 kg per day CNG catering around 300-400 boats per day. The Namo Ghat floating CNG mother station with compression capacity of 15,000 kg per day CNG has been operational since December 2021 catering around 1,000-1,500 boats daily. As part of its corporate social responsibility, GAIL has entered into an agreement with Varanasi Nagar Nigam (VNN) for conversion of boats to the environment-friendly fuel CNG. Currently, 735 boats out of the total 890 registered with VNN have been converted to CNG at an estimated cost of Rs 180 million. Besides, GAIL has invested over Rs 3.5 billion for creating CGD infrastructure in Varanasi and is likely to incur another Rs 1 billion by 2024. Currently, GAIL operates around 24 CNG stations and work is in progress for another 13 CNG stations in the city. It also supplies piped natural gas (PNG) to over 32,000 households, 61 commercial units like hotels and restaurants and 13 industrial units whereas PNG connectivity is likely to reach another 40,000 households soon.

❖ In a recent development, **ATGL** has **launched a green hydrogen production and blending pilot project in Ahmedabad**, Gujarat. ATGL will utilise the latest technologies for blending of green hydrogen with natural gas for more than 4,000 residential and commercial customers in Ahmedabad. The project is likely to be commissioned by the first quarter of 2024-25 with gradual increase of up to 8 per cent blending percentage. Moreover, ATGL is planning to expand the supply of green hydrogen blended fuel to larger parts of the city along with its other licensed areas. Moreover, it intends to collaborate with various stakeholders, including regulatory authorities to share its first hand learning and develop ecosystem about hydrogen blending in city gas distribution in India. ATGL is developing CGD networks to supply PNG to industrial, commercial and domestic customers and CNG to the transport sector in 38 GAs across the country. Of the 38 GAs, ATGL has been authorised by PNGRB to lay CGD infrastructure in 19 GAs solely while another 19 GAs have been allotted to Indian Oil Adani Gas Private Limited, a joint venture company of IOCL and ATGL, having 50 per cent stake each.

Miscellaneous

❖ With the aim to reduce reliance on LNG imports, the **union government** has **announced mandatory blending of compressed biogas (CBG) in natural gas**. The CBG blending obligation (CBO) would be voluntary till March 2025 and then it would become mandatory from April 2025. The CBO would be one per cent, three per cent and four per cent of the total CNG/ PNG consumption for 2025-26, 2026-27 and 2027-28, respectively. However, it will increase to five per cent from 2028-29. The CBO is likely to infuse investment worth Rs 375 billion by establishment of around 750 CBG projects by 2028-29 by promoting the production and consumption of CBG in the country. Moreover, a central repository body will be set up to monitor the implementation of blending mandate based on the operational guidelines by the Ministry of Petroleum and Natural Gas. Besides, initial indicative blending percentage targets have been set for the sustainable aviation fuel (SAF) with one per cent SAF indicative blending target in 2027 (initially for international flights) and two per cent SAF indicative blending target in 2028 (initially for international flights).

❖ Reportedly, the **union government** has **reduced the special additional excise duty (SAED) on domestically produced crude oil from Rs 6,300 per tonne to Rs 5,000 per tonne**. Besides, the SAED on diesel exports has been revised from Rs 4 per litre to Rs 2 per litre while the aviation turbine fuel prices have been reduced by 4.6 per cent from Rs 0.11 million per kilo litre (kl) to Rs 0.10 million per kl in Delhi. Moreover, the price of commercial liquefied petroleum gas (LPG) 19 kg cylinder has been increased by Rs 21 whereas the price of domestic LPG 14.2 kg cylinder remains unchanged at Rs 903.

❖ As per reports, **petrol sales by public sector undertakings** has **increased by 7.5 per cent** while diesel sales have reduced by 7.5 per cent on year-on-year basis in **November 2023** as compared to November 2022.