

WORLD ENERGY COUNCIL  
Indian Member Committee

To promote the sustainable supply and use of energy for the greatest benefit of all

# ENERGY NEWS

Wednesday, March 10, 2010

## CARTOON

### Climate Change





WORLD ENERGY COUNCIL  
Indian Member Committee

To promote the sustainable supply and use of energy for the greatest benefit of all

# ENERGY NEWS

Wednesday, March 10, 2010

## Economic Times

### **OIL & GAS**

#### **ONGC to invest \$5.8 bn in FY11: Oil minister**

9 Mar 2010, 1828 hrs IST, REUTERS

---

India's state-run Oil and Natural Gas Corp (ONGC) plans to invest 265.23 billion rupees (\$5.8 billion) in the 2010/11 financial year in exploration activities, a rise of 7.3 per cent from the current year, junior oil minister said on Tuesday.

ONGC is expected to contribute 25.425 million tonnes of crude oil in the next financial year beginning April 1 and 26.582 million tonnes in the 2011/12 fiscal year, Jitin Prasada told lawmakers in a written reply.

In reply to a separate question, Prasada said India's first strategic oil reserves at Visakhapatnam, in southern Andhra Pradesh state, was likely to be completed by end-2012.

India is setting up a strategic crude oil reserve of 5 million tonnes at three locations in southern India.

### **Indicators**

#### **Oil falls from 8-week high on dollar pressure**

10 Mar 2010, 0200 hrs IST, REUTERS

---

Oil prices slipped back from eight-week highs on Tuesday, pressured by a stronger dollar and uncertainty about an economic recovery. U.S. crude futures for April fell 13 cents to \$81.74 a barrel by 12:15 p.m. EST (1715 GMT), after reaching a low of \$80.16 a barrel earlier.

In London, North Sea Brent crude oil futures slipped 24 cents to \$80.23 a barrel. "The petroleum markets have tipped back to the downside, with crude oil testing the \$80 level from above, on selling prompted by an upturn in the U.S. dollar," said Tim Evans, an energy analyst for Citi Futures Perspective. The dollar, which for months has been inversely correlated with oil prices, edged up on Tuesday against a basket of currencies, putting some pressure on oil prices.

A stronger dollar makes dollar-denominated commodities, such as crude oil, more expensive for holders of other currencies. Expectations for a U.S. crude oil inventory build were also



WORLD ENERGY COUNCIL  
Indian Member Committee

*To promote the sustainable supply and use of energy for the greatest benefit of all*

# ENERGY NEWS

*Wednesday, March 10, 2010*

bearish for prices. A survey of analysts showed U.S. crude inventories rising for a sixth straight week as imports edged up and refinery utilization remained flat. Inventories of both crude oil and refined products in the United States have swelled as the recession has reduced fuel consumption in the world's top consumer of oil. U.S. crude inventories gained 1.9 million barrels in the week to March 5, the Reuters poll showed, while gasoline stockpiles may have increased by 300,000 barrels.

The industry-funded American Petroleum Institute will publish inventory data on Tuesday at 4:30 p.m. EST (2130 GMT), followed by government statistics from the Energy Information Administration on Wednesday at 10:30 a.m. EST (1530 GMT).

## **NO CHANGE TO OPEC TARGETS**

The Organization of the Petroleum Exporting Countries will keep oil production targets on hold when it meets in Vienna on March 17, but could raise output later this year as the world recovers from recession, pushing up demand for fuel, a Reuters poll showed on Monday. OPEC ministers say they are content with oil prices where they are and analysts say they are unlikely to do anything to alter the current trading range between \$70 and \$85 per barrel.

Iran's OPEC governor was quoted on Tuesday as saying the 12-country grouping may not necessarily increase output if oil demand rises, as other producers might boost their production.



WORLD ENERGY COUNCIL  
Indian Member Committee

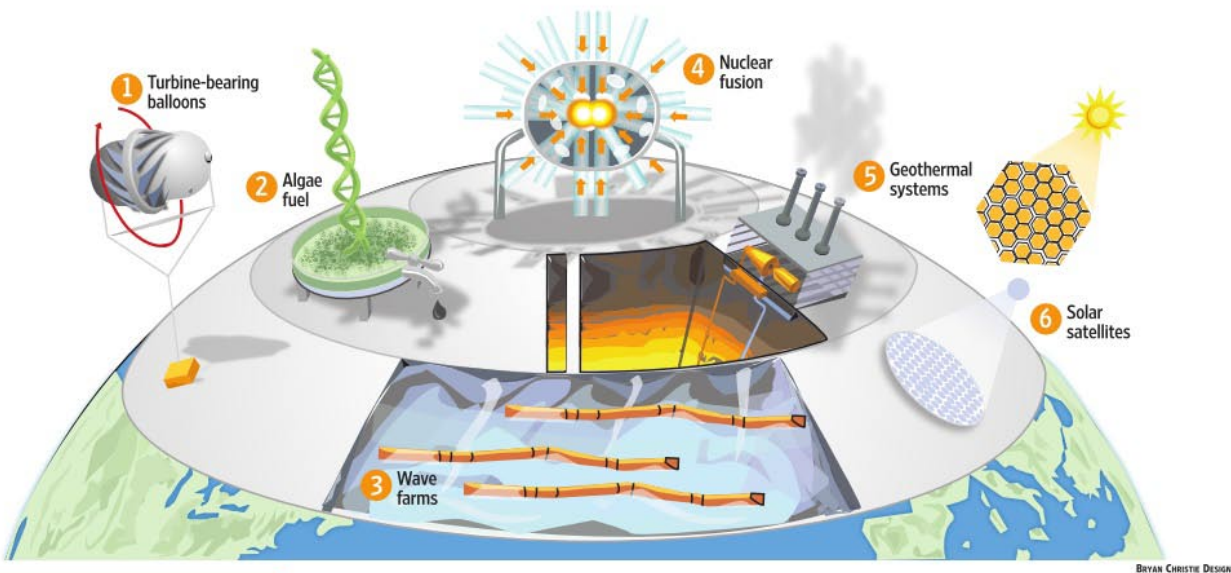
To promote the sustainable supply and use of energy for the greatest benefit of all

# ENERGY NEWS

Wednesday, March 10, 2010

## e-Paper Livemint

### TECHNOLOGY - ON THE HORIZON - Six sources of limitless energy?



We're surrounded by inexhaustible clean-energy sources--the sun, the wind, the ocean, plants, atoms, the earth's core--but the technology and economic rationale for tapping them have lagged behind our imaginations.

The world's insatiable and destructive appetite for energy is now making some of the more far-fetched clean-energy concepts seem increasingly plausible and necessary. Here we survey six innovative energy technologies in various stages of development. Some of these ideas have been tinkered with by scientists and entrepreneurs for decades; others moved from drawing boards to pilot projects only recently. All have serious backing and profound potential--and none are a sure bet.

**1. HIGH WINDS** **The idea:** Conventional wind turbines stop when the wind dies. Turbine-bearing balloons or rotors could intercept powerful, reliable winds 1,000 to 15,000 feet up.

**Key players:** Ottawa-based Magenn Power expects to ship the world's first commercial high-altitude turbine--a 60-foot-diameter helium-filled blimp--by 2010.



WORLD ENERGY COUNCIL  
Indian Member Committee

To promote the sustainable supply and use of energy for the greatest benefit of all

# ENERGY NEWS

Wednesday, March 10, 2010

**In fact:** There's potentially enough high-altitude wind energy to power the planet 100 times over. Whether technology hurdles can be overcome and the energy can be economically exploited remain to be seen.

**2. GREEN CRUDE The idea:** Biofuels made from plant oils require multistep harvesting and processing. Genetically engineered algae could streamline production by continuously secreting oil to be re-fined into transport fuel.

**Key players:** Synthetic Genomics, led by human-genome entrepreneur J. Craig Venter, and Sapphire Energy, backed by Bill Gates, are engineering algae to produce a "biocrude" precursor to gasoline, jet fuel and diesel.

**In fact:** Algae fuel exists but can't yet be economically produced. Still, scores of companies, including aero-space firms and oil majors, are investing heavily. The U.S. government earmarked \$50 million for algae-fuel work this year.

**3. NEXT WAVE The idea:** Wave-motion energy can be captured to run electrical generators.

**Key player:** At least three dozen companies are developing wave-energy technologies. Scotland's Pelamis Wave Power makes the device that drives the world's first commercial wave farm, commissioned in 2008 off the coast of Portugal. Each 13-foot-diameter machine can supply enough electricity to power 500 homes.

**In fact:** Though wave power isn't yet competitive, a Greentech Media/Pro-metheus Institute analysis put the market for ocean power of all types at \$500 million annually in five years, growing 100-fold to a gigawatt of capacity.

**4. STAR POWER The idea:** Nuclear fusion--the atomic reaction that powers stars--could be used to generate clean energy.

**Key player:** In 2010, the U.S. National Ignition Facility will focus 192 lasers on a tiny hydrogen-filled capsule to ignite a fusion reaction expected to yield more energy than it consumes--a critical first on the road to fusion power.

**In fact:** Scientists have pursued this goal for 50 years; the U.S. government alone has spent more than \$20 billion on fusion research. Even so, the first experiments using fusion as a power source may be at least 15 years off.

**5. DEEP HEAT The idea:** Conventional geothermal plants can tap heat only near the earth's surface. Enhanced geothermal systems (EGS), which inject cool water two miles or deeper into the earth for superheating, can work nearly anywhere.



WORLD ENERGY COUNCIL  
Indian Member Committee

To promote the sustainable supply and use of energy for the greatest benefit of all

# ENERGY NEWS

Wednesday, March 10, 2010

**Key player:** Dozens of R&D projects on EGS are under way internationally. Australian company Geodynamics Ltd expects to switch on a one-megawatt pilot plant, among the world's biggest, in early 2010.

**In fact:** With readily achievable technology improvements, EGS could become a major sustainable and economical source of power, says the U.S. Department of Energy.

**6. ETERNAL SUNSHINE The idea:** Terrestrial solar cells are hampered by clouds, dust, and nightfall. Orbiting cells could capture the sun's energy 24 hours a day, nearly every day of the year, and then beam it in radio waves to Earth.

**Key player:** Start-up Solaren has a contract with California's Pacific Gas and Electric to deliver the first electricity from space starting in 2016.

**In fact:** NASA and the U.S. Department of Energy have spent about \$80 million over the past 30 years sporadically studying the concept, concluding that it's technically feasible but tough to make competitive. Gardiner Morse is a senior editor at Harvard Business Review. Extracted from Harvard Business Review, September 2009.

## *e-Paper Times of India*

### ***'Bring gas to NTPC issue before panel'***

The power ministry has sent a reminder to the oil ministry on an agreement to bring before the ministerial panel (Empowered Group of Ministers) a proposal to provide Andhra offshore gas to state-run generation utility NTPC at its 2003 tender price of \$2.34 per unit, or some 45% lower than the government's price.

In a letter to petroleum secretary S Sundareshan, power secretary H S Brahma refers to discussions at the residence of the solicitor-general during a briefing on the suit between NTPC and RIL to buttress his reminder. The letter says it was agreed that the oil ministry does not have to wait for the outcome of a suit between the two entities and will move the proposal on fuel supply to NTPC.

According to Brahma, this was the condition on which the power ministry had agreed to the oil ministry's affidavit for a separate gas dispute in the Supreme Court between Mukesh Ambani's RIL and Anil's RNRL. Besides, a particular paragraph in the affidavit for the NTPC-RIL case, pertaining to gas supplies from Andhra offshore field, was drafted in accordance to this understanding, Brahma says. In contrast to the stand in Brahma's letter, oil minister Murli



WORLD ENERGY COUNCIL  
Indian Member Committee

*To promote the sustainable supply and use of energy for the greatest benefit of all*

# ENERGY NEWS

*Wednesday, March 10, 2010*

Deora earlier this week hinted in Parliament that the government has to wait for the verdict in the NTPC-RIL dispute before acting as the matter was “sub-judice” but the ministerial panel was set to allocate further quantities of gas from the field.

*e-paper Economic Times*



## ***India, China to formally back Copenhagen Accord***

INDIA and China have decided to formally back the Copenhagen Accord worked out at the climate summit in December. While neither India nor China have said that they would ‘associate’ with the accord, both countries have agreed to have their names listed in the preamble. The move would come as boost to the accord. With this the four BASIC countries — Brazil, South Africa, Indian and China — which were key players in formulating the accord have agreed to be listed in the chapeau.

Informing Parliament about India’s decision, environment minister Jairam Ramesh said, “after careful consideration, India has agreed to such a listing.” India has set out three conditions for its assent, which it has asked be indicated “in an appropriate footnote.”

India made its decision known to UNFCCC in a letter dated March 8, which is in response to the convention’s executive secretary Yvo de Boer’s letter of February 3, regarding listing in the chapeau of the Copenhagen Accord.



WORLD ENERGY COUNCIL  
Indian Member Committee

*To promote the sustainable supply and use of energy for the greatest benefit of all*

# ENERGY NEWS

*Wednesday, March 10, 2010*

Meanwhile, in an official letter signed by Chinese climate negotiator Su Wei, China informed the UNFCCC it could "proceed to include China in the list" of countries supporting the deal reached at the Copenhagen summit in December.

Elaborating on India's decision, Mr Ramesh told the Lok Sabha that "listing in the chapeau of the accord implies that we participated in the negotiations on the Copenhagen Accord and that we stand by the accord. We believe that our decision to be listed reflects the role India played in giving shape to the Copenhagen Accord. This will strengthen our negotiating position on climate change." The minister also explained that India's decision comes with three conditions, which have been communicated to the UNFCCC. New Delhi has made it clear that the accord is a 'political document' and 'is not legally binding.' Mr Ramesh stressed that the Accord "is not a template for outcomes." India has made it clear that the Accord, "is not a separate, third track of negotiations outside UNFCCC." Third, that the 'purpose' of the accord is to "bring about a consensus in the existing and on-going, two-track multilateral negotiations process under UNFCCC." In its letter, New Delhi informed UNFCCC, "with the above understanding, India may be listed in the chapeau of the Copenhagen Accord with the understanding indicated in an appropriate footnote."

Ministry officials said the decision came after Brazil, South Africa and China also associated themselves with the deal. Brazil and South Africa, informed UNFCCC of their decision to be listed in the preamble in early February.

## ***IOC makes case for Street visit***

---

INDIAN Oil Corp plans to sell shares to shore up its finances as it prepares to face competition from private companies. The proposal comes as the governments talks of doing away with subsidies on petroleum products. If the company manages to convince the government of its need for funds, it could also provide an opportunity to the government to sell some of its holdings in the company.

"The matter is under discussion with the divestment secretary and it will be looked into in the next fiscal," petroleum secretary S Sundareshan told ET Now, this newspaper's business television channel. State oil marketing companies, such as IOC, BPCL and Hindustan Petroleum, are forecast to incur a loss of Rs 47,400 crore in the fiscal year on account of subsidised sale of petrol, diesel and cooking gas. Besides, the finance ministry may discontinue with the practice of compensating companies for subsidised sales. Currently, the government is examining the recommendations of a Kirit Parikh panel on raising oil prices.



WORLD ENERGY COUNCIL  
Indian Member Committee

*To promote the sustainable supply and use of energy for the greatest benefit of all*

# ENERGY NEWS

*Wednesday, March 10, 2010*

But for the share sales to be favourably received by investors, the government should show that is committed to freeing up of the prices of petroleum products and that oil marketing companies won't remain vehicles to promote government's populist measures.

"The valuation and earning of these companies could be significantly higher after full deregulation of oil and gas prices," said Sanjeev Prasad, executive director, institutional equities at Kotak Securities.

Because of the government intervention in pricing of petroleum products, IOC and others get a lesser premium from investors than their listed peers. Their profits are squeezed, expansion plans crippled and they don't attract the best talent, dimming their prospects. "We need capital and would want to raise equity in the capital market," said a member of IOC board. "A government dilution of stake depends on the larger disinvestment plans but we cannot go to the market without a transparent and steady pricing policy. It would otherwise impact our valuations."

While Indian Oil trades at an estimated price-to-earnings ratio of 8.5, ONGC is at 11.3 times, compared with Reliance Industries' 19 times future earnings.