



Year End Review 2019: Ministry of Petroleum & Natural Gas

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Introduction

- The Ministry of Petroleum & Natural Gas (MOPNG) is concerned with exploration and production of Oil & Natural Gas, refining, distribution and marketing, import, export and conservation of petroleum products.
- Various initiatives have been taken by the Ministry for increasing production and exploitation of all domestic petroleum resources to address the priorities like Energy Access, Energy Efficiency, Energy Sustainability and Energy Security.

Important Schemes and Policies

Pradhan Mantri Ujjwala Yojana (PMUY)

- The Government launched **PMUY** in May 2016, with an objective **to provide clean cooking fuel to poor households**, especially in rural areas ensuring universal coverage of LPG as cooking gas in the country.
- An initial target of 5 crore connections to an adult woman of poor households was later revised to 8 crore connections by March, 2020.
- The target has already been achieved in September, 2019 i.e. 7 months ahead of the completion date.

PAHAL

- PAHAL (Pratyaksh Hanstantrit Labh) or the Direct Benefit Transfer of LPG (DBTL) scheme is a well targeted system of subsidy delivery to LPG consumers aimed at rationalizing subsidies, based on an approach to cut subsidy leakages, but not subsidies themselves.
- PAHAL Scheme was launched on 15th November 2014, initially in 54 districts and subsequently extended to the rest of the country from January 2015.

- The scheme has helped in identifying 'ghost' connections, multiple connections and inactive connections which in turn has resulted in curbing diversion of subsidized LPG to commercial purposes.

Hydrocarbon Exploration and Licensing Policy (HELP)

- This is a paradigm shift from Production Sharing Contract (PSC) regime to Revenue Sharing Contract (RSC) regime based on the principle of ease of doing business.
- It provides for a single License for exploration and production of conventional as well as non-conventional Hydrocarbon resources; Pricing and Marketing Freedom; reduced rate of royalty for offshore blocks.
- **Open Acreage Licensing Policy** (OALP) means an option to select the exploration blocks without waiting for a formal bid round. Expression of Interest can be submitted round the year and Bidding is carried out every 6 months.
- **Petroleum Exploration Licenses (PELs):** Central Government has granted PELs for all the offshore blocks and also recommended to all the concerned State Governments to grant PELs for all on-land blocks allocated under **Hydrocarbon Exploration and Licensing Policy (HELP)** regime.

Reforms In Exploration And Licensing Policy

- The Government has notified 'Reforms in Exploration and Licensing Policy, for enhancing domestic exploration and production of oil and gas', **with the objective to intensify exploration activities, attract foreign and domestic investment and enhance domestic production.**
- Some of the salient features of Policy Reforms are as under:
 - Shifting of focus from 'revenue' to 'production maximisation'.
 - Boost to exploration activities by assigning greater weightage to exploration work programme.
 - Shorter exploration period for early development.
 - Fiscal concessions for early monetization and commercial production.
 - Marketing and Pricing freedom for natural gas.

National Seismic Programme

- The National Seismic Programme (NSP) was launched in October, 2016 to trace hydrocarbon resources like oil and natural gas.
- It aims to undertake a fresh appraisal in all sedimentary basins across India, especially where no/scanty data is available, to have a better understanding of the hydrocarbon potential of India.

- Under the programme, Oil and Natural Gas Corporation (ONGC) and Oil India Limited (OIL) have been entrusted to conduct 2D seismic Acquisition, Processing and Interpretation (API) across India.

National Data Repository (NDR)

- The **NDR** was established by the Government to assimilate, preserve and upkeep the vast amount of data which could be organized and regulated for use in future exploration and development, besides use by R&D and other educational institutions.
- The data availability in NDR will help investors to carve out blocks for submission of expression of interest under OALP.

Refinery

- The country is not only self-sufficient in the refining capacity for its domestic consumption, but also exports a sufficient quantity of petroleum products.
- Out of the 23 refineries operating in the country, 18 are in the public sector, 3 are in the private sector and 2 as a joint venture.

Auto Fuel Vision And Policy

i) Introduction of BS-IV & BS-VI fuels in the Country

- **BS-IV** Auto Fuels has been implemented in the entire country with effect from April 2017.
- The Government also decided that the country will leapfrog directly from BS-IV to BS-VI fuel standards, and BS-VI standards will be implemented in the entire country from April 2020.
- However, considering the serious pollution levels in Delhi, supply of BS-VI in National Capital Territory (NCT) of Delhi has already commenced from April 2018.
- Also, supply of BS-VI auto fuels in 20 Districts of Rajasthan, Uttar Pradesh & Haryana adjoining NCT of Delhi has been started.

ii) Ethanol Blended Petrol (EBP) Programme

- EBP programme was launched in January, 2003. The programme sought to promote the use of alternative and environment friendly fuels and to reduce import dependency for energy requirements.
- Sugar and sugar syrup have been allowed for the first time for ethanol production to support the industry in liquidating their excess stocks.
- A long-term ethanol procurement policy has been published so that the industry can take a long-term view on fresh investments in this sector.

iii) National Policy on Biofuels – 2018

- The Government has notified **National Policy on Biofuels 2018** which is expected to give a boost to the biofuel programme of the country.
- Under the policy, **biofuels** are categorized as “**Basic Biofuels**” - First Generation (1G) bio ethanol & biodiesel and “**Advanced Biofuels**” – Second Generation (2G) ethanol, bio-CNG to enable extension of appropriate financial and fiscal incentives under each category.
- The Policy allows use of surplus food grains for production of ethanol for blending with petrol with the approval of National Biofuel Coordination Committee.

iv) Joining of Advanced Motor Fuels

- The ministry joined Advanced Motor Fuels (AMF), a Technology collaboration programme (TCP) under International Energy Agency (IEA) as Member in 2018.
- It is an international platform to promote collaboration in R&D for developing advanced motor fuels / alternate fuels with greater focus on improving fuel efficiency and reduced GHG emissions.

v) Sustainable Alternative Towards Affordable Transportation (SATAT initiative)

- **SATAT initiative** is an initiative aimed at setting up Compressed Bio Gas (CBG) production plants and make it available in the market for use in automotive fuels.
- There are multiple benefits from converting agricultural residue, cattle dung and municipal solid waste into CBG on a commercial scale.
- It will make waste management easier, reduce carbon emissions and pollution and help in additional revenue sources for farmers.

vi) 2nd Generation Ethanol

- Setting up of 12 - 2G bio-refineries are in process in India and five 2G bio-refinery projects in Bhatinda, Bargarh, Numaligarh, Panipat and Gorakhpur are in advanced stage of construction.
- In order to encourage setting up of 2nd Generation biofuels plants, a scheme “**Pradhan Mantri JI-VAN** (Jaiv Indhan- Vatavaran Anukool fasal awashesh Nivaran) Yojana” has been launched for providing financial support to integrated bio-ethanol projects, using lignocellulosic biomass and other renewable feedstock.

National Gas Grid

- In order to promote the usage of natural gas as a fuel/feedstock across the country and move towards a gas based economy a **National Gas Grid** was proposed.

- It aims to connect gas sources to major demand centres and ensure availability of gas to consumers in various sectors and remove regional imbalance within the country with regard to access to clean fuel.
- New pipeline projects being implemented by Government are as under-
 - **Pradhan Mantri Urja Ganga Project (Jagdishpur – Haldia and Bokaro – Dhamra Pipeline Project):** It will cater to the energy requirements of five states, namely Uttar Pradesh, Bihar, Jharkhand, Odisha and West Bengal.
 - **Barauni to Guwahati Pipeline:** It is being implemented as an integral part of JHBDPL project to connect North East Region (NER) with the National Gas Grid.
 - **North East Gas Grid:** A joint venture of five oil and gas enterprises (GAIL, IOCL, OIL, ONGC and NRL) named as “Indradhanush Gas Grid Ltd” (IGGL) has been entrusted for the development of Natural Gas Pipeline Grid in North-East, i.e. North East Gas Grid (NEGG).
 - **Kochi-Koottanad- Bangalore-Mangalore Pipeline Project (KKB MPL):** The efforts are underway for development of pipeline projects and providing accessibility of natural gas sources (domestic and imported both) to southern cities.

City Gas Distribution (CGD)

- Petroleum and Natural Gas Regulatory Board (PNGRB) formed under the Petroleum and Natural Gas Regulatory Board Act, 2006, grants authorization for setting up of **City Gas Distribution (CGD)** network in the cities / geographical areas of the country through open bidding process.
- The network aims to distribute gas to around half of the country's population. It is part of a larger plan to shift towards an environment friendlier gas-based economy.
- The development of CGD networks will increase the availability of clean cooking fuel or Piped Natural Gas (PNG) and Compressed Natural Gas (CNG) for consumers.

International Cooperation/ Important Agreements/ Contracts

- India's flagship hydrocarbon Conference, **PETROTECH-2019** is organised biennially. This International Conference presents the Indian hydrocarbon sector prevailing global oil and gas dynamics.
- South Asia's first cross-border petroleum products pipeline from Motihari in India to Amlekhgunj in Nepal was jointly inaugurated by India and Nepal
- A Joint Statement on Cooperation between India and Russia in the Hydrocarbon Sector for 2019-2024 was issued in Vladivostok, Russia in September 2019. The Joint Statement provides a Roadmap for India's private and public companies to explore the possibility of collaborating in LNG projects, including in the Arctic.