

PROMOTING USE OF COMPRESSED BIO GAS AS ALTERNATIVE GREEN TRANSPORT FUEL

Relevant for: Indian Economy | Topic: Infrastructure: Energy incl. Renewable & Non-renewable

Ministry of Petroleum & Natural Gas

Promoting Use of Compressed Bio Gas as Alternative Green Transport Fuel

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Government is promoting the use of Compressed Bio Gas (CBG) as an alternative green transport fuel, which is purified and compressed biogas, produced through a process of anaerobic decomposition from various waste/ biomass sources including Municipal solid waste. In this direction, Oil PSUs have launched 'Sustainable Alternative Towards Affordable Transportation' i.e. 'SATAT' initiative. Under this initiative, Public Sector Oil Marketing Companies (OMCs) and GAIL have invited Expression of interest (EOI) to procure CBG from potential entrepreneurs for establishment of 5000 CBG plants across the country with an estimated production of 15 MMT CBG per annum by 2023. OMCs and GAIL have offered Rs 46/- per kg delivered price for procurement of CBG.

To increase indigenous production of ethanol, the Government has taken many steps including re-introduction of administered price mechanism, opening of alternate route for ethanol production, Regular Interaction with States, IDR Act Amendment, Interest Subvention scheme namely – "Scheme for augmenting and enhancing ethanol production capacity", National Policy on Biofuels – 2018, Fixation of differential price of ethanol from C heavy molasses, B heavy molasses/partial sugarcane juice and 100% sugarcane juice.

In December, 2014, the Government allowed Second Generation (2G) route for procurement of ethanol. Oil PSUs have planned to establish 2G Ethanol bio-refineries across the country. They have also entered into Memorandums of Understanding (MoUs) with State Governments and Technology Providers for setting up five 2G ethanol bio-refineries. On 25.12.2016, foundation stone of the first 2G ethanol bio-refinery to be set up by Hindustan Petroleum Corporation Limited in Bathinda, Punjab, has been laid. Groundbreaking ceremony for 2G Ethanol bio-refinery of Bharat Petroleum Corporation Limited in Bargarh, Odisha, has been held on 10.10.2018.

The Government has notified National Policy on Biofuels-2018 under which Department of Agriculture, Cooperation & Farmers Welfare under Ministry of Agriculture & Farmers Welfare has been entrusted with the task of production of plant materials through Nurseries and plantations for biofuels in coordination with other Ministries.

The production of ethanol/ alcohol in the country is approximately 310 Cr. Liters per annum. This also varies depending on sugarcane production. Ethanol/Alcohol is mainly used in chemical, potable liquor, pharma sectors and for EBP programme.

The ethanol procured by OMCs under the EBP Programme during the last three ethanol supply years and the current ethanol supply year is tabulated below:

Ethanol Supply Year*	Quantity Procured (in crore liters)
2014-15	67.42
2015-16	111.41
2016-17#	66.51
2017-18	150.51

*Ethanol Supply Year is period from 1st December of the current year to 30th November of the next year

Drop in blend percentage due to drought in Maharashtra and Karnataka leading to lower availability of ethanol

The procurement price of ethanol under the EBP programme excluding applicable GST ranges from Rs. 43.46 per liter to Rs. 59.19 per liter depending upon the feedstock used.

Oil Marketing Companies (OMCs) namely IOCL, HPCL & BPCL have reported that they have not received any complaint related to pricing of ethanol blended petrol.

This information was given by Minister of Petroleum & Natural Gas, Shri Dharmendra Pradhan in a written reply to the Lok Sabha today.

YKB/SK

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