

## 'Energy Self Reliance' key to Production with Successful Execution



India's energy 'Self-Reliance' requires more discoveries and more production of hydrocarbon. However, the paradigm shift in policies and regulations are also required to successful execution of oil & gas projects and involve local players and contents to encourage the 'Make in India' initiative, says **V Ashwini Kumar, Director – Oil & Gas, Afcons Infrastructure Ltd.** In a candid interaction with **Rakesh Roy, Offshore World**, he enlightens the current EPC Oil & Gas scenario, technological advancements, Natural Gas potential in the energy mix and the future plans of Afcon's in detail. *Excerpt...*

*“Value proposition is the key Afcons brings in its business and operation to execute projects globally. Technological understanding, program management skills, procurement skills and customer orientation has enabled Afcons to deliver world-class projects in the past.”*



### As a EPC player, how do you view the current Indian Oil & Gas Scenario?

The current Indian Hydrocarbon is being stable in terms of daily production since last few years. However, the growth driver is 'Self Reliance', thus requires more discoveries and production, which may come from East and West Coast of India.

ONGC, the National E&P Player, has invited EPC tenders for many projects and prefers local content. However, it is not a statutory requirement or compulsion and International players can also take part of it by satisfying the requisite local content threshold. The benefit of local content is 10% price preference in the bid evaluation process.

### What are the issues facing by EPC contractors in India?

Though the government is now encouraging local manufactures/contractors to participate in oil & gas industry to encourage the 'Make in India' initiative, ONGC's bid evaluation and qualification criteria is

not really encouraging the local players due to certain qualification criteria. The state-owned Oil & Gas player should recognise certain business models that suit not only the EPC player but also the local fabricators.

EPC Contractors can source engineering and construction activities from reliable partners and execute projects effectively. After all, every fabricator or engineering company cannot be a EPC contractor. In this way, more local fabricators and engineering companies can involve in hydrocarbon projects in India.

### • Then, how Afcons is adopting the changing business environment?

Value proposition is the key Afcons brings in its business and operation to execute projects globally. The criteria for qualification that bidders should be a fabricator or installer is unnecessarily restrictive. Technological understanding, program management skills, procurement skills and customer orientation has enabled Afcons to deliver world-class projects in the past.

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We believe that ONGC will recognise different business models in the coming days to suit other local players and encourage local content.

**What are the technological advancements witnessed by India Oil & Gas in the last few years?**

In the last few years, the industry has witnessed a breakthrough in installation technology in offshore - a small shift towards float-over rather than using the traditional multiple lifts depending on large cranes. The float-over technology was before being used globally; however, Afcons used the technology first time in India in its HRD project for ONGC.

**Government is trying to increase the current natural gas share from 6% to 15% by 2030. How do you view the future of Natural Gas in India?**

Natural gas penetration in the Indian primary energy will certainly increase looking at the adoption of CNG, CGD and PNG in metro and Tier-2 cities of the country. The other factors like environment, Govt's push for clean & greener fuel, and India's commitment COP-21 will lead the growth of Natural Gas in the energy mix.

However, it is mandated to have required infrastructure in place. In the absence of international cross country gas pipelines, LNG is certainly the key driver for the Gas potential. While developing LNG Regasification Terminal, LNG Storage necessary to adequate the LNG imports; LNG retail infrastructure to transport fuel from one city to another and expansion of the natural gas pipeline network to deliver

gas to the last-mile connectivity are also vital to increase the green fuel share in the energy mix.

**What are the future plans Afcons in terms of business and region expansion?**

Afcons is moving gradually from Offshore to Onshore in terms of its future business growth plans. Now, we want to move into onshore and more specifically into refinery work. Afcons has completed industrial works for Reliance Jamnagar Refinery includes structure, equipment direction, and piping, etc. A huge amount of refinery expansion is going to take place in terms of Capacity Expansion, Refinery Fuel Quality Improvement, etc. A lot of Greenfield and Brownfield Refinery is likely to come up in next few years. IOCL Refineries are coming up with capacity expansions. Greenfield Refineries like Rajasthan Refinery, Refinery at West Coast are opening up a lot of scope of EPC works.

In terms of investment and project execution globally, Afcons is involving in project execution in the African countries. The lack presence of major players and investment capability of its own, Africa continent is now the suitable investment destination for EPC players of India, where project financing plays a bid role. Afcons is involved in many projects in African countries, and has contributed to local economies by sourcing more than 80% of its work force from local sources. ●