

Buyer of oil for decades, India to now export energy to Saudi

Inks MoU, Plans To Be Export Hub Of 'Fuel Of The Future'

Sanjay Dutta | TNN

New Delhi: India and Saudi Arabia on Monday set out to transform their traditional oil buyer-seller relationship into an energy transition partnership by agreeing to work towards building undersea interlink between their electricity grids, renewable power and green hydrogen capacities.

The MoU, signed by renewable energy minister R K Singh and his Saudi counterpart Abdulaziz bin Salman Al-Saud, has the potential to change India's status from a net buyer of Saudi oil and cooking gas (LPG) to an energy exporter with green power and hydrogen exports. Saudi Arabia is India's third-largest source for oil and largest for LPG. "The MoU will support India's efforts for energy transition and transformation of global energy system towards combating climate change," the government said in a statement.

The interconnect is the most ambitious and technically challenging proposition with far-reaching consequence since it will tie both the economies into knot.



PM Narendra Modi with Saudi Arabia's crown prince Mohammed bin Salman bin Abdulaziz Al Saud in New Delhi on Monday

There are 485 undersea cables in operation worldwide, the longest being the 764-km 'Viking Link' between Britain and Denmark.

In an upside for private sector participation, the statement listed "encouraging bilateral investments" in the identified areas by "strengthening the cooperation with companies specialised in the field of energy" among the objectives of co-operation.

Early signs of cross-investments emerged with Vineet Mittal-led Avaada Energy and the Ruias-promoted Essar group announcing partnerships with AEW (Al Jomaih Energy and Water) and Desert Technologies, respectively, for building renewable energy projects in Saudi Arabia where Essar is building a \$4.5 billion green steel plant.

The MoU also focuses on co-operation in the areas of

petroleum reserves — a move that could lead to Saudi investment in the expansion of India's strategic oil and gas storage capacities. India currently has strategic oil reserve of a little over 5 million tonnes spread across three locations and stores LPG in a cavern for commercial purpose.

India currently exports power to Bangladesh and Nepal and imports power from Bhutan and is looking at expanding the grid connectivity to Myanmar and beyond.

Other than renewable power from expanding capacity, India can also export green hydrogen to Saudi Arabia and neighbouring UAE, feeding into the proposed economic corridor to Europe via these two countries. India is targeting a five million tonne green hydrogen capacity by 2030 and aims to become an export hub for the 'fuel of the future'.

Spice Route 2.0 will be bigger than Silk Route: Saudi minister

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New Delhi: Saudi Arabian investment minister Khalid Al-Falih said here on Monday that the India-Middle East-Europe Economic Corridor (IMEE EC) would be "equivalent to the Silk Route and Spice Route put together". He said the top leaders of both India and Saudi Arabia were aware of the opportunities as well as challenges.

Al-Falih, on the sidelines of the Saudi-India Investment Forum meeting, said, "The economic corridor from India all the way to Europe via the Middle East will be historic. People talk about the Silk Route, the Spice Route of India through the Arabian Peninsula, but this is going to be more significant and relevant in this millennium... because it's going to be about new energy, data, connectivity, human resources, aviation routes and it's about aligning countries that are of the same mind and same vision."

The visiting minister said both Saudi Arabia and India had great human capital and access to financial resources.