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INTERVIEW: ACME to start phase 1 of Odisha renewable ammonia project latest by 2027

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HIGHLIGHTS

1.3 mil mt/year green ammonia project

FEED study started October 2023

Subsidy at Rupee 30/kg renewable H2

India's ACME Group will speed up the initial phase of its 1.3 million mt/year renewable ammonia project in Odisha for a likely commissioning by end 2026 or early 2027 after getting a subsidy for 90,000 mt/year renewable hydrogen, Ashwani Dudeja, ACME's President and Director (Global Business Development) told S&P Global Commodity Insights Jan. 15.

ACME has bagged a three-year subsidy for an average incentive of Indian Rupee 30/kg (36 cents/kg) for renewable hydrogen in the first tranche of India's Rupee 174.90 billion Strategic Interventions for Green Hydrogen Transitions program Jan. 9.

"We will use it mainly for our Odisha project," Dudeja said. "It helps us in several aspects, not just from production point of view but also for marketing the project."

Dudeja said the subsidy would help push potential customers to commit to purchase deals looking at early deliveries before the turn of the decade.

In August 2023, ACME had signed a land agreement with Tata Steel Special Economic Zone in Gopalpur in Odisha for the renewable ammonia project, eyeing exports as well as domestic sales.

The project, being built in partnership with Japan's IHI Corp, started a design study conducted by Aker Kvaerner in October last year and is now seeking a final investment decision.

The company has signed Memorandums of Understanding with Indian state-run lenders such as REC and Power Finance Corp and discussions are underway with the "likelihood" of the FID being reached for the Odisha project soon, he said.

ACMA has a 100,000 mt/year renewable ammonia phase one project in Duqm in Oman in construction stage, targeting commissioning by end 2025 or early 2026, with Yara Fertilizers slated to be an offtaker, the company said earlier. The company aims to expand the capacity to 1.2 million mt/year.

"After Oman phase one, Odisha phase one will follow," Dudeja said. "We are currently looking at supplies starting from end of 2026 or early 2027."

ACME also has a 400,000 mt/year phase one renewable ammonia project in Port of Victoria in Texas, US, eyeing commercial operation in 2028-29. The project's capacity would expand to 1.2 million mt/year and the company would also look at producing hydrogen, methanol and SAF for local use and export.

ACME is also one of the companies that has been shortlisted for Germany's import auction scheme, H2Global where a final result is awaited.

Indian subsidy

India's subsidy program gave the developers flexibility to expedite projects as it did not place conditions, Dudeja said reacting to the first round of tenders for 450,000 mt/year renewable hydrogen offered, where 10 companies, including ACME, secured subsidies.

"It is open ended and that is the best part," he said. "It doesn't specify what the end use of the hydrogen should be, whether it includes making derivatives, or whether consumption has to be in India or overseas."

"It is in most sense like the IRA (Inflation Reduction Act) except that the subsidy is much lower, and the process is much simpler," he added.

Of the company's 90,000 mt/year renewable hydrogen subsidy quantum, 72,000 mt/year will be apportioned to the Odisha project, where 400,000 mt/year renewable ammonia will be produced initially, Dudeja said. The remaining 18,000 mt/year of the subsidy quantum can be used for any other project, Dudeja said, adding the company was evaluating options.

"There is going to be a lot of hydrogen demand, so we are in discussions with several companies."

"Last year ACME signed an MOU with Indraprastha Gas for blending hydrogen into the natural gas networks -- those kinds of applications can be considered," he said.

According to Dudeja, India consumes around 11 million mt/year of conventional hydrogen mainly across refineries, so there would be a number of options for the company to use the subsidy in different projects and optimize sales.

US rules

Dudeja welcomed new guidelines issued in December 2023 by the US for accessing incentives of up to $3/kg under its Inflation Reduction Act, that makes it necessary to source clean power from the same region as the hydrogen project, operated at the same time.

He said it may hurt majority of the US projects, but ACME's Texas project was in line with the government's requirements and advancing as planned, with FEED study awarded to Black & Veatch.

"We are talking about earliest possible date for placing orders of the electrolyzers somewhere around 2026," he said.

"Some of the US customers will move faster than the other and the most important thing for us is, how to create a value proposition," he said, noting the large industrial customers in the US had the option to make their own clean fuels.

Platts, part of S&P Global, last assessed Oman hydrogen produced via alkaline electrolysis at $2.74/kg Jan. 12, nearly the same as a month ago. Platts assessed Japan hydrogen produced via alkaline electrolysis at $3.49/kg Jan. 12, down 23% from a month ago.