International Journal of Scientific Research in Engineering and Management (IJSREM)
Volume: 08 Issue: 06 | June - 2024 SJIF Rating: 8.448 ISSN: 2582-3930

A STUDY ON SUSTAINABLE ECONOMIC MODELS OF RENEWABLE ENERGY USAGE IN THE OIL AND GAS SECTOR

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ABSTRACT

The oil and gas sector is under increasing pressure to adopt sustainable practices amid global environmental challenges. Integrating renewable energy, such as solar, wind, and geothermal technologies, is pivotal for reducing greenhouse gas emissions and ensuring long-term economic viability. Sustainable economic models like hybrid energy systems and green hydrogen production offer solutions to enhance operational efficiency and reliability while minimizing carbon footprints. The integration of digital technologies further optimizes energy management, promoting sustainability and competitiveness. Embracing these models not only addresses environmental concerns but also positions the sector towards a more sustainable future, essential for meeting global climate goals and ensuring resilience in the evolving energy landscape.

Keywords: oil and gas sector, renewable energy integration, sustainable practices, greenhouse gas emissions, economic viability, hybrid energy systems, green hydrogen production, digital technologies, energy management, global climate goals

INTRODUCTION

The oil and gas sector, traditionally reliant on fossil fuels, faces increasing pressure to adopt sustainable practices. Integrating renewable energy into this industry is crucial for reducing greenhouse gas emissions and ensuring long-term economic viability. Sustainable economic models for renewable energy usage in the oil and gas sector focus on leveraging solar, wind, and geothermal technologies to support operations, reducing reliance on non-renewable resources, and enhancing environmental stewardship.

One such model is the hybrid energy system, which combines conventional and renewable energy sources to optimize efficiency and reliability. This approach mitigates the intermittent nature of renewables while ensuring a consistent energy supply for critical operations. For example, solar panels and wind turbines can power remote oil drilling sites, decreasing diesel generator dependence and lowering operational costs over time.

Another model involves the use of renewable energy to generate green hydrogen, which can serve as a clean fuel for various processes within the sector. Green hydrogen production, powered by solar or wind energy, offers a sustainable alternative to conventional hydrogen derived from natural gas, significantly reducing carbon footprints.

Moreover, the integration of digital technologies and smart grids enables better management and distribution of renewable energy within the sector. Advanced analytics and real-time monitoring facilitate efficient energy usage, minimizing waste and optimizing production processes.

Implementing these sustainable economic models not only addresses environmental concerns but also enhances the competitiveness of oil and gas companies. By embracing renewable energy, the sector can transition towards a more sustainable future, balancing economic growth with ecological responsibility. This shift is essential for meeting global climate goals and ensuring the industry's resilience in a rapidly evolving energy landscape.

REVIEW OF LITERATURE

PATRICK REIMERS (SEP 2021)

Over decades, conflicts over access to various energy sources have fueled political tensions between nations and state confederations. To reduce dependence on fossil fuels, regional and national governments, along with multinational institutions like the European Union, have promoted a transition to renewable energies. The automotive industry has been particularly scrutinized for its role in producing negative externalities such as greenhouse gas emissions, noise, and air pollution, primarily due to vehicles running on fossil fuels like gasoline, diesel, and fuel oil. Replacing internal combustion engine vehicles with alternative fuel vehicles, especially plug-in electric vehicles (PEVs), is seen as crucial for enhancing transport sector sustainability. Several EU member states aim to reduce vehicle-related petrol and diesel demand to lessen their reliance on foreign energy sources. However, this transition involves significant economic costs. This paper examines the short- and long-term effects of fiscal policies on the European automotive market from 2010 to 2018, focusing on public incentives for AFVs. The analysis suggests that the positive sales trends for AFVs resulted more from government policies than actual customer demand, raising concerns about the sustainability and potential market distortions of such interventions. The focus on battery electric vehicles may hinder the exploration of other sustainable technologies. Additionally, while electrification reduces the EU's dependency on imported fossil fuels, it opens the market to non-European brands with competitive PEV technologies.

SHARMAN SUNDARAJOO (NOV 2022)

The growing global energy demand and emerging environmental concerns have increased the penetration of renewable energy sources (RESs) in distribution systems. Under voltage load shedding (UVLS) schemes are typically the last resort to prevent widespread blackouts. However, the increasing integration of RESs poses new challenges to existing UVLS schemes. Consequently, new UVLS methods are needed for effective corrective action in distribution systems with RESs. This paper reviews recent UVLS methods for distribution networks, highlighting conventional, adaptive, and computational intelligence techniques, and discusses future research directions for enhancing system safety.

NASIR REHMAN (JAN 2024)

This state-of-the-art review paper examines the latest power flow approaches tailored specifically for distribution networks, ensuring the reliability and economic viability of the overall power system. The review addresses the limitations of traditional distribution network methods and discusses strategies to account for uncertainties at both the generation and consumption ends. The review also delves into the characterization of different types of distributed loads with static characteristics. By offering a comprehensive overview of advanced power flow analysis techniques for distribution networks, this review paper contributes to the advancement of research in this field and facilitates the effective planning and operation of modern power systems.

OZAY CAN (MAY 2022)

To ensure synchronization in power systems, it's crucial to maintain a constant frequency value. Any imbalance between generation and load disrupts this balance, leading to frequency deviations—either increases or decreases—that can pose serious issues in the power grid. Hence, a controller design is necessary to regulate system frequency and tie-line power variations within defined limits, known as automatic generation control (AGC) or load frequency control (LFC). This study aims to identify optimal controller parameters for LFC in a two-area non-reheat thermal power system integrated with various renewable energy sources (RES) such as photovoltaic (PV) and wind energy systems. The proposed controller, a PI–(1 + DD) controller combining proportional, integral, and double derivative controllers, has its optimal gains determined through the Grey Wolf Optimization (GWO) algorithm. Additionally, the PI– (1 + DD) controller's performance is assessed under various scenarios, including different step load perturbations, random load changes, system parameter fluctuations, and RES variations. Results demonstrate that the PI–(1 + DD) controller yields approximately 40% reduction in system frequency overshoot and about 45% improvement in settling time compared to alternative controllers

RESEARCH METHODOLOGY

RESEARCH GAP

There is a research gap in quantifying the long-term economic impacts of integrating renewable energy in the oil and gas sector, particularly in cost-benefit analysis, lifecycle sustainability assessments, and the development of scalable models that can be adapted across different geographic and operational contexts.

NEED FOR THE STUDY

Studying sustainable economic models for renewable energy usage in the oil and gas sector is crucial to facilitating the industry's transition towards environmental sustainability. As global energy demands rise, integrating renewables can reduce carbon footprints and operational costs. This shift is essential for meeting international climate goals and mitigating environmental degradation. Additionally, renewable energy can enhance energy security, drive innovation, and create new economic opportunities within the sector. By exploring viable economic models, the study aims to provide a blueprint for oil and gas companies to sustainably incorporate renewable energy, ensuring long-term industry resilience and compliance with evolving regulatory standards.

PURPOSE OF THE STUDY

The purpose of this study is to analyse sustainable economic models for integrating renewable energy in the oil and gas sector, highlighting their potential to reduce carbon emissions, enhance cost efficiency, ensure energy security, and promote regulatory compliance, ultimately contributing to the industry's long-term sustainability and resilience.

PROBLEM STATEMENT

The oil and gas sector, historically reliant on fossil fuels, faces mounting pressure to adopt sustainable practices amid climate change concerns. Transitioning to renewable energy within this industry presents both opportunities and challenges. The primary problem is identifying viable economic models that integrate renewable energy sources, such as solar and wind, without disrupting the sector's economic stability. Key issues include balancing initial investment costs, ensuring energy reliability, and meeting regulatory requirements. Effective models must demonstrate long-term financial viability, reduce carbon footprints, and promote energy security. This necessitates interdisciplinary approaches, combining economic analysis, technological innovation, and policy frameworks to create scalable and replicable solutions for sustainable energy transition in the oil and gas industry.

OBJECTIVES OF THE STUDY

1. Evaluate the economic viability and benefits of integrating renewable energy within the oil and gas sector.

2. Develop strategies for reducing carbon emissions and enhancing sustainability through renewable energy adoption.

RESEARCH DESIGN

The research design will employ a mixed-methods approach to explore sustainable economic models of renewable energy usage in the oil and gas sector. Quantitative data will be collected via surveys and financial analysis from industry reports to assess economic impacts. Qualitative data will be gathered through interviews with key stakeholders, including energy experts and policymakers, to understand implementation challenges and benefits. Case studies of companies successfully integrating renewable energy will provide practical insights. Data will be analysed to identify best practices and scalable strategies.

RESEARCH TYPE

Research into sustainable economic models for integrating renewable energy within the oil and gas sector is crucial for transitioning to a greener energy landscape. Such models should consider factors like cost-effectiveness, technological advancements, policy frameworks, and stakeholder collaboration. By fostering innovation and investment in renewable energy, the sector can reduce its environmental footprint while maintaining economic viability and energy security.

DATA COLLECTION METHODS

Data collection for sustainable economic models in the oil and gas sector focuses on metrics such as energy consumption rates, emissions data, cost analysis of renewable integration, operational efficiency, and return on investment. Gathering data on policy impacts, stakeholder engagement, and market trends is also crucial to assessing the viability and effectiveness of renewable energy strategies within the sector.

POPULATION: 100

SAMPLE SIZE:

SAMPLE UNIT: MEDCHAL

QUESTIONNAIRE:

How can the oil and gas sector effectively integrate renewable energy to achieve economic sustainability and environmental compliance while maintaining profitability and market competitiveness

TOOLS USED: Google forms, percentages, Bar graphs, and chi-square

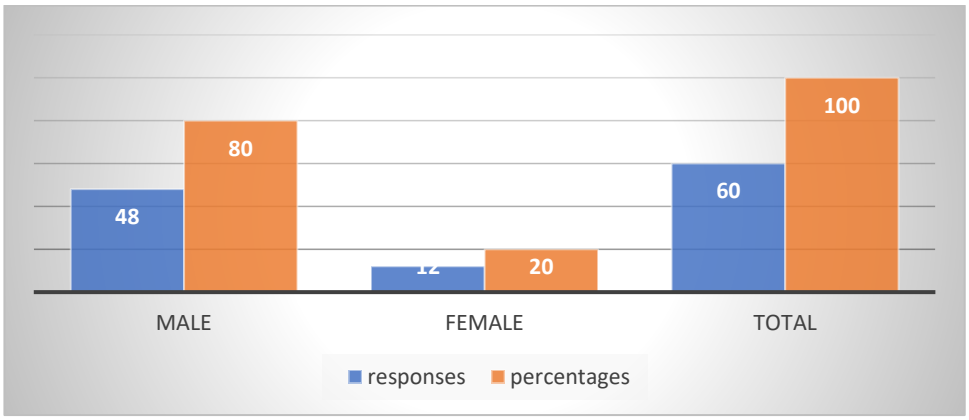
HYPOTHESIS:

H0: There are no significant sustainable economic models of renewable energy usage in the oil and gas sector.

H1: There is a significant sustainable economic model of renewable energy usage in the oil and gas sector.

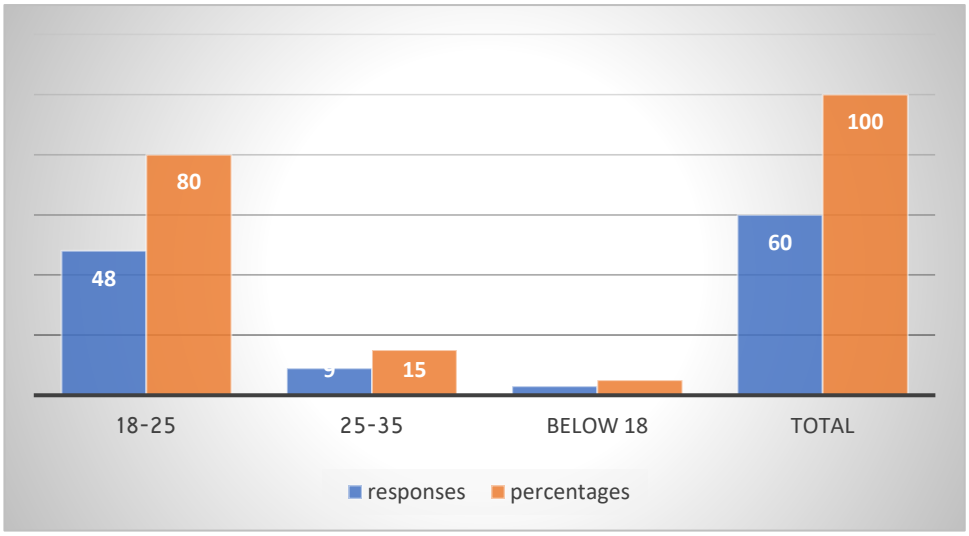
DATA ANALYSIS

gender	male	female	total
responses	48	12	60
percentages	80	20	100



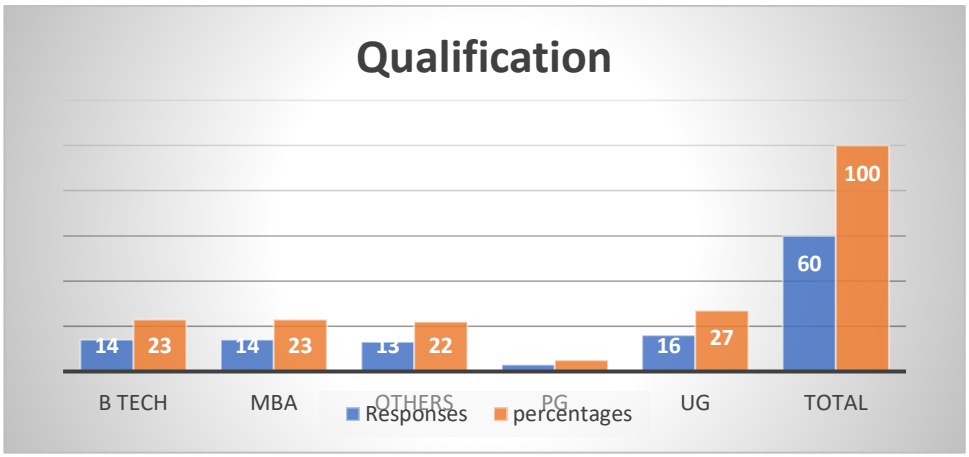
INTERPRETATION: The total respondents are 60 out of which male are 80% and female are 20%.

age	18-25	26-35	below 18	total
responses	48	9	3	60
percentages	80	15	5	100



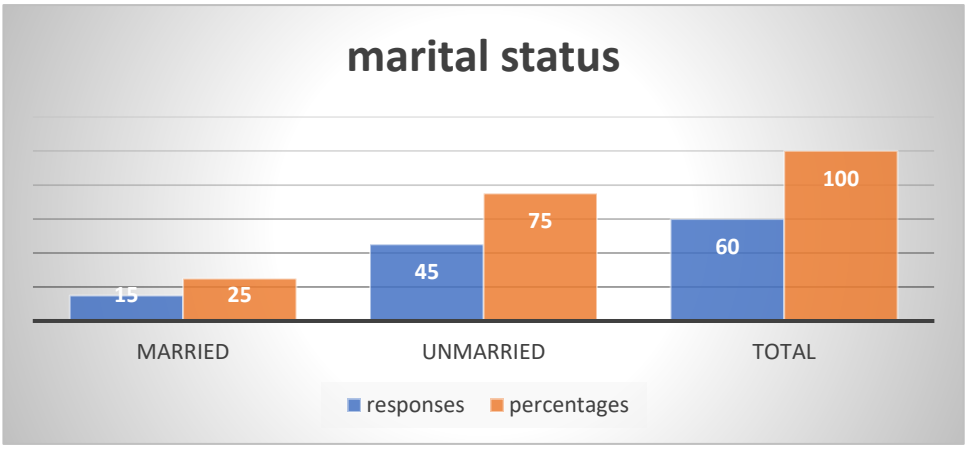
INTERPRETATION: The majority of the respondents followed in the range between 18-25 with 80%.

qualification	B TECH	MBA	OTHERS	PG	UG	TOTAL
Responses	14	14	13	3	16	60
percentages	23	23	22	5	27	100



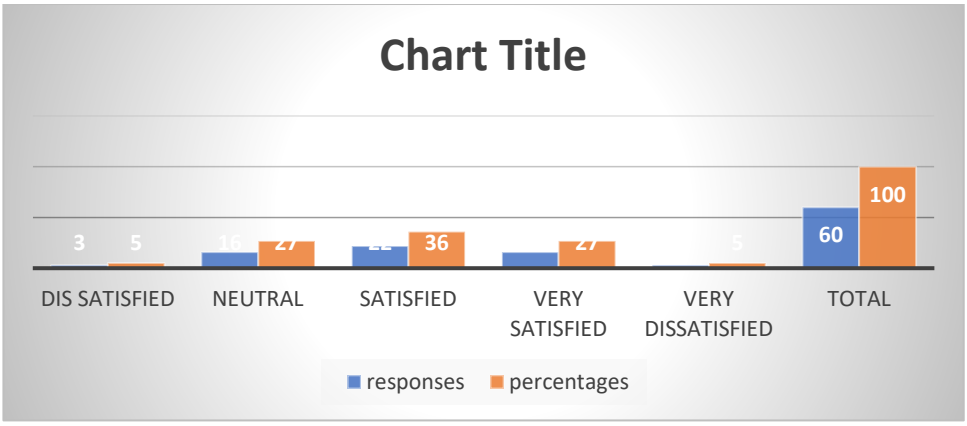
INTERPRETATION: The most respondents are from UG 27%.

marital status	married	unmarried	total
responses	15	45	60
percentages	25	75	100



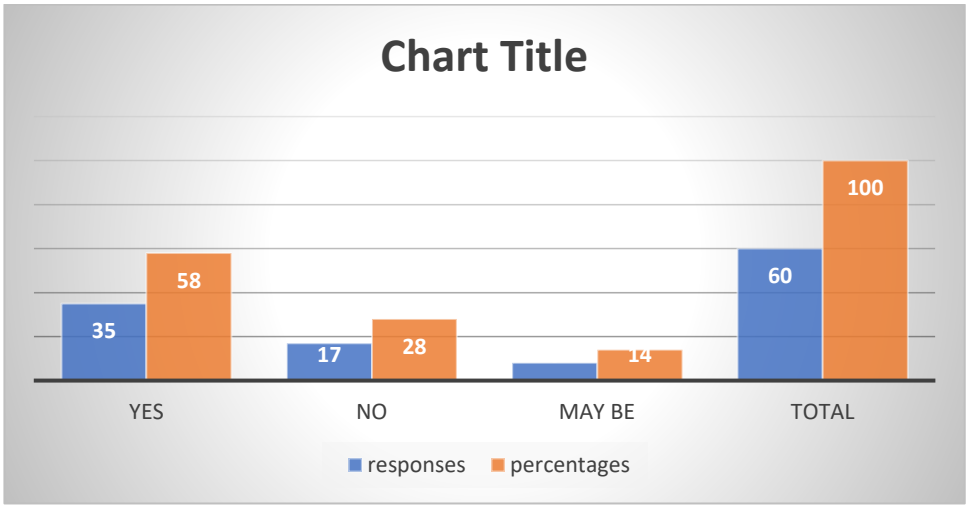
INTERPRETATION: The total respondents are 60 out of which unmarried are 75% and married 25%.

1. How satisfied are you with the impact of renewable energy on the operational efficiency of your company?	Dis satisfied	neutral	satisfied	very satisfied	very dissatisfied	total
responses	3	16	22	16	3	60
percentages	5	27	36	27	5	100



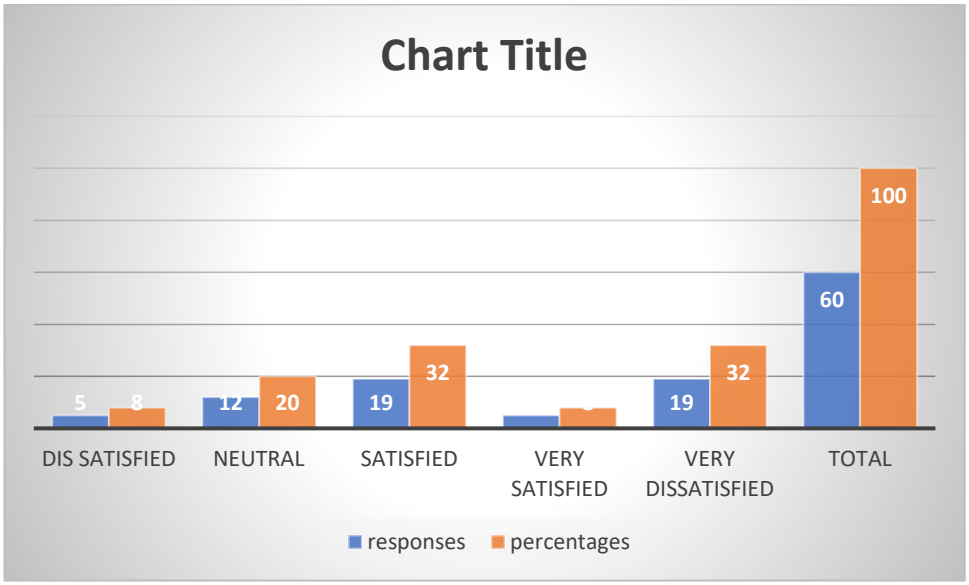
INTERPRETATION: Most of the respondents feel satisfied are you with the impact of renewable energy on operational efficiency highly respondents are satisfied 36%.

2. Have you observed significant cost savings after incorporating renewable energy into your processes?	yes	no	maybe	total
responses	35	17	8	60
percentages	58	28	14	100



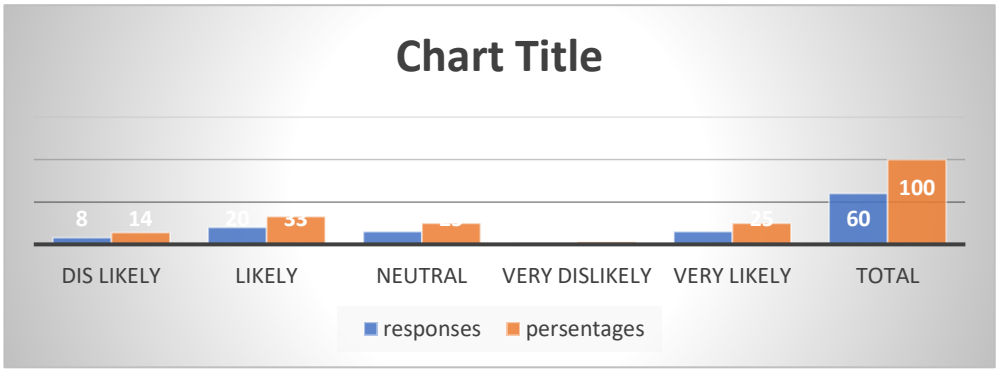
INTERPRETATION: Most of the respondents believe that yes with the percentage is 58% cost savings after incorporating renewable energy into your processes.

3. How satisfied are you with the impact of renewable energy adoption on your company's public image and reputation?	Dis satisfied	neutral	satisfied	very satisfied	very dissatisfied	total
responses	5	12	19	5	19	60
percentages	8	20	32	8	32	100



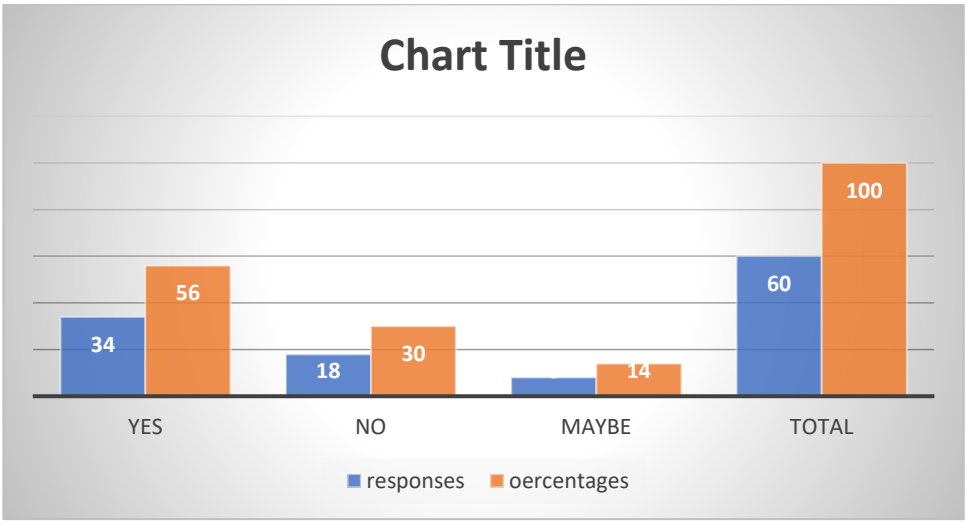
INTERPRETATION: The respondents who feel satisfied are you with the impact of renewable energy adoption on your company's public image and reputation may happen satisfied 32% and very satisfied also 32%.

4. How likely are you to increase investment in renewable energy within the next five years?	Dis likely	likely	Neutral	very dislike	very likely	total
responses	8	20	15	2	15	60
percentages	14	33	25	3	25	100



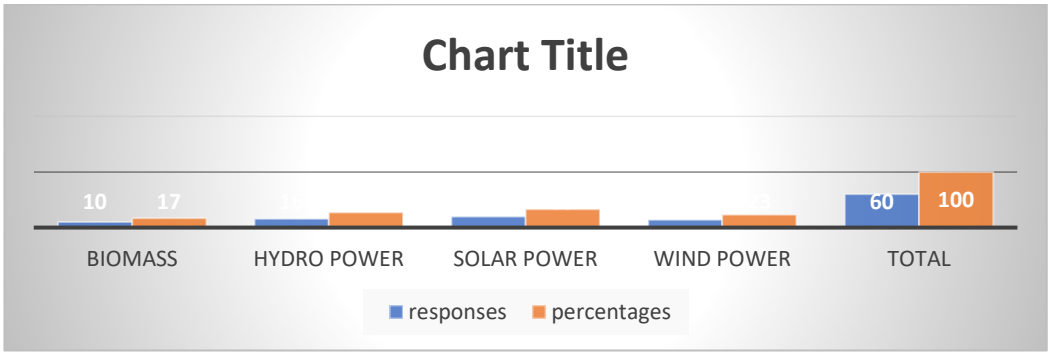
INTERPRETATION: 33% of respondents likely are to increase investment in renewable energy within the next five years.

5. Do you believe that integrating renewable energy has enhanced your company's competitiveness in the market?	yes	no	maybe	total
responses	34	18	8	60
percentages	56	30	14	100



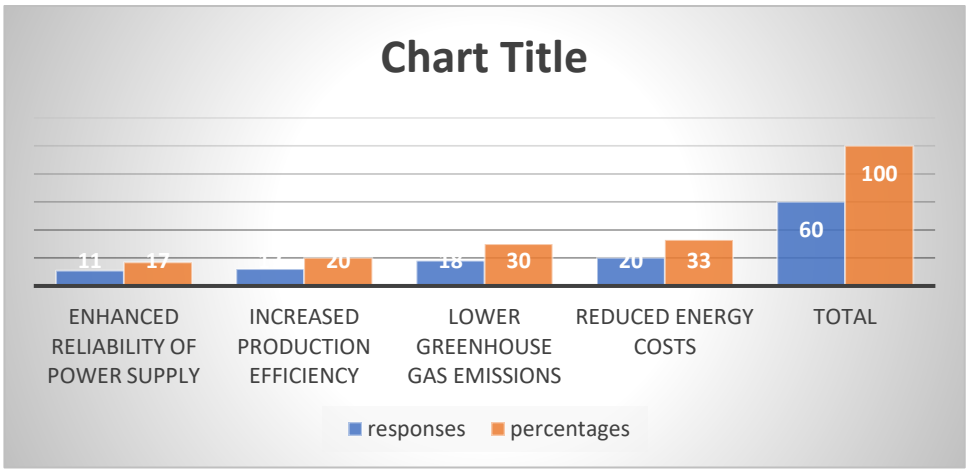
INTERPRETATION: 56% of the respondents are believe that integrating renewable energy has enhanced your company's competitiveness in the market.

6. Which of the following renewable energy sources is most suitable for reducing carbon emissions in offshore oil rigs?	Biomass	hydropower	solar power	wind power	total
responses	10	16	20	14	60
percentages	17	27	33	23	100



INTERPRETATION: 33% and 27% the respondents as following renewable energy sources is most suitable for reducing carbon emissions in offshore oil rigs.

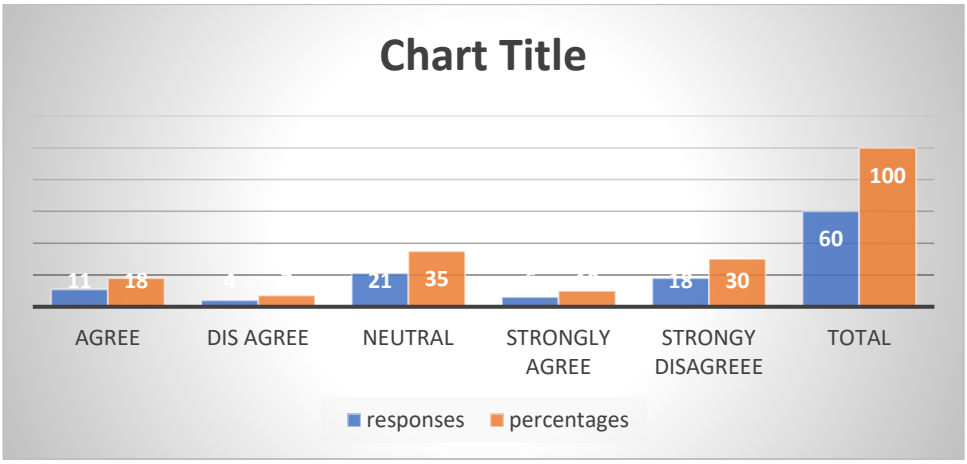
7. What is the primary benefit of utilizing wind energy in the oil and gas sector?	Enhanced reliability of power supply	Increased production efficiency	Lower greenhouse gas emissions	Reduced energy costs	total
responses	11	12	18	20	60
percentages	17	20	30	33	100



INTERPRETATION: 30% of the respondents were primary benefit of utilizing wind energy in the oil and gas sector.

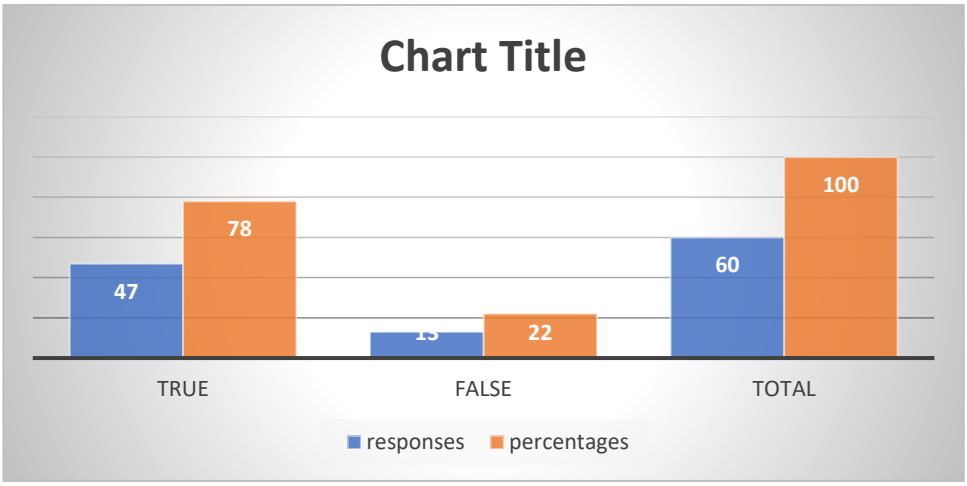
8. Government incentives and policies are necessary to encourage the adoption of renewable energy and reduce carbon emissions in the oil and gas sector.	Agree	Dis agree	neutral	strongly agree	strongly disagree	total

responses	11	4	21	6	18	60
percentages	18	7	35	10	30	100



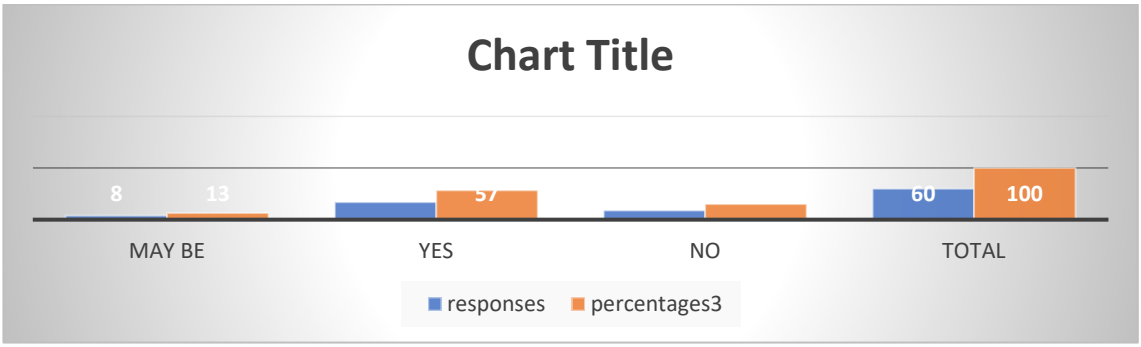
INTERPRETATION: 35% and 30% the respondents are Government incentives and policies are necessary to encourage the adoption of renewable energy and reduce carbon emissions in the oil and gas sector.

9. Should your company consider producing and using green hydrogen as a clean energy source to minimize emissions?	TRUE	FALSE	total
responses	47	13	60
percentages	78	22	100



INTERPRETATION: Most of the respondents are 78% company consider producing and using green hydrogen as a clean energy source to minimize emissions.

10. Is it beneficial for your company to invest in energy efficiency measures, such as upgrading equipment and optimizing processes, to enhance sustainability?	maybe	yes	no	total
responses	8	34	18	60
percentages3	13	57	30	100



INTERPRETATION: Most of the respondents are 57% of yes it beneficial for your company to invest in energy efficiency measures, such as upgrading equipment and optimizing processes, to enhance sustainability

STATISTICAL TOOLS AND ANALYSIS

H0: There are no significant sustainable economic models of renewable energy usage in the oil and gas sector.

H1: There is a significant sustainable economic model of renewable energy usage in the oil and gas sector.

	Agree	Dis agree	neutral	strongly agree	strongly disagree	Marginal rows total
male	9(8.66) [0.01]	2(3.15) [0.42]	19(16.52) [0.37]	1(5.51) [3.69]	17(14.16) [0.57]	48
Female	2(2.20) [0.02]	2(0.80) [1.80]	2(4.20) [1.15]	5(1.20) [12.03]	1 (3.60) [1.88]	12
Columns total	11	4	21	6	18	60

The chi-square statistic is 21.1021. The p-value is .000302. The result is significant at p < .05.

Since the p-value is less than 0.05, H0 Rejected and Accepted H1. So, there is a sustainable economic model of renewable energy usage in the oil and gas sector.

FINDINGS

Integrating renewable energy into the oil and gas sector can enhance sustainability while maintaining profitability. One effective model involves using renewable energy sources like solar and wind to power oil extraction and processing operations, significantly reducing greenhouse gas emissions. For instance, solar panels installed at oil rigs or refineries can provide a steady electricity supply, reducing reliance on fossil fuels.

Another model focuses on leveraging excess renewable energy for hydrogen production through electrolysis. This hydrogen can then be utilized in various oil and gas processes or sold as a clean energy product, creating an additional revenue stream.

Furthermore, partnerships between renewable energy companies and oil and gas firms can facilitate technology transfer and investment, fostering innovation and reducing costs. These collaborations can lead to the development of hybrid energy systems that optimize resource use and efficiency.

Overall, these sustainable models not only reduce the environmental impact but also offer economic benefits through cost savings and new revenue opportunities.

SUGGESTIONS

Incorporating renewable energy into the oil and gas sector requires innovative, sustainable economic models to ensure long-term viability and environmental responsibility. One promising model is the hybrid energy approach, where oil and gas operations are powered by on-site renewable energy sources, such as solar and wind. This can significantly reduce carbon emissions and operational costs over time. For instance, installing solar panels or wind turbines at drilling sites can provide clean power, offsetting the high energy demands of extraction processes.

Another model is the circular economy, which emphasizes resource efficiency and waste minimization. By integrating waste-to-energy technologies, oil and gas companies can convert operational waste into bioenergy, thus reducing landfill usage and lowering carbon footprints. Additionally, the adoption of carbon capture and storage (CCS) technologies can help manage emissions, enabling the sector to align with global climate goals while still utilizing fossil fuel resources responsibly.

Public-private partnerships (PPPs) also offer a viable economic model. These collaborations can drive investments in renewable infrastructure and innovation, supported by government incentives and regulatory frameworks that promote sustainability. Such partnerships can facilitate shared risk, foster technological advancements, and ensure steady progress towards renewable integration.

Finally, transitioning to a decentralized energy model, where smaller, localized renewable energy systems support oil and gas operations, can enhance energy security and reduce transmission losses. This model supports resilience against supply disruptions and aligns with the growing trend towards distributed energy resources (DERs).

Implementing these models requires strategic planning, investment in technology, and a commitment to sustainability, enabling the oil and gas sector to evolve towards a greener, more sustainable future.

CONCLUSION

In conclusion, the integration of renewable energy into the oil and gas sector presents a sustainable economic model that addresses both environmental and financial challenges. This hybrid approach leverages the strengths of renewable technologies to reduce carbon emissions and operational costs while enhancing energy security and corporate social responsibility.

By investing in renewable energy projects, oil and gas companies can diversify their energy portfolios, mitigate regulatory risks, and capitalize on emerging market opportunities. Innovations such as utilizing excess renewable energy for hydrogen production and adopting carbon capture and storage (CCS) technologies further exemplify the sector's potential for sustainability.

Moreover, the transition supports global climate goals and promotes long-term economic stability by reducing dependence on volatile fossil fuel markets. Strategic partnerships, government incentives, and continuous technological advancements will be crucial in accelerating this transition. Ultimately, the convergence of renewable energy and traditional oil and gas operations fosters a resilient and adaptable industry capable of thriving in a low-carbon future. This sustainable model not only ensures environmental stewardship but also secures competitive advantages and sustainable growth for the sector in the evolving energy landscape.

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Ensure you adjust the details such as author names, publication years, titles, and journal names according to the actual sources you've referenced in your study.

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