NEWS FLASH –24th June, 2016

SUGAR

Govt permits export of 1,146 tonnes more sugar to US under TRQ

The government on Wednesday permitted export of an additional 1,146 tonnes of raw sugar to the US under the tariff rate quota (TRQ), which entitles shipments to enjoy low tariff.

"Additional quantity of 1,146 tonnes of raw cane sugar to be exported to USA under TRQ upto September 30 has been notified," Directorate General of Foreign Trade (DGFT) said in a notification. It said that with this allocation, quantity for export of sugar to the US under TRQ during US fiscal year 2016 would be 10,293 tonnes.

TRQ is a quota for a volume of exports that enters the US at low tariffs. After the quota is reached, a higher tariff is applied on additional imports. The move assumes significance as the government has recently imposed 20% customs duty on sugar exports to boost domestic supply and check prices which are ruling high at Rs 40 per kg.

India, the world's second largest sugar producer after Brazil, has exported 1.6 million tonnes of sugar so far in the 2015-16 marketing year (October-September). Further exports are unlikely to take place with the latest decision. The country's sugar production is estimated to decline to 25 million tonnes in 2015-16, as against 28.3 million tonnes last year. The annual domestic demand is pegged at 26 million tonnes.

Moreover, the government has forecast further decline in output in next year at 23-24 million tonnes. However, it has maintained that there would be no shortage as the country would have the opening stock of 7 million tonnes at the start of the next marketing year, taking total availability to 30-31 million tonnes.

(Source- http://sugarnews.in/govt-permits-export-of-1146-tonnes-more-sugar-to-us-under-trq/, published on 23rd June, 2016)

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Sugar availability to be more than demand in 2016-17: Govt

The government on June 22 said there would be no shortage of sugar in the 2016-17 season starting October despite forecast of drop in production by up to 2 million tonnes. "There is more than enough sugar in the country to meet the domestic requirement.

Even in coming sugar season 2016-17, there would be no shortage of domestically produced sugar in India," an official statement said.

The total availability of sugar during 2016-17 season will be over 31 million tonnes including 7 million tonnes of opening stock, against the annual demand of 26 million tonnes.

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With the closing stock of about 7-7.5 million tonnes and the estimated production of about 23-24 million tonnes during 2016-17, the total availability of sugar during 2016-17 season will be over 31 million tonnes, against the domestic demand of about 26 million tonnes, it said.

During the current sugar season 2015-16, India had started with a carryover stock of 9 million tonnes of sugar. The sugar production has been estimated at about 25.1 million tonnes this season against the demand of 25.5 million tonnes.

"Exports being low, the stock position at the close of the current sugar season will stand at 7 million tonnes which will be carried forward for the next sugar season 2016-17," the statement added.

The government has taken necessary steps to maintain sufficient stocks in the country. It has imposed 20 percent duty on export of sugar and has empowered state governments to impose stockholding limits on traders, it added.

(Source- http://sugarnews.in/sugar-availability-to-be-more-than-demand-in-2016-17-govt/, published on 23rd June, 2016)

BSE resets circuit limit of sugar firms to curb volatility

To curb excessive volatility, stock exchange BSE today revised the circuit limit for share movement of several firms including four sugar companies.

The limits, effective from tomorrow, will ensure stock prices do not go up or down beyond a level during a session.

Circuit filter mechanism is used by stock exchanges to keep excessive volatility in check. It is the maximum fluctuation that is allowed during trading, which gets suspended if the permissible limit is hit in either direction.

Share price of sugar firms Uttam Sugar Mills, Ugar Sugar Works, Oudh Sugar Mills, Rajshree Sugars & Chemicals cannot change by more than 5 per cent in a day, BSE said in a circular.

The scrips of these sugar firms have been declining in the last few trading sessions after government, last week, imposed 20 per cent customs duty on sugar exports to boost domestic supply and check prices which are ruling high at Rs 40/kg.

The exchange has also set an upper limit of 10 per cent for Ashirwad Capital, Future Market Networks and Manaksia Aluminium Company. Besides, it fixed an upper limit of five per cent for Achal Investments and Electrotherm (India).

"Trading members of the exchange are hereby informed that the circuit filters has/have been changed from their existing levels… in the scrips (nine) with effect from June 23, 2016," BSE said.

(Source- http://sugarnews.in/bse-resets-circuit-limit-of-sugar-firms-to-curb-volatility/, published on 22nd June, 2016)

Co-gen/Power

Govt issues show-cause notice to Reliance Power over Tilaiya UMPP

The coal ministry on Wednesday threatened to encash the bank guarantee submitted by Anil Ambani-led Reliance Power Ltd for its Tilaiya ultra mega power project (UMPP) in

Jharkhand for walking out of the project. The ministry said it had in 2007 allocated the Kerandari B & C coal block to the entity that was set up to execute the power project—Jharkhand Integrated Power Ltd (JIPL)—currently owned by Reliance Power.

Reliance's exit last year has caused a setback to the project and has deprived India of power from it, the coal ministry said in a letter addressed to Reliance Power's group president A.N. Sethuraman and was uploaded on the ministry's website. "…you are called upon to show cause within 15 days as to why the delay in the development of the coal block should not be held as violation…and why bank guarantee submitted by you should not be deducted for non-achievement of milestones," said the letter. The bank guarantee is reported to be for about Rs.700 crore.

Reliance Power said it is yet to receive the mine allocated to JIPL. The ministry had in December 2013 sent a similar notice, which was responded to in detail, after which there has been no response from the government for two and a half years.

(Source- http://indianpowersector.com/2016/06/govt-issues-show-cause-notice-to-reliance-power-over-tilaiya-umpp/, published on 23rd June, 2016)

Rate challenge for hybrid power projects

Renewable power sector players have said the success of draft hybrid wind and solar energy policy would depend on the tariff (rate) level, which might be feed-in rate-based or bid-based. Besides, overall regulatory clarity in terms of rate norms for hybrid projects remained a key.

The draft policy released last week aimed at promoting a large grid-connected wind-solar PV (photovoltaic) system for optimal and efficient use of transmission infrastructure and land, reducing the variability in renewable power generation and achieving better grid stability. Wind farms have scope of adding solar PV capacity.

According to the policy, in the locations with wind power density, the size of the solar PV capacity could be smaller. In case of the sites where the wind power density is lower or moderate, the component of the solar PV capacity could be on a higher side.

Rays Power Infra chief executive Ketan Mehta told Business Standard, "The policy implementation needs to done very carefully — the evacuation policy needs to be clear, transmission augmentation might need to be done in most cases, scheduling, and forecasting of delivered power needs to be calculated accurately, and plant layout needs to make sure windmills don't cast any shadows on the solar panels. On the technology level, direct current integration of combined power needs to be designed carefully. Also, rate determination will be a key issue. Wind power currently works on feed-in tariffs (FITs), while solar works on bidding. So the Central Electricity Regulatory Commission (CERC) needs to come up with an FIT for wind solar hybrid framework."

(Source- http://indianpowersector.com/2016/06/rate-challenge-for-hybrid-power-projects/, published on 23rd June, 2016)

Power stations, states ask Coal India to stop supply

Close to a dozen power plants across UP, Maharashtra and West Bengal cited reasons like high stock at plant sites or backing down of power demand by host states

Coal availability in the country, when there is muted power demand growth has resulted in a situation with plants requesting Coal India Limited (CIL) to stop further supply. Close to a dozen power plants across UP, Maharashtra and West Bengal have written to CIL and its subsidiaries, citing reasons like high stock at sites and backing down of power demand by host states.

In Maharashtra, there is double trouble, with water scarcity forcing the GMR group to shut down generation and seek diversion of coal to its other units. GMR's EMCO plant in the state shut down in April due to lack of water supply. The plant has written to Maharashtra Industrial Development Corporation (MIDC) to allocate water, as "it will have a major impact on the power generation, thus resulting in disruption of power supplies to various states and power scarcity in the region."

The plant supplies power to Maharashtra, Tamil Nadu and Dadar & Nager Haveli. GMR has also asked South East Coalfield Limited (SECL) to divert the coal to its sister unit, GMR Chhattisgarh. Water supply to the Warora plant has been stopped by the government due to drought in Maharashtra. Subsequently, the unit 1 of 300 Mw capacity was forced to shutdown from April 15.

"As the power crisis in the region is getting more and more serious, the second unit of 300 Mw is also likely to shut within a couple of days," EMCO told SECL in a letter dated May 4 .

Haryana Power Generation Corporation Limited has asked Central Coalfield Limited (CCL) to temporary transfer 60 per cent of contracted coal supply for Panipat thermal power plant to Rajiv Gandhi Thermal Power Plant (RGTPP) in Hisar district. The utility said in its letter to the coal company that it is because "Panipat TPS is facing continuous backing down of generation units" due to lack of corresponding increase in power demand.

Business Standard has reviewed all the letters by these states and utilities to Coal India and its subsidiaries. NTPC thermal power plants in Farkka (WB), Tanda and Unchhahar (UP) have also asked Coal India for stoppage of coal supply. NTPC- Unchahar plants said it has coal stock of close to nine lakh tonne which is equivalent to 64 days of supply.

"As the yard is full and there is no space for stacking of coal, it is requested to stop the coal supply for remaining period of the month. This situation has arisen due to less coal consumption on account of low generation schedule," said the letter by NTPC-Unchahar (UP) to CCL, dated last month.

UP Rajya Vidyut Udpadan Nigam Limited has written similar request to cease coal supply for its Hardaunganj and Panki power plant.

Damodar Valley Corporation has asked Bharat Coking Coal Limited, Eastern Coalfield and Indian Railways to stop any further supply of coal and allot any more rakes to its power units in Durgapur, Chandrapura and Mejia. During the last fiscal, CIL ramped up its coal production to 538 million tonne while the offtake was 534 million tonne, which the company said in its annual result is a record. Coal availability at power plants sites is at a record high of 28 days. CIL plans to achieve one billion tonne of coal production in five years.

At the same time, electricity demand from financially beleaguered discoms has not shown similar corresponding increase. The peak deficit between power demand and supply during last year was 3.2 per cent. The government in its estimates expects it to come down to 2.5 per cent in the current year.

Rs 10-lakh cr investments needed for 1.5-bn-tonne coal output

Investments to the tune of more than Rs 10 lakh crore would be required in coal mining and allied sectors like power, steel and cement to achieve the target of 1.5 billion tonnes of coal production by 2019-20, according to a report. "India has set an ambitious target of 1.5 billion tonnes (BT) of domestic coal production by FY 2020 and will need huge investments adding up to more than Rs 10 lakh crore in coal mining and its allied sectors like power, steel, cement, infrastructure for logistics, and coal washeries for achieving this goal," the latest PwC-ICC report said.

(Source- http://www.business-standard.com/article/economy-policy/power-stations-states-ask-coal-india-to-stop-supply-116062200974_1.html, published on 23rd June, 2016)

Thought of the day

"Limits, like fear, is often an illusion." -Michael Jordan