NEWS FLASH –24th September, 2016

SUGAR

'Cultivating cane all year unscientific'

Reacting to the Cauvery crisis, the Forum of Former Vice-Chancellors of Karnataka State University (FVCK) said it was unscientific to grow high water-consuming crops such as paddy and sugarcane all year round, especially during distress years.

These crops should be grown only during rainy season and light irrigated crops suitable for different regions of the Cauvery basin, should be planted, they said in a release. Modern methods of paddy production such as using early maturing and drought-tolerant high yielding varieties and adopting the System of Rice Intensification (SRI method) would help ease the water-sharing problem, it added.

(Source- http://sugarnews.in/cultivating-cane-all-year-unscientific/, published on 23rd September, 2016)

Sugar futures remain weak on ample stocks, low demand

Sugar prices drifted further by 1.34 per cent to Rs 3,466 per quintal in futures trade today as participants engaged in reducing exposures, triggered by adequate stocks position at spot market against muted demand.
At the National Commodity and Derivatives Exchange, sugar for delivery in October fell by Rs 47, or 1.34 per cent to Rs 3,466 per quintal with an open interest of 10,730 lots.
Similarly, the sweetener for delivery in December traded lower by Rs 39, or 1.08 per cent to Rs 3,572 per quintal in 14,990 lots.
Analysts said offloading of positions by traders amid ample stocks position in the physical market against sluggish demand from bulk consumers kept sugar prices lower at futures trade.

(Source - http://sugarnews.in/sugar-futures-remain-weak-on-ample-stocks-low-demand/, published on 22nd October, 2016)

Sugar mills may not meet stock limits by September 30

It has now become almost certain that sugar mills from Maharashtra will not be able to reduce their stocks to 37 per cent of their total production by September 30 as directed by the central government in order to tame retail prices.
Though the state FDA has started 'persuading' the mills, industry says it's not practically possible to offload such huge quantity within a week, implying there won't be much effect on prices either.
Since the September 8 directive of the central government allowing the mills to keep only 37 per cent of their stocks by September end and 24 per cent by October end, Maharashtra sugar mills have done some heavy selling.
Yet there was only a marginal decline in prices. The NCDEX spot prices of sugar for Vashi delivery were Rs 36.35/kg on September 1 and Rs 36.45/kg on September 22.
With just about 8 working days remaining to meet the deadline, the industry is pretty certain that the target won't be met.
Sanjiv Babar, managing director, Maharashtra State Cooperative Sugar Factories Federation, said, "The breathing period given to the sugar mills should have been sufficient.

"We normally sell about 7 per cent to 8 per cent of our production every month. However, for October, the government has set a target of selling 13 per cent of our stocks, which is impossible," said managing director of a leading sugar co-operative from Maharashtra.
According to government sources, there are still about 40 sugar mills from the state, which have more than 37 per cent stock of sugar.
Mahesh Pathak, the state commissioner of Food and Drug Administration (FDA), said that even before the September 8 order of the central government, his department had been persuading the sugar mills to sell sugar.
"We have been persuading them from the past three months. In September, our estimate is that the mills should sell one million tonne sugar," said Pathak.
While the field level machinery of the FDA has started calling up the sugar mills to 'remind' them about their quota obligations, the sugar millers said that the target is impractical.
"Even the government officials do not know what has to be done. If they confiscate the sugar which we are not able to sell to maintain the quota, then even the government will not be able to sell it," said one more sugar miller from Maharashtra, who did not want to be identified.
Most of the private sugar mills from Uttar Pradesh have already achieved the target of keeping only 37 per cent sugar stock as they had been consistently selling sugar since prices started moving up.
"UP mills have been ahead in selling sugar. About 10 days back, private sugar mills, which are members of our association, had sold out 68 per cent of their production. We have already achieved the target for September and sure that we will be able to achieve it for October as well," said Deepak Guptara, spokesperson, Uttar Pradesh Sugar Mills Association.

(Source- http://sugarnews.in/sugar-mills-may-not-meet-stock-limits-by-september-30/, published on 23rd September, 2016)

Co-gen/Power

'Discoms buying cheaper electricity from exchanges impacting solar power'

Power distribution companies (discoms) are purchasing cheaper power from the exchanges, resulting in curtailment issues for solar power.

Some discoms that are faced with financial issues are simply resorting to power cuts as they cannot even afford to purchase power at low rates on the exchanges, according to consultancy firm Mercom Capital Group's latest report, 'India Solar Quarterly Market Update'.

Some States have surplus power and yet do not supply power 24/7 for fear of losses due to low tariffs from residential and agricultural customers.

The power deficit numbers in India do not paint the full picture, said the report. Though low power deficit and even a surplus situation is touted by a Central Electricity Authority report, large populations in the country are still without electricity.

(Source-http://indianpowersector.com/2016/09/discoms-buying-cheaper-electricity-from-exchanges-impacting-solar-power/, published on 23rd September, 2016)

State keen on reducing time frame of PPA

The State government has decided to negotiate with energy generating companies such as NTPC and other gas-based power plants on reducing the time frame of the PPA (Power Purchase Agreement) from the existing 25 years to 5-10 years.

Chairman of the Andhra Pradesh Electricity Regulatory Commission (APERC) Justice G. Bhavani Prasad told reporters here on Tuesday that in the present time frame the cost of power might come down due to various technological advancements, but because of the long agreement period the Discoms had been incurring losses by paying more to the energy suppliers.

"While the cost of producing power has come down on the one hand, the burden on the Discoms has increased due to various consumer beneficial schemes such as free power to the agriculture sector and subsidies to certain sections of the consumers. The Discoms continue to pay the old rate despite energy becoming cheaper," said Mr. Bhavani Prasad. "Authorities concerned have been approached and a favourable reply is awaited," he said.

UDAY

Because of the higher PPA rate and lower power tariff, both the SPDCL and EPDCL had an accumulated debt of Rs.11,000 crore. While the EPDCL had a debt of Rs. 3,300 crore, the SPDCL had Rs. 7,700 crore. The government agreed to take over the accumulated debt of both the Discoms, which would reduce the interest burden on the Discoms by Rs. 330 crore annually under the Ujwal Discom Assurance Yojana (UDAY). Earlier, Mr. Bhavani Prasad met employees of the EPDCL, who brought to his notice the problem of staff shortage by 20 per cent. It was affecting work, especially in the rural and Agency areas, they said.

The APERC Chairman said that the issue would be taken up with the government.

Chairman and Managing Director of APEPDCL M.M. Nayak and CEO of State Energy Conservation Mission Chandrasekhar Reddy were present.

(Source-http://www.thehindu.com/news/cities/Visakhapatnam/state-keen-on-reducing-time-frame-of-ppa/article9129811.ece, published on 21st September, 2016)

SAARC to speed up energy framework agreement implementation

South Asian Association for Regional Cooperation (SAARC) Energy Regulators have agreed to speed up the implementation of Energy Framework Agreement between the member states, official sources said.

Four countries didn't send their technical experts/regulators to attend the SAARC Energy Regulators meeting and these were represented by the diplomatic officials of their respective high commissions.

The two-day meeting, which concluded here Thursday, discussed SAARC Energy Framework Agreement which emphasized mutual cooperation on development of efficient conversational, renewable energy resources, energy efficiency, energy conservation, sharing of knowledge and promoting competition among the member states.

(Source-http://indianpowersector.com/2016/09/saarc-to-speed-up-energy-framework-agreement-implementation/, published on 23rd September, 2016)

Solar projects in Maharashtra receive Rs 4.42 per unit bid

The proposed 450 mw grid connected solar projects in Maharashtra under National Solar Mission has received lowest bid of Rs 4.42 per unit and nine other companies submitted bids of Rs 4.43 per unit.

Lowest bidder was Vijaya Printing Press Pvt Ltd which offered to build a 10 mw solar plant at a tariff of Rs 4.42 per unit. This was followed by Solar Edge Power and Energy Pvt Ltd (130 mw). Others were Light Source Renewable Energy Holdings, Neel Metal Products Ltd (100 mw) and Canadian Solar Energy Holding (80 mw).

Jasmeet Khurana, Associate Director Consulting, Bridge to India said: "The Maharashtra bid goes to show that new investor interest exists even at current tariff levels. UK based Lightsource and China based Canadian Solar are known to have been looking at opportunities in India. They have finally taken a plunge. Due to a big swell in new allocations over the past 6-8 months, many of the prominent developers are reaching investment and operational limits. This should open up avenues for new developers and investors waiting on the sidelines."

This was under Part-B of the National Solar Mission Phase-II which Solar Energy Corporation of India (SECI) is implementing along with a large number of schemes under the National Solar Mission (JNNSM) including this one in Maharashtra.

This projects are also eligible for viability gap funding (VGF) although the lowest bid of Rs 4.42 did not ask for any such funding while the rest opted for viability funding of Rs 1.46 lakh per megawatt on the lower side to Rs 2.48 lakh megawatt on the higher side. VGF support is a Government Grant that is provided by SECI upon successful commissioning of the plant.

Under these schemes, solar power projects are set up by private developers on Build-Own-Operate (BOO) basis, either in government designated solar power parks or in any other location of the developer's choice. Power purchase agreements (PPA) are signed with SECI for 25 years.

However, Khurnana said that the underlying off-taker in the case of this bid (Maharashtra) is more bankable that some of the other SECI bids (in other states) and that does have an impact on risk perception and tariffs.

"This is aided by a rapid reduction in equipment costs due to the ongoing global supply glut. Maharashtra has the highest power consumption amongst all states in the country but it lags far behind many states in terms of adoption of solar power. he state will need to play an important role in future growth of the utility scale solar market in the country," he said.

(Source- http://economictimes.indiatimes.com/industry/energy/power/solar-projects-in-maharashtra-receive-rs-4-42-per-unit-bid/articleshow/54466458.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst, published on 22nd September, 2016)

ETHANOL

Uttam Sugar Mills gets acknowledgement for doubling of ethanol capacity

Uttam Sugar Mills Ltd informed that it obtained acknowledgement from the government of India after doubling its Ethanol distillery capacity.

The company, engaged in production of sugar, Ethanol and power generation, said it has doubled its existing ethanol capacity is 22,500 Kilo Liters (KL).

Under India's industrial rules, large enterprises are required to inform the central government of any change in their production capacity.

The company has sugar plants in northern India which are located at Libberheri Uttarakhand), Barkatpur, Khaikheri and Shermau (Uttar Pradesh).

These plants have sugarcane crushing capacity of 23,750 TCD , power generation capacity of 103 MW — out of which approximately 55.5 megawatts surplus power is exported to the National Grid.

The Ethanol production is based at Barkatpur plant having capacity of 75 KLPD.

Its sugar is double refined, sulpherless sugar. It markets its product under Uttam brand

(Source- http://sugarnews.in/uttam-sugar-mills-gets-acknowledgement-for-doubling-of-ethanol-capacity/, published on 23rd September, 2016)

Adani Group gives India the "world's largest" solar plant

India's Adani Group has opened a 648 megawatts (MW) solar plant in Tamil Nadu, south India.

The project in Kamuthi, Ramanathapuram, is the world's largest solar plant "in a single location", says the Gujarat-based company, adding that it cost more than 45 billion rupees (Dh2.48bn).

Adani, which has interests in energy and logistics, wants to add 10,000MW of solar capacity in India by 2022. It is planning a solar park in Rajasthan, in the north. It is also developing a solar panel factory in Gujarat.

Gautam Adani, the company's chairman, said that the Tamil Nadu plant "reinstates the country's ambitions of becoming one of the leading green energy producers in the world".

The government is aiming to generate 175 gigawatts (GW) of renewable power by 2022 including 100GW of solar power. It says the country needs US$250 billion of investment in energy infrastructure in the next few years.

(Source- http://indianpowersector.com/2016/09/adani-group-gives-india-the-worlds-largest-solar-plant/, published on 23rd September, 2016)

Renewable energy seeks smoother business experience

India is in the midst of one of the largest transformation in the energy sector through its ambitious renewable energy (RE) programme. Considering the policy reforms already put in place, the country is ranked fifth in the world in a list of 30 countries as per the Climatescope report published by Bloomberg New Energy Finance in 2015. The report identifies enhanced opportunities of deployment of RE in the country under the present government.

However, the weakest area has been investment flows into the sector. Investor confidence in the RE sector has been marred by complicated regulatory framework and policies at the state levels. Since energy is a concurrent subject in the country, the growth and deployment of the sector depends mostly at the states' support, which is till now not uniformly encouraging. To ensure greater investment flows in the sector, the government of India under the aegis of its Department of Industrial Policy and Promotion (DIPP) in the trade ministry has carried out strategic interactions with stakeholders to identify the areas of intervention for the RE sector.

(Source- http://indianpowersector.com/2016/09/renewable-energy-seeks-smoother-business-experience/, published on 23rd September, 2016)

Quote of the day

'When you're true to who you are, amazing things happen.'- Deborah Norville