

NEWS FLASH –2nd July, 2016

SUGAR

Prices may remain firm for 2 yrs on supply lack: Sakthi Sugars

Sugar prices are likely to stay firm over the next couple of years according to M Manickam, MD of Sakthi Sugars , who says production in Maharashtra and Karnataka might be down by around 4 million tonnes each this year. In an interview to CNBC-TV18 Manickam says although currently the real problem is sugar supply shortage, elections in Uttar Pradesh will prove beneficial as the government there has been supportive of the industry and are likely to be more prudent on the matter. For every Re 1 increase in sugar prices, the company's earnings improve by nearly Rs 20 crore, he says. Currently, sugar prices are around Rs 34-35 per kilogram, which is the breakeven level for sugar companies and anything above this price proves to be profitable, he adds. Sugar prices have risen nearly Rs 10 per kg from end of FY16 to now, so earnings for the current year should be fairly good, he says.

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(Source-<http://sugarnews.in/prices-may-remain-firm-for-2-yrs-on-supply-lack-sakthi-sugars/> / published on 1st, July, 2016)

Green certificate sales surge 157% to 4.68 lakh in June

The number of renewable energy certificates (RECs) traded on exchanges jumped 157% to 4.68 lakh in June compared with 1.82 lakh in May in monthly auction held yesterday.

Power distribution companies as well as open access and captive consumers are under obligation to buy RECs from renewable energy producers under the Renewable Energy Purchase Obligation (RPO) mandated by central/state regulatory commission.

Two power exchanges – Indian Energy Exchange (IEX) and Power Exchange India Limited (PXIL), approved by the Central Electricity Regulatory Commission – hold auction of RECs on the last Wednesday of each month.

"A total of 3.86 lakhs RECs were traded in the REC trading session held on June 29, 2016, at IEX. The market saw 264% increase in trade over 1.06 lakhs RECs traded in May 2016. In the same month last year, 1.51 lacs RECs were traded, about 39% of RECs traded in June 16," IEX said in a statement.

It further stated that in the first quarter of fiscal 2016-17, IEX has traded 7.53 lakh RECs, an increase of over 54% over 4.88 lakh RECs traded in the first quarter of fiscal 2015-16.

Another power exchange, PXIL, said: "The total cleared volume on the exchange was 82,430 RECs that led to PXIL having a market share of 17.5%. In this month, clearing ratio was 1.61% due to low demand side participation from obligated entities to fulfil their RPO."

"During this trading session, the prices in the solar and non-solar categories have remained at the floor level. Prior to the auction, more than 1.70 crore RECs were available in the market for trade; however the traded volume is low on account of non fulfilment of RPO compliance by major utilities," it added.

(Source- <http://sugarnews.in/green-certificate-sales-surge-157-to-4-68-lakh-in-june/> published on 1st, July, 2016)

Sugar in bull grip

Sugar prices in domestic markets turned bullish tracking firm mill tender rates which increased by 20-30 a quintal led by sharp gain in overseas and domestic futures. Spot prices at Vashi market gained 10-15 and naka rates increased by 10-20. Arrivals to the Vashi market were about 63-64 truck loads and local dispatches were at 62-63 loads. The Bombay Sugar Merchants Association's spot rates: S-grade 3,582-3,672 (3,582-3,672) and M-grade 3,662-3,825 (3,662-3,825). Naka delivery rates: S-grade 3,580-3,640 (3,560-3,630) and M-grade 3,610-3,740 (3,630-3,720).

(Source-<http://sugarnews.in/sugar-in-bull-grip/> published on 1st, July, 2016)

Co-gen/Power

State reduces power tariff for industries

A day after proposing to impose 9% duty on industrial and commercial consumers who switch from state discom to Open Access and Captive generation to get cheaper electricity, Maharashtra government on Wednesday has slashed the power tariff for industries in Vidarbha, Marathwada, North Maharashtra and some parts of western Maharashtra.

Industries in these under-developed regions will get concession up to Rs2 per unit. The move would cost Rs1,000 crore to exchequer annually towards subsidy to be given to the state distribution utility, MahaVitaran (MSEDCL).

(Source- <http://indianpowersector.com/2016/07/state-reduces-power-tariff-for-industries/> published on 1st, July, 2016)

Karnataka to save Rs. 450 crore as SCCL cuts coal price

The power-starved Karnataka, which will get additional 2,300 MW from three of its new thermal power units soon, is set to get coal at reduced rates for the new initiatives.

The Singareni Collieries Company Ltd. (SCCL), which will supply coal to the three new units, on Thursday announced that it would offer it at a reduced rate, which would result in savings to the tune of around Rs. 450 crore a year for the State.

"Karnataka has been one of our prominent customers. Hence, we have decided to rationalise the coal price for the State for its new thermal units," said N. Sridhar, SCCL chairman and managing director. The firm signed a pact with the State on Thursday for the supply of 70 lakh metric tonnes of coal per year to Yermarus Thermal Power Station near Raichur and Bellary Thermal Power Station. "We have decided to reduce the price by about Rs. 600 a tonne," Mr. Sridhar told *The Hindu*.

(Source- <http://indianpowersector.com/2016/07/karnataka-to-save-rs-450-crore-as-sccl-cuts-coal-price/> published on 1st, July, 2016)

India to get \$1 bn World Bank funding for solar projects

The World Bank on Thursday committed USD 1 billion (about Rs 6,750 crore) to support solar energy programme in India, which is reducing dependence on conventional energy sources to reduce greenhouse gas emissions.

As per the pact signed between Power Minister Piyush Goyal and World Bank Group President Jim Yong Kim, the multilateral funding agency will provide more than USD 1 billion to support India's ambitious solar initiatives through investments in generation.

"We have discussed renewable energy, especially rooftop solar projects. We discussed innovative financing models by which we can boost renewable energy sector," Goyal said after the signing of the pact.

India has a target to generate 1 lakh MW power through solar energy by 2022 and is trying to attract investments from various sources.

The World Bank-supported projects in the works include solar rooftop technology, infrastructure for solar parks, bringing innovative solar and hybrid technologies to market, and transmission lines for solar-rich states.

The combined investments for India would be the Bank's largest financing of solar for any country till date.

(Source:<http://indianpowersector.com/2016/07/india-to-get-1-bn-world-bank-funding-for-solar-projects/>, published on 1st, July, 2016)

Odisha govt commits 10% equity participation in rail corridor to transport thermal coal

Odisha government has committed to pump in 10% equity in the special purpose vehicle of Indian Indian Port Rail Corporation Ltd (IPRCL), RITES, Paradip Port Trust and Mahanadi Coalfields Ltd for development of railway corridor for transportation of thermal coal from eastern India to power plants in southern India, to be built at an estimated investment of Rs 4,500 crore.

The rail link will serve as the last mile connectivity to transport bulk cargo of thermal coal from the Mahanadi Coalfields, via coastal shipping at Paradip, to power plants in coastal regions of southern states, an official statement said.

It will also serve the four major industrial clusters in Odisha — Jharsuguda-Sambalpur, Angul-Talcher-Dhenkanal, Kalinganagar Steel Hub and port based industrial area of Paradip. The project estimates an investment of Rs 4,500 crore.

(Source: <http://indianpowersector.com/2016/07/odisha-govt-commits-10-equity-participation-in-rail-corridor-to-transport-thermal-coal/>, published on 1st, July, 2016)

Thought of the day

'Between stimulus and response there is a space. In that space is our power to choose our response. In our response lies our growth and our freedom.' - Victor Frackle