NEWS FLASH –2nd September, 2016

SUGAR

MRN Cane Power gets green nod for sugar plant in Karnataka

MRN Cane Power Indiahas received green nod for setting up a new industrial complex comprising sugar, co-generation power and alcohol units in Bagalkot district, Karnatakaat a cost of Rs 401.23 crore.

A newly incorporated company has proposed to establish an integrated sugar unit with a crushing capacity of 5,000 tonnes cane per day, 35 mw co-generation power plant and 65 kilo litre per day (KLPD) molasses-based distillery at Kallapur village.

"Based on the recommendations of the Expert Appraisal Committee (EAC), the Environment Ministry has given accord to MRN Cane Power IndiaLtd's proposal," a senior government official said.

The clearance given to the proposed sugar project is subject to certain conditions, the official added.

The capital investment for the proposed project would be Rs 401.23 crore. About 233 acres of land has already been acquired, and raw material, especially sugarcane, would be procured from within the district.

Among conditions specified, MRN Cane Power Indiahas been asked to provide electrostatic precipitator along with stack of adequate height to bagasse and coal fired boiler to control particulate emissions.

The company has been asked to construct 'pucca' approach road to the project site prior to commencement of the construction activity of the main distillery to avoid fugitive emissions.

According to the conditions, total fresh water requirement from Malprabha river should not exceed 505 cubic metre (m3) per day for the sugar unit, 308 m3/day for co-generation and 560 m3/day for distillery. No ground water should be used without permission.

The company has been asked to adopt 'zero discharge' and ensure no effluent from sugar, distillery and co-generation power plant is discharged outside the plant premises.

It has also been asked to develop green belt in over 33 per cent of land within the plant premises.

(Source- http://sugarnews.in/mrn-cane-power-gets-green-nod-for-sugar-plant-in-karnataka/, published on 31st August, 2016)

Govt imposes stock limit on sugar mills

To check spiralling price of sugar which has crossed Rs 40 per kg, the government on Thursday imposed stock limits on sugar mills during the festival season till October-end. The decision to impose stock limit on millers would boost availability of sugar in the open market and help control the price rise.

"It has been decided to impose stock limit on sugar stock to be held by sugar mills at the end of September and October, 2016," Food Minister Ram Vilas Paswan tweeted. This is the first time the government has imposed curbs on the Rs 80,000-crore sugar sector ever since it was partially decontrolled in 2013.

According to the decision, mills should not, at the end of September, hold more than 37 per cent of their total sugar available with them during the entire 2015-16 marketing year.

At the end of October, the sugar stock should not be more than 24 per cent of the total supply. Sugar marketing year runs from October to September.

"The stock limit on sugar at the end of September 2016 is 37 per cent of the total sugar available with sugar mills during 2015-16 sugar season. The stock limit on sugar at the end of October, 2016 is 24 per cent of the total sugar available with sugar mills during 2015-16 sugar season," he tweeted.

Stock holding limits are already in place on sugar dealers/traders.

Sugar prices have started inching up as domestic production has fallen to 25.1 million tonnes in the current 2015-16 marketing year, against 28.3 mt in the last year.

The outlook for the next 2016-17 marketing year is also not very encouraging. Industry body ISMA has projected sugar output to fall to 23.26 million tonnes although it feels that there would be sufficient supply to meet the domestic demand.

Retail price of sugar is ruling at Rs 42 per kg in the national capital, while in some locations the price is as high as Rs 52 per kg.

The government has recently imposed 20 per cent export duty on sugar check prices. The consumer affairs ministry has also recommended ban on futures trade in sugar.

(Source- http://www.business-standard.com/article/economy-policy/govt-imposes-stock-limit-on-sugar-mills-116090200040_1.html, published on 2nd September, 2016)

Co-gen/Power

Delhi may see 445 MW of power supply shortage

Aravali Power Company has served a power supply regulation notice to Delhi distribution companies, BSES Rajdhani Power Ltd (BRPL) & BSES Yamuna Power Ltd (BYPL) for non-payment of dues. The regulation will deprive Delhi of 445 MW of power midnight of September 5.

Power allocated to these DISCOMs from Aravali Power Company is 445 MW and the average monthly energy bill is around Rs 87 crore for the current fiscal.

"Payments by the DISCOMs have become irregular for quite sometime. The matter was brought before the Supreme Court of India, who in their judgement dated 26.03.2014 directed the DISCOMs to ensure payments of all current energy bills with effect from January 2014.

However, despite clear directions of the Supreme Court, dues continued to accumulate. On Thursday, the outstanding amounts are Rs 961.58 crore," said Aravali Power in a statement on Thursday.

"In a meeting held by Delhi Electricity Regulatory Commission (DERC) both BRPL & BYPL had given plan for liquidation of outstanding dues based on which regulation notice issued by Aravali Power earlier was withdrawn. Aravali Power has to pay in advance to its fuel suppliers which constitute about 70 per cent-80 per cent of its monthly energy bills. If the above situation continues, APCPL being a single power station company is unable to meet any of its commitments including payment to suppliers, debt servicing requirements and even payment of salaries to its employees," the company said.

Under the circumstances, Aravali Power has no other option but to regulate power to the DISCOMs. A notice for regulation of power supply has been served to BRPL & BYPL which will deprive Delhi of 445 MW of power.

(http://economictimes.indiatimes.com/industry/energy/power/delhi-may-see-445-mw-of-power-supply-shortage/articleshow/53964908.cms, published on 1st September, 2016)

NTPC to cut power supply to BSES discoms in Delhi from Sunday

NTPC to snap power supply to BSES discoms in eastern, central parts of Delhi from Sunday midnight because of non-payment of dues amounting to Rs961.58 crore

State-run NTPC Ltd has decided to snap power supply to BSES discoms in eastern and central parts of Delhi from Sunday midnight because of non-payment of dues amounting to Rs.961.58 crore.

"A notice for regulation of power supply has been served on the BRPL & BYPL which will deprive Delhi of 445 MW of power with effect from 00:00 hrs of 5 September 2016," NTPC Ltd said in press statement.

"Despite clear directions of the Supreme Court, the dues continued to accumulate. Today, the outstanding amounts are Rs.961.58 crore (Rs.695.25 crore of BRPL & Rs.266.33 crore of (BYPL)," it said.

NTPC Ltd's arm Aravali Power Company Pvt Ltd (APCPL), Jhajjar has been supplying power to Anil Ambani-led Reliance Group's BSES Rajdhani Power Ltd (BRPL) and BSES Yamuna Power Ltd (BYPL) since 5 March 2011. The power allocated to these discoms from APCPL is 445 MW (372 MW to BRPL and 73 MW to BYPL) and average monthly energy bill is about Rs.87 crore (Rs.73 crore to BRPL & Rs.14 crore to BYPL) for the current financial year.

The company said that the payments by the BSES discoms (power distribution companies) had become irregular for quite sometime. The matter was brought before the Supreme Court, which in its judgement dated 26 March 2014 directed the BSES discoms to ensure payments of all current energy bills from 1 January 2014. However, the company said that despite clear directions of the Supreme Court, the dues continued to accumulate.

In a meeting taken by Delhi Electricity Regulatory Commission (DERC) on 16 May 2016, both BRPL & BYPL had given plan for liquidation of outstanding dues based on which regulation notice issued by APCPL earlier on 6 May 2016 was withdrawn.

The company said that APCPL has to pay in advance to its fuel suppliers which constitute about 70-80% of its monthly energy bills. “If the above situation continues, APCPL being a single power station company is unable to meet any of its commitments inter alia including payment to fuel suppliers, debt servicing requirements and even payment of salaries to its employees. under the circumstances, APCPL has no other option but to regulate power on the BSES discoms,” it added.

A spokesperson for BSES said the company was under huge financial stress due to non liquidation of regulatory assets — costs not yet allowed to be passed on to consumers — estimated to be over Rs.16,000 crore as on 31 March 2016. As compared to this, dues payable by BSES to Aravali Power Company Private Limited (APCL) are around Rs.900 crore.

The spokesperson said that payment of dues to power utilities by BSES discoms was sub judice in the Supreme Court. The judgement in the matter is reserved since February 2015.

“BSES discoms are also making concerted endeavour to address the situation and clear pending dues in a just and equitable manner. Moreover, BSES discoms have sufficient power at their disposal and the regulation will not have any impact whatsoever on the power supply situation in the city,” said the person.

(Source-http://www.livemint.com/Industry/raqpsOFDFX4F3CvA3uSwIJ/NTPC-to-cut-power-supply-to-BSES-discoms-in-Delhi-from-Sunda.html, published on 1st September, 2016)

German energy utility Uniper and India Power form 50:50 joint venture in power plant service

India Power Corporation (IPCL), a Kanoria Foundation entity, and Germany-based Uniper have entered into an agreement to set up a 50:50 service company joint venture, India Uniper Power Services.

This company will offer a broad range of flexible and customised services to customers in Indian. Businesses can choose from full-service arrangements or select individual services including plant operations and maintenance, asset monitoring software and analytical tools, flexibilisation of units, lifecycle extension, supply and integration of pollution control equipment and systems.

Uniper, an international energy company that offers a broad range of services with a focus on power generation and global commodity trading, and IPCL an Indian utility, have joined together to form a strategic partnership for developing and servicing the power sector in India

Hemant Kanoria, chairman, IPCL, said: "The joint venture will combine strengths of strong partners with complementary scope and portfolio. Uniper's experience of owning and managing a portfolio of about 40 GW in various countries will allow India Uniper Power Services to adopt best practices and make thermal power plants more competitive. IPCL's expertise and knowledge of the local market will help the company become a key player in the thermal generation sector and focus on improving the efficiency of power plants in India."

Klaus Schafer, chief executive officer at Uniper, said: "Europe has faced many of the challenges that India can expect to see in the years to come. Renewables-build out will impact the operating regime of conventional power plants with a need for an increased plant flexibility. In addition, a tightened environmental policy will require upgrades and new power plant emission control processes. Uniper has gained substantial experience in all these areas within its own fleet over many decades."

(Source- http://economictimes.indiatimes.com/industry/energy/power/german-energy-utility-uniper-and-india-power-form-5050-joint-venture-in-power-plant-service/articleshow/53965456.cms, published on 1st September, 2016)

Power prices to rise, with coal freight hike, green cess

New rate and cess increases would erode the benefit to power plants from surplus coal availability.

The recent freight rate increase by Indian Railways for coal and the clean energy cess doubling to Rs 400 a tonne for coal has offset by 15p a unit of power of the earlier total benefit of 35p a unit from its surplus availability and reduction in price in both the domestic and international markets.

Executives at the country's largest power generator, NTPC, said after accounting for all costs, the price of power would increase by close to 25 per cent on an average for all its units. "For pithead plants, the fuel price escalation is 12-25p a unit and for non-pithead, 28-40p a unit of power produced," said one executive, requesting anonymity. Pithead plants are in the vicinity of a coal mine.

Adding: "This might disturb the merit order of states procuring power from NTPC. They might prefer first the sources offering cheaper power, such as plants with captive mines, their own plants, etc."

The company's energy cost came down to Rs 1.69 a unit in February, from Rs 2.03 a unit a year before. The decrease in price was due to rationalisation of linkages and reduction in imported coal consumption. NTPC plants had to back down 12.9 per cent of generation capacity owing to lower demand in FY16, compared to 8.9 per cent in FY15.

In March this year, the government for a third time in a row increased the cess on coal, lignite and peat production, to Rs 400 a tonne, to fund clean energy projects. As this increase in coal's price comes under the 'change of law' regulation of the Electricity Act and Tariff Policy, any change in price would be reflected in the final power rate. By industry calculations, this would mean a change of 12-15p a unit in the final power rate. The power industry consumes close to 500 million tonnes of coal a year and close to 800 billion units of electricity pass on the impact of increased price of coal to consumers.

(Source- http://economictimes.indiatimes.com/industry/energy/power/german-energy-utility-uniper-and-india-power-form-5050-joint-venture-in-power-plant-service/articleshow/53965456.cms, published on 1st September, 2016)

ETHANOL

Ethanol price may not be linked to crude; new prices soon: Srcs

According to sources in the ministry, the ethanol prices are unlikely to be linked to crude prices as some earlier reports had suggested. The ministry has recommended and cleared fixed price for ethanol. The new prices would be notified soon. Sources, says new fixed price for ethanol has been recommended and cleared. The new ethanol season will start from December 1. The new prices are expected to be higher from the levels fixed in December 2014. The last time ethanol prices were fixed, it was in December 2014, when the distillery gate prices were fixed at Rs 41 per litre and the minimum delivered price between Rs 48.50 and 49.50 a litre, depending upon the proximity of distillery to the depot of oil marketing companies. The market would be keenly watching for news on excise duty. The government in August withdrew the excise duty exemption granted to sugar mill on ethanol production. In June 2015, sugar mills were exempted from excise duty of 12.36 per cent on ethanol produced in the 2015-16 season (October- September) and supplied to oil companies.

(Source- http://sugarnews.in/ethanol-price-may-not-be-linked-to-crude-new-prices-soon-srcs/, published on 1st September, 2016)

Quote of the day

'Respect for ourselves guides our morals, respect for others guides our manners.'- Laurence Sterne