

NEWS FLASH –3rd June, 2016

SUGAR

Sugar sector has adequate stocks, says SISMA

The Union Government should not relax import norms for sugar till the end of the current season though a slight decline is expected in sugar output this year, according to Palani G. Periasamy, president of South Indian Sugar Mills' Association, Tamil Nadu.

Mr. Periasamy told press persons here recently, "There should be no encouragement for imports now. Though Karnataka and Maharashtra saw a decline in sugar output, the situation does not warrant imports. We will start the next season with adequate supply," he said.

The Centre has withdrawn the production-linked subsidy for sugar exports. "This is an ill-timed move," he said. Global production is likely to fall by five per cent to 10 per cent next season. Exports are not much now because the Indian prices are not attractive in the international market. But, such a move affects the sentiment of the industry.

The sugar industry is suffering for the last three years due to drought, high cane price, and cost of production. The domestic prices were at Rs. 2,000 a quintal as against the production cost of Rs. 3,400 a quintal.

Now, prices have improved to Rs. 3,300 to Rs. 3,400 a quintal. "I do not expect prices to go up beyond the current range," he said.

(Source- <http://sugarnews.in/sugar-sector-has-adequate-stocks-says-sisma/>, published on 2nd June, 2016)

Sugar will in Rs 3,300-3,900 range till April 2017: Smera Perspective

Credit rating agency Smera Rating Limited estimates that sugar prices will be range bound between Rs 3,300 and Rs 3,900 per quintal based on a standard deviation of Rs 330 and average at Rs 3,600 by the next seasonal cycle that starts from September 2016 and ends at April 2017. A forward contract price of Rs 4,000 will trigger a response from the government to cut import duty on raw sugar and ease imports.

However, Smera believes that this price point will fall further if, as expected, the monsoon remains healthy. Apart from India and other South Asian nations, sugarcane production has been very strong in Brazil and Latin American countries. Due to low Ethanol prices, Brazil has been using most of its sugarcane produce to manufacture sugar putting downward pressure on prices. The recent upward trend (although not substantial) in future contracts is not only a result of adverse conditions prevailing in India but is also due to the appreciation of the Brazilian Real .

According to Smera perspective on Sugar, the currency will undoubtedly depreciate since the national economy is in contraction mode, thereby increasing export of sugar again.

Furthermore, with Cuban trade restriction on the verge of being lifted, Cuban cane sugar will flood the market, cooling prices substantially.

“Getting back to the domestic market, sugarcane remains an attractive crop and in Maharashtra alone, areas under sugarcane cultivation have grown on an average rate of 40 per cent in the last five decades. Even in drought years, production of sugarcane (harvested) increased on an average rate of 6-7 per cent,” said Smera.

In the September-April 2015-16 cycle, the production was roughly 26 million tons (just 2 million tons less than the previous year's) considering that the estimated annual demand in India is 25 million tons. Also, the rating agency believes that should monsoon be encouraging, farmers will cultivate sugarcane as their preferred crop since it offers better prices. The government is likely to take action once prices stabilise at the Rs 3,500 levels in order to offset rising production costs.

(Source- <http://sugarnews.in/7096-2/>, published on 2nd June, 2016)

Indian financed, refurbished sugar factory to employ 7,300 Ghanaians

A \$35 million multi-dimensional sugar factory refurbished by Indian company Sefttech, and financed by India Exim Bank, that will provide 7,300 jobs when fully operational and save the country \$200 million in imports, has been inaugurated by Ghanaian President John Mahama.

The factory, with a crushing capacity of 1,200 tonnes a day, is located at Kommenda in the central region.

Simultaneously, the Indian government has approved a \$24.5 million facility to support the cultivation of sugarcane with irrigation over more than 2,000 acres as well as provide support for out-growers to ensure supplies to the factory.

The Kommenda sugar factory was established in the 1960s but was abandoned over the years. Two years ago, President Mahama cut the sod for work to begin on the reconstruction of the factory with the assistance of the Indian government.

President Mahama said the factory will save the country about \$200 million yearly from importing sugar for local consumption, adding that the plant will also produce three MW of power, of which it will use two MW and feed the remaining one MW to the national grid.

In addition, the factory would produce molasses which are planned to be sold to beverage producers in the country for producing alcohol and ethanol. It is also envisaged that the by-products of the sugar processing would lead to the production of composed fertilizer.

Expressing his gratitude to the Indian government, the president commended the Indian construction team for completing the project ahead of schedule. He said the government was planning to establish similar projects in the Greater Accra, Volta and Northern Regions.

Pradeep Gupta, the first secretary in the Indian High Commission, said the factory's construction was another example of the fruitful cooperation between the two countries,

adding it would help provide the people of Kommenda with employment opportunities as well as reduce sugar imports.

Trade and Industries Minister Ekwow Spio-Gabarrh assured that everything possible would be done to ensure the factory's sustainability and that investors, both local and international, should show interest in growing the business in the future.

(Source- <http://sugarnews.in/indian-financed-refurbished-sugar-factory-to-employ-7300-ghanaians/>, published on 1st June, 2016)

Co-gen/Power

For the first time in history, India will not have power deficit situation in FY17

India has, for the first time in history, declared that it will not have a power deficit this year, a situation officials say is an outcome of the current government's initiatives to resolve burning issues like fuel scarcity. The country will have a surplus of 3.1% during peak hours and 1.1% during non-peak hours during 2016-17, latest data from the Central Electricity Authority shows.

This is the first time that the country has declared a year of no shortage though many regions have had power surplus for shorter periods. In 2015-16, the peak hour deficit stood at -3.2% while non-peak hour deficit was at -2.1%. The deficit was as high as 13% about a decade ago.

The data, based on gap between demand raised and demand met, shows that June onwards the country will have more electricity than required. Half of the states will be surplus, while others may face shortage in varying degrees.

The NDA government says power surplus scenario as one of its big achievements. Coal output, which was stagnant for years, has increased significantly, helping many stranded power plants start generating electricity. The government has also launched a high-profile scheme to reform state distribution companies, which are a vital link between power plants and customers.

Experts said that the surplus power situation is an average for the entire country although some regions would still face a small deficit. Also, the surplus indicates that the power demanded by state utilities is being met.

It hides the fact that these state utilities often choose to black out areas to reduce their losses, or due to technical failure. Congress leaders also seek credit for increased supply.

Former power minister Jyotiraditya Scindia said the BJP government has simply rechristened its schemes and is misleading people at a time when power cuts are all pervasive.

CEA data also shows that states in southern India will have surplus power to the tune of 3.3% after being power starved for almost a decade. The data suggests that new plants of nearly 2,000 MW are likely to get commissioned in the southern region. Western India will have surplus electricity at 6.9%. Eastern region will have the maximum shortage of 10.3% and northeastern region at 8.3%. The northern states will have a deficit of 1.8% during the year.

Power minister Piyush Goyal has said that highest ever conventional power capacity of 46,453 MW has been added during two years of his tenure, about 11,000 MW of gas plants have been revived and coal shortages to power plants removed.

The government has launched revival scheme for distribution companies and ten states have joined it. The NDA government has promised to electrify all villages by 2018 and provide 24x7 power supply for which it has signed specific action plans with 21 states.

It aims to add 175 GW of renewable energy by 2022. Scindia said the surplus position is misleading. The fact is that very few new Power Purchase Agreements are signed by distribution companies, generation companies are powering down production, load shedding is still rampant, power shortages in cities and villages is all pervasive. He said the UPA government had improved the grid and launched schemes that had been renamed.

"UPA put in place the discom restructuring package now rechristened as UDAY! Meeting country's demand cannot be measured by discom's demand but by every city, habitation and village getting 24x7 power. Is that the case today? Absolutely not, so this government should move away from hyperboles and marketing and bridge the gap between its talk and its walk," Scindia told ET.

PwC leader Kameswara Rao said significant changes in both supply and demand contributed to this. The surplus may not be adequate when industrial demand starts to pick up, or even to meet exigencies such as unscheduled generator shutdown or extreme weather event, he said.

(Source- <http://economictimes.indiatimes.com/industry/energy/power/for-the-first-time-in-history-india-will-not-have-power-deficit-situation-in-fy17/articleshow/52562666.cms?from=mdr>, published on 3rd June, 2016)

Rural power supply to be monitored on real-time basis

It was on August 15, 2015 that the Prime Minister Narendra Modi announced that his government would electrify 18,452 un-electrified villages in the coming 1,000 days. The ministry of power headed by Piyush Goyal has been declaring targets achieved in this direction every week, with latest number of electrified villages being 7,991.

The data, however, has been contested as power supply being a state subject continues to elude these villages, as per independent reports. The blame game continues as the states' data on electrified villages and Centre's announcement, don't match. Some states do not have any database on un-electrified and semi-electrified villages, making monitoring difficult. To put to rest this discrepancy, the ministry of power would now install modems and SCADA systems on every rural power supply feeder to track power supply.

Supervisory Control and Data Acquisition system (SCADA) is an industrial control system, which monitors and controls processes such as industrial production and power demand-supply, etc., mostly through remote technology. The monitored data would be available on a cloud-based national portal and would show the power demand, supply and shortfall, also optimum use of infrastructure installed by the central government. The data would be updated in real-time. A mobile app and message service would also be started on the same, soon.

SPRUCING UP

- Modems & SCADA systems to be installed on rural feeders
- Move covered under rural electrification programme
- Of the marked 18,452 un-electrified villages, 7,991 electrified till date
- National cloud portal to display all data regarding power supply and shortfall
- SMS and mobile app would be developed

"With this initiative we would have an idea how much power is being fed in every rural feeder. There is lack of actual information on power outages in rural areas. This also poses questions on the work done in rural electrification. The idea is to have a single database on rural electrification," said a senior power ministry official in the know.

The official said this would put equal onus on the state government along with the Centre. While power generation, transmission and planning is with the Centre, power distribution and supply is a state subject.

Currently, rural electrification is being monitored manually through a task-force of electrical engineers on ground in every un-electrified village. These 'Gram Vidyut Abhiyantas' (GVA), as named by the power ministry, report the status of electrification and guide the residents about power scenario. However, with large villages under one GVA, the task of monitoring is scattered and quality and time period of power supply is not displayed on the current GARV dashboard. GARV is a web portal and mobile app launched to track the progress of rural electrification.

"We are also looking at the possibility of linking the data on power supply to GARV app. But

that is at a concept stage. Currently, the focus is to bring states on board to install modems on feeders and track the progress," said a senior power ministry official.

The official said as of now, Gujarat, Bihar, Karnataka, some villages in Chhattisgarh, Madhya Pradesh and Maharashtra have SCADA systems installed on some feeders. To begin with, these would be connected on the national portal and then other states would subsequently become a part, said the official quoted above.

(Source- http://www.business-standard.com/article/economy-policy/rural-power-supply-to-be-monitored-on-real-time-basis-116060300037_1.html, 3rd June, 2016)

Ind-Barath moves power regulator on TN govt order lifting sale curbs

The Tamil Nadu government's decision to lift certain sale restrictions on power generators has actually left major power producers in the lurch rather than opening out the market, according to one of the largest private suppliers to the Electricity Board.

Earlier, the producers were allowed to sell power only to the State utility or to consumers within the State. Now they are free to sell outside this circle.

Ind-Barath Group, which totally operates about 650 MW of power generation supplying power to Tamil Nadu Generation and Distribution Corporation (Tangedco), has taken the issue to the electricity regulator, TNERC.

It demanded that Tangedco continue to buy power from it.

Since October 2014, following a power shortage, the State government restricted power generating stations from selling power to consumers outside the State and insisted that all power be sold to the utility or to open access consumers within the State. But on May 31, after deciding it has adequate power, it revoked the previous order.

Ind-Barath had not been able to participate in tenders called by other State utilities.

Also, the Tamil Nadu government has also only opened out the sector partially, as it says it will review the situation in September.

The company argued that power generation units in Tamil Nadu are not considered consistent suppliers because of such policy shifts.

K Raghu, Chairman and Managing Director, Ind-Barath Power Infrastructure Ltd, told BusinessLine that the group has invested over ₹ 3,500 crore in Tamil Nadu and the utility owes it over ₹ 1,000 crore for the power supplied. Tangedco payments were due from June last year, he added.

The State government has lifted restrictions at a time when power distribution companies in Karnataka and Andhra Pradesh have tied up for power and there are no options in the market.

On May 31, the State government passed the order on the recommendations of Tangedco that the total available power generation capacity is 12,500-15,000 MW. In addition, there is wind power capacity of about 2,000-3,600 MW and solar generation of 700 MW.

Surplus power

There is a surplus of 300 MW against the anticipated demand from June to October of about 14,000-15,300 MW.

In addition, the State has long-term power purchase agreements of 500 MW, independent power producers on stand-by of about 430 MW, apart from allocation from the Kundankulam nuclear power project.

(Source- <http://www.thehindubusinessline.com/news/indbarath-moves-power-regulator-on-tn-govt-order-lifting-sale-curbs/article8682561.ece>, published on 2nd June, 2016)

Thought of the day

'The way to get started is to quit talking and begin doing.'- Walt Disney