

NEWS FLASH – 4th April, 2016

SUGAR

Increase in offtake sweetens sugar

Sugar prices on the Vashi spot market increased further by 30-80 a quintal tracking firm mill tender rates amid increase in demand coupled with rising temperature. Naka rates ruled firm by 30 and mill prices went up by 30-60.

At present Vashi market carries about 125-130 truck loads of inventory and stockists are optimistic about demand support. Arrivals to the Vashi market were at 63-64 truck loads and local dispatches at 62-63 loads.

The Bombay Sugar Merchants Association's spot rates: S-grade 3,570-3,702 (3,532-3,642) and M-grade 3,662-3,822 (3,632-3,742). Naka delivery rates: S-grade 3,600-3,670 (3,570-3,640) and M-grade 3,660-3,700 (3,630-3,680).

(Source- <http://sugarnews.in/increase-in-offtake-sweetens-sugar/>)

Sugar stocks to fall 18% by end of current marketing year: ISMA

India's sugar stocks at the end of the current marketing year through September will drop almost 18% from a year before, partly reducing a glut in the market, according to an estimate by the Indian Sugar Mills Association (ISMA). The stocks will still be too high to keep domestic supplies steady.

Stocks at the end of 2015-16 will touch 75 lakh tonne, compared with 91 lakh tonne a year before, thanks to lower production due to dry weather and growing exports to take advantage of a government rule.

The country's sugar production up to end-March touched 237 lakh tonne, down 11 lakh tonne from a year earlier.

Only 215 sugar mills continue to crush sugarcane as of March 31, compared with 366 a year before. In the last season, 35 lakh tonne of sugar was produced after after April 1. With a lower number of sugar mills operating in the current season, sugar production in the balance period in the current season would be lower.

Maharashtra has produced 82 lakh tonne of sugar so far, against 93.6 lakh tonnes a year earlier. As compared with 135 sugar mills which were still working as on March 31, 2015, 58 sugar mills are crushing cane in Maharashtra as of now, ISMA said. Most of these sugar mills are operating in Kolhapur, Pune and Sangli districts, which were not so badly affected due to less water availability, and therefore, it is generally expected that another 5 to 6 lakh tonne may get further produced from Maharashtra.

UP has produced 65.7 lakh tonne by end-March, up from 63.4 lakh tonne a year earlier. However, against 76 sugar mills which were functioning at the end of March last year, only 48 sugar mills are currently crushing sugarcane in the state.

Karnataka has produced 40.16 lakh tonne so far, slightly lower than the 42.47 lakh tonne produced a year before.

Only 15 mills are still operating, against 51 a year before. Tamil Nadu has produced 8 lakh tonne so far, slightly higher than the 7.53 lakh tonne in the same period last year. Other producing states like Uttarakhand, Bihar, Haryana, Punjab, Madhya Pradesh, Gujarat, Andhra Pradesh and Telangana have produced either a similar quantity of sugar as last year, or slightly higher, in the current season.

Poor rainfall, low water reserves may hit output

ISMA said field reports suggested that due to lower rainfall and lower water availability in reservoirs in some districts in Maharashtra and North Karnataka, the acreage of sugarcane available for harvesting in 2016-17 will be lower.

“Therefore, there is a general expectation that sugar production during 2016-17 SS from the states of Maharashtra and Karnataka, due to lower acreage in some of their districts, will be lower than the current sugar season,” ISMA said.

However, output in UP and Tamil Nadu are expected to rise due to better yield and recovery. So the lower expected sugar production from Maharashtra and Karnataka may be significantly compensated by higher production from UP and Tamil Nadu, ISMA said. Also, adequate sugar stocks already available will keep supplies smooth, it added.

(Source- <http://sugarnews.in/sugar-stocks-to-fall-18-by-end-of-current-marketing-year-isma/>)

Maha: Latur water crisis: The bitter sugarcane story

Latur district's primarily agrarian populace is enduring a protracted drought and in this scenario, planting of sugarcane – its staple source of income has become unsustainable.

The local administration is putting in place a measure to ensure compulsory use of drip and sprinkler irrigation for sugarcane. But farmers say this scheme will only work if the payment of subsidies is done on time.

(Source- <http://sugarnews.in/latur-water-crisis-the-bitter-sugarcane-story/>)

CO-GEN/ POWER

CERC determines new benchmark CAPEX for Solar PV plants for FY-2016-17

The Central Electricity Regulatory Commission determines the benchmark cost for installation of solar PV and Solar Thermal plants for FY 2016-17. Consultation with major stakeholders including IPP player, EPC player and other were done while determining the CAPEX.

As expected and following the southward trends since in the various biddings for the solar tariff , the benchmark cost has been reduced by 530.02 lakhs/MW for Solar PV . On the other hand benchmark cost of Solar Thermal projects is kept unchanged in comparison to last FY i.e at Rs. 12.00 Cr/MW

	FY-2015-16	FY-2016-17	% change
Solar PV	605.85	530.02	-12.51%
Solar Thermal	1200	1200	0.00

Some of the major assumptions while determining the CAPEX for solar PV and the benchmark tariff is as follows:

	CERC Proposed	CERC Approved	Comments
Module Prices	Rs.310.19 lakhs/MW	Rs.310.19 lakhs/MW	Assuming prices will be stable in coming FY.
Exchange Rate	Rs 64.58 /USD	Rs 66.59 /USD	As per RBI website
Module Degradation	0.6%, which gives a module degradation cost of Rs 9.89 lakhs/MW	0.5%, which gives a module degradation cost of Rs 8.77 lakhs/MW	Average PLF is fixed 19% for solar PV, thus degradation is only additional benefit to developers.
Land	Rs.25 lakhs/MW	Rs.25 lakhs/MW	The projects are typically developed on barren land and cost of land is stagnant over last few years.

Civil & General works	Rs.35 lakhs/MW	Rs.35 lakhs/MW	Though the cost may vary with location, but generally for larger MW scale project the MW cost gets normalized.
Mounting Structures	Rs. 35 lakhs/MW	Rs. 35 lakhs/MW	With assumption that 45-50 MT/mw steel is required for mounting structures.
Power Conditioning Unit (PCU)	Rs. 30 laks/MW	Rs. 35 laks/MW	The increase is to factor in the cost of overhauling or replacement of inverter after 12-14 years.
Evacuation cost upto interconnection point (Cables & Transformers)	Rs. 40 lakhs/MW.	Rs. 44 lakhs/MW.	Increase is to include SCADA system cost.
Preliminary & Pre operative expenses	5.5% of total capital cost, or Rs. 26.13 lakhs/MW	5.5% of total capital cost, or Rs. 26.13 lakhs/MW	

The benchmark cost seems to be in line with the various biddings where Companies quoted less than Rs. 5.00 per/kwh for supply of Solar power.

(Source-<http://indianpowersector.com/2016/04/cerc-determines-news-capex-for-solar-pv-plants-for-fy-2016-17/>)

Union Minister Piyush Goyal launches ETEnergyWorld.com

Power, coal and renewable energy minister Piyush Goyal today launched ETEnergyWorld.com, the energy portal of The Economic Times, which aims to become the one-stop destination of all energy-related developments in India and across the globe.

The portal was launched in the presence of eminent industry leaders, including Suzlon Chairman and MD Tulsi Tanti, Sterlite Grid Vice Chairman Pratik Agarwal, Soft Bank Energy Executive Chairman Manoj Kohli and SunEdison-Asia Pacific President Pashupathy Gopalan.

Also present in the meeting were coal secretary Anil Swarup, power secretary PK Pujari and renewable energy secretary Upendra Tripathy who along with other panelists discussed the theme of the event "Transformation in Energy Sector Value Chain".

Various stakeholders across the entire value chain of generation, distribution and transmission along with dignitaries from major public sector units, government agencies and international companies discussed on topics ranging from sustainable meet of demands, coal production and energy efficiency.

The portal was launched with support from GE, who are ETEnergyWorld.com's founding partners.

Speaking at the occasion, Rachna Panda, Chief Communication Officer, GE South Asia said, "At GE, we look at innovations in all the businesses and functions as well. As we look into new forms of communication in the media, I think this is one of our innovations where we feel that striking and leading conversations on issues that matter is important to us. And, that is why the partnership with Economic Times to launch ETEnergyWorld.com."

(Source- <http://indianpowersector.com/2016/04/union-minister-piyush-goyal-launches-etenergyworld-com/>)

THOUGHT OF THE DAY:

If the only prayer you ever say in your entire life is thank you, it will be enough.

-Meister Eckhart