

NEWS FLASH –22nd July, 2016

SUGAR

Anticipating shortage in 2016-17, Indian trader books raw sugar

Anticipating a shortage of sugar and increase in domestic prices in 2016-17, an MNC trade house has contracted for import of 25,000 tonne raw sugar for processing in Maharashtra. However, the domestic sugar industry has categorically denied need of any sugar imports in 2016-17.

Sugar prices have remained stable for more than a month and are expected to remain range bound for next few months. However, according to the preliminary estimate of Indian Sugar Mills Association (ISMA), sugar production in 2016-17 is expected to decline by over 7%.

"Some trade houses have approached mills in Maharashtra convincing them of the 'need' to process imported raw sugar in 2016-17 crushing season claiming that the closing stocks for 2017-18 are at 'dangerous' levels. They have also booked raw sugar," said a veteran sugar miller from western Maharashtra, requesting not to be quoted.

The mill that has booked 25,000 tonne raw sugar, has not yet decided about under which scheme it will be imported; the advance authorisation scheme or the open general licence.

The domestic sugar industry has, however, categorically denied need to any sugar imports. Abinash Verma, director general, ISMA said, "There is enough sugar in the country to meet domestic requirement and there is no requirement of any imported sugar."

ISMA has estimated a closing balance of 43 lakh tonnes as on October 1, 2017, which will be sufficient to meet country's sugar requirement of two months, whereas the government norm is to have a balance to meet requirement of three months. But, the industry says, the norm of three months made sense when sugar was a regulated commodity.

With 40% import duty, traders say that there is no parity in imports as on today. "Either the import duty should be reduced or the domestic prices should go up," said a trader, who did not want to be identified.

A section of the industry expects ex-mill sugar prices to increase by about Rs 2/kg to Rs 3/kg by October as indicated by the NCDEX sugar futures of M grade for delivery in October, December and March that are trading above Rs 38/kg as against the current price of Rs 36/kg.

The reservoir levels and sowing progress in sugarcane producing states will have a crucial bearing on the decision to import sugar. "A bumper sowing of sugarcane will put an end to any talk of bullish price trend in sugar," said the trader mentioned above. The reservoirs

in Maharashtra, barring the key sugarcane belt of south Maharashtra, are yet to fill up to comfortable levels for sugarcane plantation.

(Source- <http://economictimes.indiatimes.com/news/economy/foreign-trade/anticipating-shortage-in-2016-17-indian-trader-books-raw-sugar/articleshow/53315433.cms>, published on 21st July, 2016)

Co-gen/Power

India tastes its largest single-day power trade

India's largest power exchange IEX traded 141 million units (MUs) of electricity last Friday. Nothing unusual about it, except that the volume of power bought and sold that day represented the highest-ever single day trade recorded by Indian Energy Exchange in its nine-year history.

The historic spurt in electricity volumes traded in the spot market of late comes on the back of two years of power distribution reforms by the Modi government — which may have partly helped support demand — but is attributed largely to a drop in spot power prices over the past few weeks, experts say.

“There has been a phenomenal growth in the volume of power being traded in the spot market through the exchanges. We were trading around 80 MUs daily around the same time last year. The figure has now gone up to 110 MUs,” said Rajesh K Mediratta, Director at the Delhi-based electronic trading platform.

India generates around 1,048 Billion Units (BUs) of power annually. Around 10 per cent or 100 BUs of this is traded in the short-term market while the rest is sold through long-term Power Purchase Agreements (PPAs). Power traded in the Day Ahead Market (DAM) through the two exchanges — IEX and Power Exchange India Ltd (PXI) — accounts for 30-40 per cent of the total short-term trade volumes.

“Currently, power is the only bright spot in the core sector data. While the impact of the centre's UDAY scheme for discom revival is yet to lead to increased power purchases by the state utilities, the increased trade volumes definitely point at some kind of economic revival,” said a senior analyst from an accounting and consultancy firm.

(Source- <http://indianpowersector.com/2016/07/india-tastes-its-largest-single-day-power-trade/>, published on 21st July, 2016)

First Reserve draws bids for 101 MW Italian solar plants-sources

Private equity firm First Reserve has put up for sale a number of solar plants in Italy with a combined capacity of 101 megawatts drawing bids each worth around 100 million euros (\$110 mln), several sources close to the matter said.

First Reserve is selling Italy's San Bellino plant, the country's biggest photovoltaic plant located in the north-eastern Veneto region, with an installed 70.5 MW capacity, and other assets.

The winning bid will be selected by July 27, the sources said.

One of the sources said Tages Capital was one of the suitors, while another source mentioned as a possible bidder a joint-venture between Enel Green Power and Italian infrastructure fund F2i.

(Source- <http://indianpowersector.com/2016/07/first-reserve-draws-bids-for-101-mw-italian-solar-plants-sources/>, published on 21st July, 2016)

Modi government's flagship scheme Deendayal Upadhyay Gram Jyoti Yojna remains largely on paper

Only 5,500 villages in the country out of 1.2 lakh were covered under "intensive electrification" programme in the Modi government's ambitious rural electrification scheme-Deen Dayal Upadhyay Gram Jyoti Yojna (DDUGJY) in past one and half years.

As on June 30, only 3% of the sanctioned project cost (Rs1,100 crore out of Rs41,000 crore outlay) has been released to states under the flagship scheme, reveal the latest statistics of the Power Ministry. The scheme was launched in December 2014 and named after the RSS ideologue who founded Bhartiya Jana Sangh, a precursor of Bharatiya Janta Party.

(Source- <http://indianpowersector.com/2016/07/first-reserve-draws-bids-for-101-mw-italian-solar-plants-sources/>, published on 21st July, 2016)

How Renewable Energy Is Blowing Climate Change Efforts Off Course

Is the global effort to combat climate change, painstakingly agreed to in Paris seven months ago, already going off the rails?

Germany, Europe's champion for renewable energy, seems to be having second thoughts about its ambitious push to ramp up its use of renewable fuels for power generation.

Hoping to slow the burst of new renewable energy on its grid, the country eliminated an open-ended subsidy for solar and wind power and put a ceiling on additional renewable capacity.

Germany may also drop a timetable to end coal-fired generation, which still accounts for over 40 percent of its electricity, according to a report leaked from the country's environment ministry. Instead, the government will pay billions to keep coal generators in reserve, to provide emergency power at times when the wind doesn't blow or the sun doesn't shine.

Renewables have hit a snag beyond Germany, too. Renewable sources are producing temporary power gluts from Australia to California, driving out other energy sources that are still necessary to maintain a stable supply of power.

In Southern Australia, where wind supplies more than a quarter of the region's power, the spiking prices of electricity when the wind wasn't blowing full-bore pushed the state

government to ask the power company Engie to switch back on a gas-fired plant that had been shut down.

But in what may be the most worrisome development in the combat against climate change, renewables are helping to push nuclear power, the main source of zero-carbon electricity in the United States, into bankruptcy.

The United States, and indeed the world, would do well to reconsider the promise and the limitations of its infatuation with renewable energy.

(Source- <http://indianpowersector.com/2016/07/how-renewable-energy-is-blowing-climate-change-efforts-off-course/>, published on 21st July, 2016)

Gurgaon residents reluctant to pay extra for smart power

The Smart Grid project, tipped as a solution to Gurgaon's power woes, is facing another hurdle as residents have opposed the state government's proposal to levy an extra surcharge for supplying electricity under the project.

The proposal to charge 50-55 paise per unit for domestic consumption and 60 paise as reliability surcharge has been moved to the Haryana Electricity Regulatory Commission (HERC) for final nod.

The commission will seek feedback from consumers about the proposal but residents have decided to oppose the move. They claim to be already paying a high price for electricity supply that they almost never get.

"We are not in favour of any additional charges as charges levied now have no justification. How can they charge extra by simply creating a new project?" Brij Mohan Mehta, executive member of Qutab Enclave residents' welfare association, said.

The Smart grid project aims to supply 24 hours uninterrupted power through an integrated system in which power cables and feeders will be laid underground. There will be smart electricity meters for two-way communication, and power thefts, and transmission and distribution losses will be cut down.

Officials saying that it will take over a decade to cover the entire city had already dealt a blow to the project.

Residents say they are paying more than `8.50 per unit for supply from power discom Dakshin Haryana Bijli Vitran Nigam (DHBVN) and levying a surcharge will only put them under more financial pressure.

"Why should we pay more when we are already paying a large sum for electricity?" Sunil Yadav, president of Palam Vihar residents' welfare association, said. He said that the electricity open camp on July 12 was used as a platform to assess the public's mood about a surcharge.

Managing director of DHBVN Arun Kumar Verma said the proposal for levying a surcharge is with the HERC and any decision will be taken only after consultation with the public.

(Source- www.hindustantimes.com/gurgaon/gurgaon-residents-reluctant-to-pay-extra-for-smart-power/story-eD5PJZJpxtQg9jg0wQGNP.html, published on 20th July, 2016)

ETHANOL

Promoting Biofuels as Substitute to Mineral Fuel

The Minister of State (I/C) for Petroleum & Natural Gas Shri Dharmendra Pradhan informed the Rajya Sabha in a written reply today that the Government is promoting biofuels, such as ethanol and bio-diesel, as substitutes of mineral fuels.

The Government, through Oil Marketing Companies (OMCs), is implementing Ethanol Blended Petrol (EBP) Programme under which, OMCs sell ethanol blended petrol with percentage of ethanol upto 10%, depending upon availability of ethanol.

Besides, the Government has opened second generation ethanol route (cellulosic and lignocellulosic route) for production of ethanol.

Also, Ministry of Petroleum and Natural Gas had announced a Bio-diesel Purchase Policy in October 2005, which became effective from 1.1.2006. On 10.8.2015, the Government has allowed the sale of Bio-diesel (B100) by private manufacturers to bulk consumers like Railways, State Transport Corporations and other bulk consumers. Also, retailing of bio-diesel blended diesel by Oil Marketing Companies has started on World Biofuel Day, i.e., 10th August, 2015.

In its endeavour to take forward the biofuel programme, the Government is striving for achieving higher blend percentages. Steps initiated are:

- (i) In September, 2015, Ministry of Petroleum and Natural Gas has asked OMCs to target ten per cent blending of ethanol in petrol in as many States as possible.
- (ii) A Steering Committee has been constituted in Ministry of Petroleum and Natural Gas for regular consultations and monitoring.
- (iii) Ministry of Petroleum and Natural Gas has been regularly taking up the matter with State Governments to address State specific issues relating to taxation, excise permits, import/export permits, storage license, etc.
- (iv) A 2G ethanol demonstration plant of 10 Tonnes Per Day (TPD) capacity has been operationalised at Kashipur, Uttarakhand on 22.4.2016.

(Source-<http://sugarnews.in/promoting-biofuels-as-substitute-to-mineral-fuel/>, published on 20th July, 2016)

Quote of the day

***'Man is free at the moment he wishes to be.'* -Voltaire**