

NEWS FLASH –30th June, 2016

SUGAR

Five firms own 38% of cane dues for this season

Around 38 per cent of the total of sugarcane dues still to be paid to farmers for the 2015-16 season are to come from five companies, the government said on Wednesday.

These are Bajaj Hindusthan Sugars, Mawana Sugars, Modi Sugar, Simbhaoli Sugars and Rana Sugars, it was stated.

However, mills have cleared around 92 per cent of the cane prices payable to farmers for the 2015-16 season that will end in September.

This has been made possible by several government measures and also a 40 per cent rise in retail sugar prices since the start of the season.

The total of sugarcane dues for the season so far is estimated to be Rs 4,225 crore, of the cumulative dues of Rs 52,900 crore. Of the former, 47 per cent or Rs 1,975 crore is from Uttar Pradesh, home to all major sugar companies. Of this, around Rs 1,600 crore or 81 per cent is to come from these five mills. UP mills had to pay around Rs 14,000 crore to farmers in this season, of which Rs 1,975 crore or 14 per cent is pending.

In Maharashtra, the country's biggest sugar producer, the official statement shows 96 per cent of sugarcane dues have been cleared and only Rs 590 crore is pending. In Karnataka, 94 per cent of the dues have been settled so far.

The three states account for a little over 80 per cent of all sugar produced in the country. "It is only in UP where it seems farmers are not being paid for the cane sold," a senior official said.

In the 2014-15 sugar season, cane payment arrears had peaked to Rs 21,800 crore in April 2015, now brought down to Rs 684 crore.

The Centre had announced a series of measures to help mills clear their pending dues. These included a direct production-linked incentive in lieu of exports, soft loans of around Rs 6,000 crore, fixing a higher price for ethanol and directing oil marketing companies to purchase at this rate. These steps and an overall drop in production in 2015-16 due to drought in several parts of Maharashtra and Karnataka pushed up sugar prices. This prompted the Centre to withdraw all its export incentives.

Officials said the Centre feels mills charging anything more than Rs 34 per kg (ex-factory) for sugar is unjustified and should be controlled. While millers feel, given the rate of recovery from cane and falling cane supplies, an ex-factory price of at least Rs 37 a kg is

justified. This should translate into a retail sugar price of about Rs 44 a kg or Rs 3-4 a kg more than the prevailing rate.

India's sugar production in 2015-16 is estimated to be 25-25.5 million tonnes, while consumption is estimated at 26 mt.

(Source-<http://sugarnews.in/five-firms-own-38-of-cane-dues-for-this-season/> published on 30th June, 2016)

Farmers demand desilting of Veeranam irrigation canals

Farmers of Vanathiraiyanpettai have submitted a petition to the tahsildar of Kattumannarkoil demanding desiltation of the irrigation canals up to the tail-end areas.

Farmers led by Vasu submitted the petition.

Tamil Vanan from nearby Kumaratchi village said, "Desiltation work is underway at Veeranam Lake to increase its water storage capacity. At the same time, it is necessary to ensure that all the irrigation canals from the lake too are properly desilted. Otherwise, water released from the lake may not reach the tail-end villages."

"As far as Vanathiraiyanpettai village is concerned, water has not reached the village for the past two years due to poor maintenance of the Thiruchinnapuram Thenkalai Canal. If only the canal is desilted properly this year, lands at the tail-end could get water. This is the condition of many other irrigation canals from Veeranam Lake. The district administration needs to address this problem and help farmers in Sambha cultivation," he said.

Meanwhile at Vriddhachalam, about 50 farmers have been holding a relay hunger strike in front of Thiru Arooran Sugar Mill's regional office demanding the mill management to immediately settle the outstanding dues. Farmers' association leader Ayyakannu presided over the protest.

According to farmers the mill had to pay the farmers an whopping Rs 86.20 crore since 2010. They wanted the district administration to intervene and ensure that the farmers got their money.

Members of Thirumudhukundram sugarcane growers association have taken part in the hunger strike

(Source-<http://sugarnews.in/farmers-demand-desilting-of-veeranam-irrigation-canals/> published on 30th June, 2016)

No dual power tariff for coop, public sector cogeneration plants

Cogeneration units linked to cooperative sector sugar mills in Tamil Nadu cannot claim a favourable tariff as compared with other counterparts in the State.

The Tamil Nadu Electricity Regulatory Commission on Tuesday ruled that cogeneration power plants linked to the 10 cooperative sugar mills and two public sector mills totalling a generation capacity of 183 MW will get the tariff outlined in its Order 4 of March 31, 2016, for cogeneration plants in the State. They cannot claim a dual tariff, it said.

Fixed cost

In the order, it has set a fixed cost of 2.76 a unit for 20 years and a variable cost for the first two years at 2.76 for 2016-17 and 2.89 for 2017-18 for surplus power they export to the grid.

This means the first year tariff is 5.58 a unit and 5.65 in the second year and will vary with the variable cost set every two years.

Delivering the order on a bunch of petitions from the cooperative and public sector sugar mills, the Commission said two separate tariffs cannot be set for cogeneration plants which use bagasse, the fibrous material from sugarcane, as a fuel during the sugarcane crushing season and coal during the off-season.

The mills with the newly set up cogeneration plants had petitioned that the Commission set a tariff of 5.45 a unit when using bagasse as fuel and 9.82 when they use coal during the off-season.

The Commission also said that non-bagasse fuel cannot exceed 15 per cent of the total fuel used annually in cogeneration plants to avail the benefits of a favourable tariff set for them as renewable energy source.

Leasing of sites

This order clears the air regarding cogeneration plants in the cooperative and public sector mills which are considered key for viable operations. Tamil Nadu passed an order in February 2008 for the projects to be set up in the cooperative and public sector mills at a total cost of 1,241 crore.

Since the sugar mills were cash strapped, they entered into an agreement with the utility which provided for the mills to lease the cogeneration sites to the Tamil Nadu Generation and Distribution Corporation (Tangedco), by mortgaging the land. Once the power plant is commissioned, the sugar mills, which provide bagasse as fuel for power generation, will run the plant. Tangedco would repay the loan and reimburse the sugar mills the operational and other charges. Once the debt is fully paid, the asset will be transferred at a depreciated cost to the sugar mill.

(Source-[http://sugarnews.in/no-dual-power-tariff-for-coop-public-sector-cogeneration-plants//published on 30th June, 2016](http://sugarnews.in/no-dual-power-tariff-for-coop-public-sector-cogeneration-plants//published-on-30th-June-2016))

Sugar cane arrears plunge in India as sweetener prices rally

Sugar cane arrears in India have plunged to 42.3 billion rupees (\$624.77 million) from a record 218 billion rupees last year, as a rally in the prices of the sweetener allowed mills to pay farmers stipulated prices, the government said on Wednesday.

Mills have so far paid 92 percent of their cane dues to farmers in the 2015/16 marketing year ending on Sept. 30, it said in a statement.

Last year, record cane arrears forced the government to provide incentives for sugar exports.

But a 44 percent rally in sugar prices since the start of the marketing year has allowed the government to suspend the sugar export subsidy and put a tax on the exports.

India is the world's second biggest sugar producer and top consumer.

(\$1 = 67.7050 Indian rupees)

(Source-<http://sugarnews.in/sugar-cane-arrears-plunge-in-india-as-sweetener-prices-rally/> published on 29th June, 2016)

92% Sugarcane dues paid to farmers

During the current Sugar Season 2015-16, about 230 million MT of sugarcane was procured from the farmers by the sugar mills across the country. Out of the total cane price dues payable of Rs.52, 900 Crore, on the basis of Fair and Remunerative Price (FRP), only Rs.4, 225 Crore are pending as cane price arrears are pending for current sugar season. Sugar mills have paid about 92% of their cane dues so far.

Out of the total pending cane price arrears for current sugar season, about Rs.1,975 Crore pertains to Uttar Pradesh which is about 14% of its dues payable. A major portion of the pending arrears about Rs.1,600 Crore belongs to five sugar group companies namely, Bajaj, Mawana, Modi, Simbhaoli and Rana.

Maharashtra being the major sugar producing state has cleared almost 96% of sugar cane dues payable and only Rs.5,90 Crore are pending as arrears. Other major sugar producing state like Karnataka have also paid 94% dues to farmers.

During sugar season 2014-15, the cane price arrears had peaked at Rs.21,800 Crore in the month of April, 2015 which is now reduced to Rs.684 Crore only. Central Government has been consistently monitoring the position of cane price arrear and advising the State Governments for speedy liquidation of arrears.

(Source-<http://sugarnews.in/92-sugarcane-dues-paid-to-farmers/> published on 29th June, 2016)

Co-gen/Power

Open Access power to get costlier

All those industries and commercial establishments that have either switched from state power to the cheaper Open Access option or are planning to do so in future will have to reconsider their decision.

Reason: The Open Access power in Maharashtra would no longer be as cheap as it is now. The Devendra Fadnavis-led government has decided to impose a 9% duty on all those consumers who purchase power through Open Access or open market traders and captive generators.

To make this happen, the government seeks to bring a new Act to replace the present Maharashtra Electricity Duty Act 1958, which lacks provision for those who are not state consumers. "The proposed Maharashtra Electricity Duty Bill 2016 would be tabled in the legislature during the Monsoon session," said a highly placed official.

If passed, Open Access power for industries would cost around 60 paise more per unit, and for commercial consumers it would be over 75 paise more.

(Source-<http://indianpowersector.com/2016/06/open-access-power-to-get-costlier//> published on 30th June, 2016)

Electricity for all: States up additional capacity, but low demand keeps them stressed

With the government pushing for additional electricity capacity addition and power minister Piyush Goyal saying that all villages would be electrified by the end of 2016 — much before the previous deadline of May 2017— when it comes to newly installed capacity, some states have clearly taken a lead. According to the state-wise installed capacity data released by the Reserve Bank of India, while a total of 52,801 megawatt of additional capacity was installed over the last two years (after the NDA government came to power) six states alone contributed to more than 50 per cent of this capacity addition.

With an additional installed capacity of 5,700 MW, Chhattisgarh emerged as the top state, both in absolute and in percentage terms of capacity addition. The state, which had an installed capacity of 9,840 MW in March 2014, witnessed its capacity rise 58 per cent to 15,540 MW at the end of March 2016. The state also lifted its per capita availability of power from 736 kilowatt hours (kwh) in March 2014 to 990 kwh.

(Source-<http://indianpowersector.com/2016/06/41565//> published on 30th June, 2016)

Ministry seeks Cabinet nod for new bidding papers for coal UMPPs

The power ministry has sent a note to the Cabinet seeking its approval for the new bidding document for domestic coal-based ultra mega power projects (UMPPs), a government official told ET.

The new bidding document will replace the old standard bidding document for the 4,000 MW power projects. "We expect the Cabinet to clear the document in a month. After that we will go ahead with the bidding process and issue tenders," the official said.

(Source:

http://economictimes.indiatimes.com/articleshow/52967653.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst, published on 29th June, 2016)

Turbine purchase agreement updates

Siemens has won a contract from Wind 2000 to supply three turbines as an extension to the 34.4MW Naundorf project in Germany. The project in Saxony, east **Germany**, was initially connected in 2004 as a 14MW project and has been extended twice previously.

The three additional 3.2MW turbines will boost capacity to 42MW, Siemens said. Installation is set to begin in the autumn.

Siemens will also install an additional switchgear in the turbine towers to enable the three turbines to connect and disconnect themselves from the grid at set times to avoid overloading the local medium-voltage grid.

(Source:

http://economictimes.indiatimes.com/articleshow/52967653.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst, published on 29th June, 2016)

Make domestic coal supply contracts flexible for relief in cost of power for discoms: ICRA

A recently announced policy measure allowing flexible sourcing of domestic coal as well as guidelines for procurement of short term power through reverse auction will lead to reduction in of power purchase costs for distribution companies and lower electricity bills for consumers.

Continued improvement in domestic coal availability is a positive for the sector since it has substantially mitigated both coal supply risk and the risk of under-recovery in fuel cost.

(Source: <http://indianpowersector.com/2016/06/make-domestic-coal-supply-contracts-flexible-for-relief-in-cost-of-power-for-discoms-icra/>, published on 29th June, 2016)

KARNATAKA HAS TOO MUCH POWER

The monsoon is already working its magic in Karnataka. The state that was reeling under a shortage of power until recently now has more than it can use.

Power consumption in the last couple of days has fallen by close to 2,500 MW (mega Watt), forcing the energy department to run its stations at minimum capacity, and put on hold all its short-term purchases.

"A week ago, the demand for power across Karnataka stood at 10,000 MW. But with monsoon gaining momentum in the last one week, the demand has dropping significantly. On Tuesday morning, the state saw a peak load of 7,620 MW. In general, the state consumed about 152 MU (million units)," a top official at the energy department said.

"Until last week, the situation was grim as farmers increasingly relied on IP sets to kick off agricultural activities for the Kharif season," a senior KPTCL engineer told Bangalore Mirror.

(Source: <http://indianpowersector.com/2016/06/karnataka-has-too-much-power/>, published on 29th June, 2016)

Thought of the day

'Don't waste a good Mistake.....Learn from it.' - Anonymous