



Energy News

[GOOD]

Thank you for implementing our recommendation of an LPG dowry to India’s daughters!

Page 10

[BAD]

Power demand deficit and supply surplus cannot co-exist!

Page 14

[WEEK IN REVIEW].....

[NATIONAL: OIL & GAS].....

[NATIONAL: POWER].....

[INTERNATIONAL: OIL & GAS].....

[INTERNATIONAL: POWER].....

[UGLY]

A tax on domestic oil is a tax on Indian consumers!

Page 11

**ANALYSIS /
ISSUES**

**DATA
INSIGHT**

**Volume XII
Issue 51**

3 June 2016

[MAY 2016: OIL RECOVERS WHILE GAS LANGUISHES]

“Global LNG is expected to surge over the next five years as many projects under construction are expected to be completed next year. LNG buyers who hurriedly locked in contracts till 2040 at prices linked to oil are not happy as many predict that prices will not recover for a very long time...”

**[RENEWABLE
ENERGY /
CLIMATE
CHANGE
TRENDS]**

CONTENTS INSIGHT.....

[WEEK IN REVIEW]

COMMENTS.....

- May 2016: Oil Recovers while Gas Languishes

DATA INSIGHT.....

- Electricity Generation from Conventional & Non-Conventional Energy Sources

[NATIONAL: OIL & GAS]

Upstream.....

- OVL completes \$1.3 bn stake acquisition in Russian field
- GAIL spuds 2nd exploratory well in Cambay Basin
- ONGC plans to buy majority stake in GSPC's KG gas block
- RIL said to revive offshore gas project by end-2017
- JDR bags subsea deal from GE O&G for India's Vashishta & S1 project

Downstream.....

- RBI caps refiners' dollar buying for Iran dues to shield rupee

Transportation / Trade.....

- RIL exits Africa oil retail business
- India's OVL, Azerbaijan's SOCAR to jointly trade oil
- GAIL reconfigures ₹ 120 bn Jagdishpur-Haldia gas pipeline
- Centre to distribute 50 mn LPG connections in country: Tomar

Policy / Performance.....

- Lower oil prices to keep inflation under control
- Oil Minister launches website of IIFE Visakhapatnam
- BPCL Q4 net drops 10.6 percent to ₹ 25.4 bn on low oil prices
- Oil ministry to auction discovered small fields by January 2017
- ONGC misses out on oil price rally after new tax

[NATIONAL: POWER]

Generation.....

- Westinghouse to relocate planned nuclear plant to Andhra Pradesh
- Coal price hike to up power generation cost by up to 10 paise

- KNPPs units 4 & 5 general framework to be signed this year
- NTPC opens Pakri-Barwadih coal mining project
- BGR to cancel contract value of \$246 mn
- BHEL commissions 800 MW supercritical thermal unit in Karnataka

Transmission / Distribution / Trade.....

- UP to hike transmission capacity of power lines
- Garhwal gropes in dark as storm plays havoc with power supply
- Power from Bawana to be sold to other States
- CIL eyes export market in Bangladesh
- PGCIL can diversify only if it loses central transmission utility status: Jha

Policy / Performance.....

- Now, discoms will pay you if they fail to fix outages in time
- Gujarat govt decides to overhaul power generation technology
- India's power deficit may reach 5.6 percent in 2021-22
- Coal and power ministries spar over Reliance power's plea
- CIL hikes prices by 6.3 percent
- India has a strong case for NSG membership: US
- Nepal, India plans setting up energy bank
- Ujala Scheme launched in Gujarat
- Coal ministry releases ₹ 6.7 bn as compensation to previous allottees
- Reverse e-auction may lower bilateral power prices: Ind-Ra

[INTERNATIONAL: OIL & GAS]

Upstream.....

- Statoil makes minor North Sea oil discovery
- SKE make gas discovery in SK408 PSC offshore Sarawak
- Kuwait to invest \$115 bn on oil projects
- Saudi Aramco lifted 2015 oil output to record in market spat
- Santos commences first production from GLNG Train 2 on Curtis Island
- Chevron consider \$500 mn Thai gas field stake sale
- Crude output at Indonesia's Cepu block could reach 200k bpd: Exxon

Downstream.....

- Lukoil opens Russia's largest vacuum gasoil processing complex
- China adds pipelines, depots at 'teapot' oil hub to ease congestion

- Mexico's Pemex says Salamanca refinery operating normally
- Rosneft signs agreement with Pertamina to build oil refinery in Indonesia
- New oil refinery will cut government's import bill: Egypt's Qalaa

Transmission / Distribution / Trade.....

- Indonesia says coal output will fall next year as smaller miners struggle
- Ukraine to build power transmission line to Europe

Transportation / Trade.....

- Asian traders unload floating gasoline as market flips
- Oil tankers in limbo as Venezuela's PDVSA fails to pay BP
- Saudi Arabia likely to hike Asia crude prices in July on strong Dubai
- Iraq joins Mideast rivals raising oil exports ahead of OPEC meeting
- France and Belgium inaugurate new 8 bcm per year gas transmission pipeline
- Indonesia's Pertamina to buy 600k tonnes of LPG from Iran
- Mitsui to supply Colombia its first LNG cargo
- Japan's Jera signs flexible LNG supply deal with EDF Trading
- PETRONAS extends contract to supply LNG to China's JOVO Group
- Algeria's Sonatrach opens bids on \$1 bn compressor station deal

Policy / Performance.....

- Japan to cut emphasis on nuclear in next energy plan
- Tanzania plans to invest \$1.9 bn in year in energy projects by 2025
- China to replace direct coal combustion with electricity in new plan

[RENEWABLE ENERGY / CLIMATE CHANGE TRENDS]

NATIONAL.....

- New wind power capacity may decline to 2.5 GW in FY17: ICRA
- Metro Rail projects need environmental clearance: NGT
- SoftBank's investments in India may surpass \$10 bn
- NLC to set up 20 MW solar project in Andaman & Nicobar
- UPPCB directs coal-based plants to shift to CNG
- Govt offers online facility for installing solar rooftops
- India engaging with US on visa, solar issues: Commerce Secretary
- Govt to unveil policy for solar zones in June
- Solar initiative of Bengaluru Metro gets praise
- Clean energy to be discussed during PM visit to US next month
- 4k households in Jharkhand to get power via solar energy: CM
- Cooking with kerosene, dried dung ups cataract risk in women by 50 percent
- 'India's installed solar capacity reached 6 GW in 6 yrs'
- Cabinet clears India, Japan pact on thermal power

Policy / Performance.....

- Iran plans June oilfield tenders for international companies
- UAE Minister says happy with oil market
- New diesel quality rules will challenge Mexico's Pemex: Regulator
- Global glut to temper oil price gains this year
- Thailand to auction petroleum concessions held by Chevron, PTTEP
- Indonesia offers 15 O&G blocks in first tender for 2016
- Vietnam's January-May crude oil exports drop 20.6 percent y/y: Govt
- Cyprus expects to receive new offshore natural-gas bids in July
- Nigerian Petroleum Minister calls for changes to Delta amnesty
- China to raise retail fuel prices by up to \$32 per ton: NDRC

[INTERNATIONAL: POWER]

Generation.....

- Salini Impregilo to build 2.2 GW hydroelectric plant in Ethiopia
- Incident at nuclear power plant still under investigation
- New milestone completed at Ostrovets-2 nuclear project
- Iberdrola aims to nearly double power generation in Mexico by 2020

GLOBAL.....

- Germany ends row with states over green energy roll-out
- More carbon-market cuts eyed as EU parliament starts debate
- UK GIB and Equitix to fund biomass plant in Wrexham
- World's biggest mall solar power plant rises in Pampanga
- Vietnam unveils details of renewable energy Strategy to 2030
- German reserve for dirty coal plants seen hurting carbon demand
- Brigg Renewable Energy Plant in UK opens
- California sells 11 percent of carbon permits offered at May auction

COMMENTS.....

International monthly energy briefing

May 2016: Oil Recovers while Gas Languishes

Lydia Powell and Akhilesh Sati, Observer Research Foundation

Conventional Fuels

Oil & Gas

The month began with oil prices at a healthy 50/bbl. News that Canada's production was likely to bounce back with restoration of almost 1 million b/d after the devastating forest fires did not affect the price much. By the second week of May we saw analysts forecasting likely dates for the next spike in oil prices. As per Bloomberg, short bets on crude prices have fallen to their lowest level in a year. Some banks released confident reports saying that oil prices will touch \$60/bbl by the end of the year. The IEA which has a record of optimism over oil prices said that the worst is over for oil prices and that prices would continue to increase under normal conditions. However there were many analysts who stuck to their position that the price increase was the result of temporary disruptions and that prices will fall below \$40/bbl by the fourth quarter.

The removal of Ali Al Naimi the long-time oil minister of Saudi Arabia caused some uncertainty as it was seen as the loss of a steady hand. Over all the expectation was that Saudi Arabia would continue with its current strategy of increased production to defend market share. Saudi Aramco is reported to be planning a three way listing of 5% shares in New York, London and Hong Kong. Many believe that it could raise about \$100 to 150 billion but there are others who say that it would be much lower. According to IHS the oil industry found only 2.8 billion barrels of oil and petroleum liquids in 2015 the lowest since 1954 on account of drastic cuts in investment in exploration and production by the oil industry. Investment is said to have fallen from \$95 billion in 2014 to \$41 in 2016. More cuts are expected this year. According to Wood Mackenzie if investment does not pick up a shortfall of 4.5 million barrels may be expected by 2035. The IEA said that the surplus capacity is likely to fall to 0.2 million b/d by the latter part of 2016 down from 1.3 million b/d in the first and second quarter. However slower than expected global economic growth predicted by IMF kept its demand growth forecast for 2016 at 1.2 million b/d.

Topping the disruptions list was Nigeria where supply disruptions continued as its armed insurgents gained strength over the infrastructure. The Niger Delta Avengers are reported to have disrupted more than 800,000 b/d of oil. Although the volume of oil disrupted in Nigeria is less than 1 million b/d about 250,000 b/d is blocked as the Forcados export terminal is non-functional. Nigerian production is said to be at a 20 year low even though the reduction in production is only about 500,000 b/d. Shell is reported to have declared force majeure on Bonny Light because of an explosion at a pipeline which affected 200,000 b/d. The conflict between eastern and western governments of Libya is threatening oil supply from Libya.

Petrobras reported a net loss of \$360 million in the first quarter. Production fell by 7%. Meanwhile Iran boosted production by 300,000 b/d to 3.5 million b/d the highest in 5 years. IEA reported that Iran exceeded expectations in boosting production. On the refinery side, import of oil by sea-port refiners of China is reported to be growing after they received their license to import crude. French strikes are reported to have affected fuel production in eight of France's oil refineries which in turn resulted in shortages in about 2000 refineries.

Surprisingly the Norwegian government opened up the Arctic region for drilling for the first time in 20 years while it curbed investment of its sovereign fund in coal and oil sand. Contradicting oneself by supporting fossil fuel investment in its own soil (or sea) while preventing it in other's soil on moral grounds is probably what

one calls protecting national interest. If investing in fossil fuels is immoral then Norway's sovereign funds should be declared as ill-gotten wealth. Wasn't it not generated by investing in fossil fuels?

In the United States, import of natural gas reduced to almost a fifth of what it importing 10 years ago was defying Alan Greenspan's prediction that US will face financial pressure resulting from the import of natural gas. Meanwhile low prices for petrol is said to have boosted US demand for petrol to a 40 year high of 9.2 million b/d. The USA is now the world's largest producer of both natural gas and petroleum liquids; it produced twice as much petroleum and natural gas as Saudi Arabia.

On the gas front news is less optimistic. Mozambique which was described as a country to watch in LNG exports has failed to live up to expectations as LNG prices crashed. Deolitte predicted that LNG prices would not match the recovery in crude prices. Moreover a rebound in the price of LNG in Europe is likely to take a hit from new pipelines that can deliver large volumes at low cost boosting supply to the continent. Global LNG is expected to surge over the next five years as many projects under construction are expected to be completed next year. LNG buyers who hurriedly locked in contracts till 2040 at prices linked to oil are not happy as many predict that prices will not recover for a very long time. The announcement from Japan, the world's largest importer of LNG that it aimed to become an international trading hub for LNG by early 2020 may not help their cause.

But growing use of gas has helped US reduce CO₂ emissions substantially. In 2015 US CO₂ emissions from power plants fell to their lowest level since 1993 plunging by 21% below 2005 levels. Flat demand for electricity and the shift from coal to natural gas are among the key reasons. The market share of coal in power generation in the USA fell from 51% in 2005 to 34% in 2015.

Coal & Power

The electric vehicle (EV) market which could effectively save coal from its terminal decline saw some interesting developments in May. GE and Lyft announced that they would be testing self-driving electric cars on public roads within a year. California is reported to be close to allowing Pacific Gas & Electric to set up 7500 EV charging stations using electricity rate increase on utility's rate payers. On the nuclear front Russia was expected to lend Egypt \$25 billion to build a nuclear power plant which is expected to be completed by 2022. Russia's loan for nuclear power scheme appears to be doing well globally.

Meanwhile NGO groups pressed Japan to announce a shift away from fossil fuel financing. 350.org an activist NGO dedicated to eliminating fossil fuels asked Japan to withdraw funding for a coal plant in Indonesia and one in India. It would be far easier for 350.org to convince Japan to withdraw from fossil fuels had it arrived in Japan on a sail boat constructed with wood sawed by man power. Closer to India Reliance Power is said to have won in principal approval for its LNG power plant in Bangladesh. This is not the first time an Indian company is agreeing to construct a gas based plant in Bangladesh. Let us hope that it will see the light of day this time!

Climate Change & Renewables

In renewables the announcement by the Saudi Deputy Minister for Economy & Planning that Saudi Arabia should use solar energy for power generation was seen to be inspirational for the rest of the region. The Kingdom's new Vision 2030 Plan sets a target of 9.5 GW renewables by 2023. The new renewable energy program is to be led by a new ministry of energy, industry and mineral resources. On the research front there is some interesting news. A European research team is reported to have developed a technology that uses the properties of diamonds to harness the sun's energy for solar power. The so called 'black diamond' concept promises to change the future of solar technology, potentially exceeding 50% efficiency in solar concentration systems.

In the US, Fuel Cell Energy is said to have signed an agreement with Exxon Mobil Corporation to pursue novel technology in power plant carbon dioxide capture, through a new application of molten carbonate fuel cells. This unique process, which generates power while capturing carbon, could substantially reduce costs, and lead to a more economical pathway towards large-scale global applications.

Responding to activist investors, the chief of Royal Dutch Shell said that it cannot switch too quickly to producing renewable energy without risking its dividend payments and even its very existence. Major investors, including Dutch pension fund have criticized Shell's climate change policy in recent months, saying it should do more to mitigate climate change risks. However, 97% of Shell shareholders rejected a resolution to invest profits from fossil fuels to become a renewable energy company. The Anglo-Dutch firm had previously said it was against the proposal.

Chevron and Exxon faced similar climate change resolutions at their annual meetings highlighting growing investor concern about oil and gas companies' exposure to a warming climate after world powers agreed to tougher emissions cuts in Paris last year.

In an effort to boost carbon prices, Germany has proposed a minimum price on European carbon emissions, according to a draft document outlining the nation's energy and climate policy through 2050. Germany's proposal follows a push last week by French President Francois Hollande for a carbon-price corridor that would boost the cost of pollution and encourage investment in low-emission technologies. A glut of pollution permits in the European Union's carbon trading system has pushed prices down almost 80% since 2008, eroding the penalty for burning coal, the most-polluting fossil fuel. Benchmark carbon allowances rose as much as 5% to €6.29 a metric ton on the ICE Futures Europe exchange in London, the highest since April 29. The contracts traded at almost €30/ton in 2008. Apparently mandates rush where markets fear to tread!

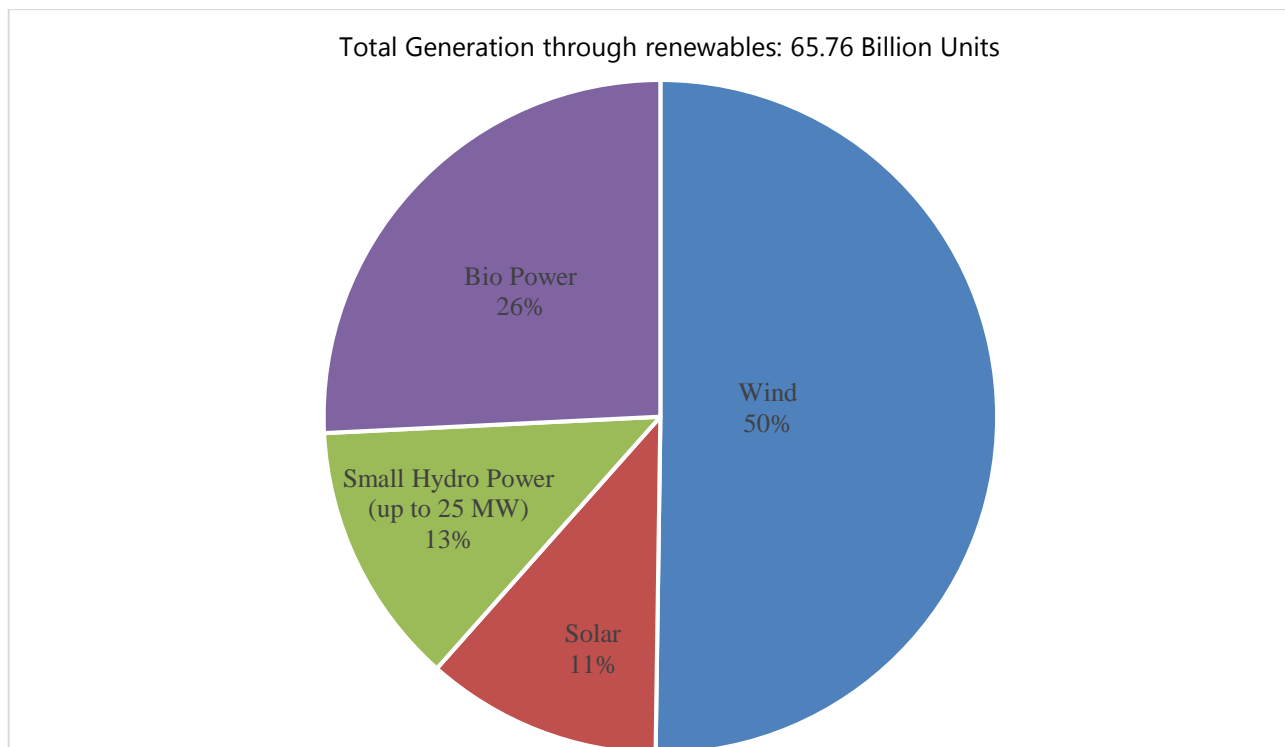
*Views are those of the authors
Authors can be contacted at lydia@orfonline.org, akhileshs@orfonline.org*

Electricity Generation from Conventional & Non-Conventional Energy Sources

Akhilesh Sati, Observer Research Foundation

Type	Generation (Billion Units)		% change w.r.to previous year	% Share	
	2014-15	2015-16		2014-15	2015-16
Thermal	878.32	943.407	7.4	79.10	80.42
Hydro	129.244	121.341	-6.1	11.64	10.34
Nuclear	36.101	37.392	3.6	3.25	3.19
Bhutan Import	5.007	5.245	4.8	0.45	0.45
Renewables	61.78	65.76	6.4	5.56	5.61
All India	1110.452	1173.145	5.6	100	100

2015-16: Share within Renewables



Source(s): 1) Central Electricity Authority
2) Rajya Sabha Unstarred Question No. 1666

NEWS BRIEF

[NATIONAL: OIL & GAS]

Upstream.....

OVL completes \$1.3 bn stake acquisition in Russian field

May 31, 2016. ONGC Videsh Ltd (OVL), the overseas arm of Oil and Natural Gas Corp (ONGC), announced completion of acquisition of 15 percent stake in Russia's second biggest oil field of Vankor from Rosneft for \$1.268 billion, its fourth biggest acquisition. OVL said the acquisition of 15 percent stake in JSC Vankorneft -- a company organised under the law of Russian Federation, which is the owner of Vankor Field and North Vankor licence -- was completed. Rosneft, the national oil company of Russia continues to hold the remaining 85 percent shares of JSC Vankorneft, the developer of the Vankor oil and gas condensate field in Turukhansky district of Krasnoyarsk Territory in Russia. The field, which has recoverable reserves of 2.5 billion barrels, will give OVL 3.3 million tonnes per annum of oil production. Further to that, Rosneft agreed to sell another 11 percent stake in Vankor to OVL. Details of this deal are yet to be finalised. This will be the fourth biggest acquisition by OVL. It had in 2013 paid \$4.125 billion for a 16 percent stake in Mozambique's offshore Rovuma Area 1, which holds as much as 75 Trillion cubic feet of gas reserves. In 2009, it had bought Russia-focused Imperial Energy for \$2.1 billion. Prior to that, it had in 2001 paid \$1.7 billion for a 20 percent interest in the Sakhalin-1 oil and gas field off Russia's far eastern coast. (indiatoday.intoday.in)

GAIL spuds 2nd exploratory well in Cambay Basin

May 30, 2016. GAIL (India) Ltd has started drilling its second exploratory well as an operator in its New Exploration Licensing Policy – IX block at the Cambay Basin. GAIL is the lead operator of the block with 25 percent participating interest. Other partners in this block are Bharat Petro Resources Ltd, Engineers India Ltd, Monnet Ispat Energy Ltd and Bharat Forge Infrastructure Ltd. The consortium will drill eight exploratory wells in the initial exploration phase as per minimum work commitment of production sharing contract. (www.thehindubusinessline.com)

ONGC plans to buy majority stake in GSPC's KG gas block

May 29, 2016. Oil and Natural Gas Corp (ONGC) is mulling buying a majority stake in GSPC's Krishna-Godavari basin gas block, which will help prevent the Gujarat government firm's ₹ 19,500 crore loan from turning into a non-performing asset. Gujarat State Petroleum Corp Ltd (GSPC) has been seeking to sell a majority stake in its KG-OSN-2001/3 (Deendayal) block in the Bay of Bengal to ONGC. GSPC was to begin gas production from the block in 2013 but after investing \$3.6 billion, it was found that gas reserves were one-tenth of the 20 trillion cubic feet claimed in 2005 and that it was technically difficult to produce. GSPC has been doing trial production of a very small volume of gas from August 4, 2014, and has not yet reached commercial production. GSPC wanted ONGC to use its under-sea infrastructure for a fee. ONGC plans to buy majority stake in GSPC's KG gas block. ONGC has gas discoveries in a neighbouring block and GSPC wants gas from those to be routed through its Deendayal block infrastructure for onward transportation to the shore. But, the state-owned firm said this was not technically feasible, as its KG-D5 gas cannot be mixed with GSPC's gas which has high levels of sulphur and carbon dioxide content. Also it was high-pressure and high-temperature gas. Besides, the GSPC facilities on Deendayal field are about 60 km from the Cluster-II gas fields in ONGC's KG-DWN-98/2 block and pumping gas that far was not feasible. ONGC said it was not cost-effective to install compressors on the seabed to pump gas from its fields to GSPC facilities. GSPC's field is one of the most difficult fields in the world as cost of extracting gas would be around \$12 per million British thermal unit, double the rate provided by the government currently. The company has been producing 0.6 million standard cubic metres per day (mmscmd) of gas from the field as trial production for almost two years. (www.business-standard.com)

RIL said to revive offshore gas project by end-2017

May 27, 2016. Reliance Industries Ltd (RIL) is preparing to restart work in four offshore oil and gas blocks, including one of India's biggest natural gas discoveries, as it seeks to revive development activity stalled for seven years by disputes with the government. RIL has held meetings with oilfield-services companies to discuss the projects, which it aims to begin by December 2017. The company plans to drill 21 wells in four offshore areas, including the deepwater KG-D6 block in the

Bay of Bengal. Reliance is partners with BP Plc and Niko Resources Ltd for the KG-D6 block. The company aims to initially focus on parts of the KG-D6 block known as the R-Cluster, Satellite and MJ discoveries, according to the people. It plans to finalize the investment and work plan by the end of this year. Reliance and BP intend to withdraw from multiple arbitration proceedings against the government related to KG-D6, at least one dating back to 2011. Oil Minister Dharmendra Pradhan said the new policy is expected to boost gas output by 35 million standard cubic meters a day and unshackle projects worth ₹ 1.8 trillion (\$27 billion). These include two blocks held by Reliance with total estimated reserves of 2.53 trillion cubic feet, according to the oil ministry. Niko said in April 2015 that the MJ discoveries have gross contingent resources of 1.4 trillion cubic feet. Reliance's development plan for R-Cluster was approved by the government in August 2013. RIL owns stakes in seven offshore blocks in India, and is a partner with BP in four of those. RIL holds 60 percent in KG-D6 and NEC-OSN-97/2, with BP holding 30 percent and Niko the remaining. RIL owns a 70 percent stake in two more blocks, CY-DWN-2001/2 and CB-ONN-2003/1, with BP holding the rest. (www.bloomberg.com)

JDR bags subsea deal from GE O&G for India's Vashishta & S1 project

May 25, 2016. JDR Cable Systems Ltd, a UK-based supplier of subsea umbilicals and power cables to the offshore energy industry, indicated that it has been awarded a contract by GE Oil & Gas (O&G) for India's offshore Vashishta & S1 project operated by Oil and Natural Gas Corp (ONGC). Under the contract, JDR will engineer, design and manufacture 12 steel tube flying leads -- used to connect subsea trees to umbilical termination arrangements, manifolds and subsea distribution units -- and associated hardware, while its technical services team will provide design analysis for the project including flow and structural analyses and free spanning vortex induced vibration analysis. The Vashishta & S1 fields are located in the Krishna Godvari Basin, 30 to 35 kilometers off the east coast of India, at water depths of 250 to 700 meters. (www.rigzone.com)

Downstream.....

RBI caps refiners' dollar buying for Iran dues to shield rupee

May 30, 2016. The Reserve Bank of India (RBI) has capped weekly dollar purchases by oil refiners to pay off their debts to Iran in order to avoid pressure on the rupee. India is one of the biggest buyers of Iranian crude and built up a payments backlog when Iran was under Western sanctions, with its refiners owing about \$6.5 billion to Iran. The refiners had been holding back 55 percent of payments to Iran after a channel through Halkbank was closed in 2013, although payment of some of those funds was allowed after an initial temporary deal to lift the sanctions. On the basis of an RBI advisory, India's oil ministry wrote to refiners saying the remaining dues can be settled in three months from May 30 and told companies to ensure demand for foreign exchange is limited to \$500 million per week. The rupee touched a near three-month low of 67.77 to the dollar, partly due to dollar purchases to settle a portion of the Iranian oil dues the week before. India's oil ministry has asked state refiner Mangalore Refinery and Petrochemicals Ltd (MRPL) to coordinate with other firms to ensure that weekly payments do not exceed \$500 million. MRPL has settled \$500 million in dues to Iran followed by \$250 million by Indian Oil Corp. Hindustan Petroleum Corp paid \$17.5 million to National Iranian Oil Co (NIOC). (in.reuters.com)

Transportation / Trade.....

RIL exits Africa oil retail business

May 31, 2016. Reliance Industries Ltd (RIL) has exited its African fuel retail business by selling its entire 76 percent stake to Total SA of France for an undisclosed sum. Total, which is already a leading retailer of petroleum products in Africa, will acquire Gulf Africa Petroleum Corporation's (GAPCO) assets in Kenya, Uganda and Tanzania. RIL's overseas arm Reliance Exploration & Production DMCC owned 76 percent stake in GAPCO while Fortune Oil Corp, Mauritius held the remaining. Total is acquiring stake of both the firms. GAPCO is a holding company incorporated in Mauritius with affiliates in Kenya, Uganda and Tanzania which are primarily engaged in petroleum product import and trading, storage, distribution, marketing, supply and transportation of oil products in East Africa. RIL had in September 2007 bought a clutch of fuel stations and storage facilities in one of the fastest growing regions in Africa. (www.businesstoday.in)

India's OVL, Azerbaijan's SOCAR to jointly trade oil

May 30, 2016. India's ONGC Videsh Ltd (OVL), the overseas acquisition arm of Oil and Natural Gas Corp (ONGC), is set to make a foray into oil trading and has signed an initial pact with the trading arm of Azerbaijan's state energy company SOCAR. OVL plans to initially sell its share of oil from the large Azeri, Chirag and Guneshli (ACG) group of fields in Azerbaijan

through the new venture. OVL, which has stakes in oil and gas assets in 16 countries including Russia, Sudan and Brazil, produced about 178,400 barrels per day of oil and gas equivalent in the fiscal year to March 31, 2016. Currently, Mangalore Refinery and Petrochemicals Ltd, a subsidiary of ONGC, trade oil produced by assets of OVL. (www.reuters.com)

GAIL reconfigures ₹ 120 bn Jagdishpur-Haldia gas pipeline

May 26, 2016. GAIL (India) Ltd has reconfigured the ₹ 12,000 crore Jagdishpur-Haldia pipeline, which will connect Prime Minister Narendra Modi's political constituency Varanasi to the gas grid, to link the Dhamra terminal. The over 2,500 kilometer line will be constructed in three phases and will also now connect Adani Group's Dhamra LNG import terminal in Odisha, GAIL said. In the first phase, a trunk pipeline from Phulpur (Allahabad) will be laid to Dobhi (Gaya) in Bihar with spur lines to Barauni and Patna. GAIL already has a line up to Phulpur. It is raising capacity of this pipeline by laying a 672 kilometer parallel line from Vijaipur in Madhya Pradesh to Phulpur via Auriaya in Uttar Pradesh at the cost of ₹ 4,300 crore. In the Phase-II, a 1200-km line would be laid from Dobhi to Bokaro/Ranchi in Jharkhand and Angul and Dharma in Odisha at the cost of ₹ 5,565 crore, GAIL said. Phase-III will involve laying 583-km line to Haldia at the cost of ₹ 3,425 crore. The phase-1 project will supply gas to major industries such as the Barauni Refinery and the Barauni fertilizer plant, which is being revived, besides power and steel plants. It will also help in setting up of City Gas Networks in major cities enroute. Previously, Jagdishpur-Haldia pipeline was to span over 2,050 km but the length has been increased with addition of Dharma port connectivity. GAIL originally proposed to lay the pipeline from Jagdishpur in Uttar Pradesh to Haldia in West Bengal nearly a decade back. But the project was put on the back burner due to non-availability of gas and customers. GAIL is investing ₹ 2,000 crore in replacing old pipelines in Cauvery and Krishna Godavari area of Andhra Pradesh and Tamil Nadu as well as in Gujarat. (timesofindia.indiatimes.com)

Centre to distribute 50 mn LPG connections in country: Tomar

May 25, 2016. The Centre will distribute 5 crore LPG connections nationwide with a view to conserve the environment and protect women from pollution, Union Minister Narendra Singh Tomar said. Under the Pradhan Mantri Ujjwala Yojana, the Centre has recently launched an ambitious ₹ 8,000 crore scheme for providing five crore free LPG connections to BPL families using the money saved from 1.13 crore cooking gas users voluntarily giving up their subsidies. (indiatoday.intoday.in)

Policy / Performance.....

Lower oil prices to keep inflation under control

May 27, 2016. The recent spike in global crude oil prices that breached \$50 mark has kept the corridors of power busy with recalculating its subsidy savings. In the last one-and-a-half years, the sharp fall in crude oil prices has accrued immense benefit to the nation as we import around 80 percent of our energy requirements from abroad. The fall has helped the Indian economy in reducing the fiscal and current account deficit amid bringing down the inflation under the RBI's control. The fall may not have helped the consumers too much in terms of reduction in petrol and diesel prices, since, the Centre raised more than 9 times the excise duty on petroleum products. The fall in crude prices has resulted in big savings for the country during the last one year period. The country's import bill nearly halved to \$ 64 billion in FY 2016 even though the country imported higher 202.1 million tonnes of crude oil in the fiscal year. The recent finance ministry numbers on Indirect tax collections for the month of April 2016 was ₹ 64,394 crore registering a growth of 41.8 percent as compared to ₹ 45,417 crore collected during the same period previous year. However, excise collections soared 70.7% to ₹ 28,252 crore in April as compared to ₹ 16,546 crore a year ago. However, crude has again started moving upwards but analyst says that it may not sustain these levels for long. (www.newindianexpress.com)

Oil Minister launches website of IPE Visakhapatnam

May 27, 2016. Oil Minister Dharmendra Pradhan launched the website of Indian Institute of Petroleum & Energy (IPE), Visakhapatnam (www.iipe.ac.in). As per the Andhra Pradesh Reorganisation Act, 2014, Government of India had agreed to establish institutions of national importance in Andhra Pradesh, one of them being a Petroleum University. Government of Andhra Pradesh has allotted 150 acres of land free of cost in Visakhapatnam district for setting up the permanent campus of IPE and has facilitated the provision of a temporary campus in the Engineering College, Andhra University, Visakhapatnam. IPE will commence its academic programmes from the Academic Year 2016-17 at its temporary campus by offering undergraduate programmes in Petroleum Engineering and Chemical Engineering. Admission to these programmes will be on the basis of scores in JEE (Advanced) 2016-17. (pib.nic.in)

BPCL Q4 net drops 10.6 percent to ₹ 25.4 bn on low oil prices

May 26, 2016. Bharat Petroleum Corp Ltd (BPCL) reported a 10.6 percent drop in its March quarter (Q4) net profit on back of slump in oil prices. Net profit in January-March quarter fell to ₹ 2,549.08 crore from ₹ 2,852.89 crore in the same period a year ago, the company said. Sales were down to ₹ 44,197.09 crore in the fourth quarter of 2015-16 fiscal from ₹ 51,346.12 crore, a year-ago. The company turned 6.22 million tons of crude oil into fuel, up from 6.11 million tons in the fourth quarter of 2014-15. Fuel sales also rose to 9.78 million tons from 8.69 million tons. Exports were however flat at 0.54 million tons. For the full fiscal 2015-16, BPCL reported a net profit of ₹ 7,431.88 crore, down from ₹ 8,463.98 crore in the previous financial year. The company said it earned \$6.59 on turning every barrel of crude oil into fuel in 2015-16 as opposed to a gross refining margin of \$3.62 a barrel in the previous fiscal. It got fully compensated for the loss it makes on selling domestic cooking gas LPG and PDS kerosene at subsidised rates. It received ₹ 1,598.49 crore from the government as fuel subsidy and another ₹ 198.01 crore as dole from upstream firms like ONGC. (timesofindia.indiatimes.com)

Oil ministry to auction discovered small fields by January 2017

May 25, 2016. The oil ministry formally launched the auction of 67 discovered small oil & gas fields and announced the contracts for all the acreages with reserves worth ₹ 70,000 crore are likely to be placed by January 2017. Oil and Natural Gas Corp (ONGC) and Oil India Ltd (OIL) will continue to hold the leases until the award. The 67 blocks were originally discovered by ONGC and OIL, but could not be developed due to their small size or technical and geological constraints. The ministry had originally identified 69 blocks, including 63 held earlier by ONGC and six discovered by OIL. However, two of the blocks have been removed from the list of acreages to be auctioned. Of the 67 blocks on offer, 28 discoveries are in Mumbai offshore and 14 are in the Krishna Godavari basin off the Andhra coast. Also, 10 discoveries are located in the Assam shelf area. The biggest discovery on offer is D-18 in Mumbai offshore with 14.7 million tonne oil reserves. The Directorate General of Hydrocarbons (DGH) Atanu Chakraborty said the regulator will open its date room for investors simultaneously in Noida and multiple foreign locations, including London and Calgary, on June 6. Bidding will commence from July 15 and last till October 31, 2016. Based on the interest observed, the blocks will be awarded to successful bidders within two months of the last date of bid submission. Contracts will be signed within one month of the award. The 67 blocks on offer are present in 46 contract areas with 625 million barrels of oil and oil equivalent gas of in-place reserves spread over 1,500 square kilometer in onland, shallow water and deepwater areas. Oil Minister Dharmendra Pradhan said the guiding principles behind the auction were enhancing output, attracting investment, employment generation, transparency and minimising administrative discretion. Domestic road-shows for the bidding will be held in Mumbai on June 6, followed by similar events in Bangalore and Guwahati while international road-shows will be conducted across six geographies including Singapore, Houston, London, Dubai, Calgary and Perth. (www.business-standard.com)

ONGC misses out on oil price rally after new tax

May 25, 2016. Oil and Natural Gas Corp (ONGC) missed out on oil's rally after the country announced in February a 20 percent tax on domestically produced oil, replacing a fixed levy of ₹ 4,500 per metric ton. While Brent has gained about 40 percent since then, the company has slipped more than 4 percent. Oil's surge above \$45 a barrel means ONGC's tax burden is higher now than under the previous system, Centrum Broking Ltd analyst Sachin Mehta said. (www.bloomberg.com)

[NATIONAL: POWER]

Generation.....

Westinghouse to relocate planned nuclear plant to Andhra Pradesh

May 31, 2016. Toshiba Corp's Westinghouse Electric will relocate a planned project to build six nuclear reactors in India. The six AP-1000 reactors would be built in Andhra Pradesh, after the original site proposed for the multi-billion-dollar project, in Gujarat, faced local opposition. US lawmakers ratified the civil nuclear accord three years after it was struck in 2005, as part of an attempt to deepen the strategic relationship with India, but have expressed growing dismay over its failure to yield follow-on deals for US-based reactor makers like Westinghouse. India wants to dramatically increase its nuclear capacity to 63,000 MW by 2032 to meet growing demand and restrict its reliance on fossil fuels, and has struck a series of accords with other countries to help meet that goal. Russia's Rosatom operates two reactors at Kudankulam, in

Tamil Nadu, while France's EDF signed a preliminary deal with the state-owned Nuclear Power Corporation of India Ltd (NPCIL) in January to build six reactors at Jaitapur, Maharashtra. (timesofindia.indiatimes.com)

Coal price hike to up power generation cost by up to 10 paise

May 31, 2016. The recent hike in domestic coal prices would result in increase in the cost of generation for coal-based power plants by up to 10 paise per unit, domestic rating agency ICRA said. The coal price hike announced by Coal India Ltd (CIL) is likely to result in an increase in cost of power procured by discoms, ICRA said. Given that coal-based generators account for about 60 per cent of the total power procured by discoms and assuming a partial pass-through by other independent power producers, this translates into about 6 paise per unit increase in power procurement cost for discoms on an all-India basis, ICRA said. CIL recently revised the prices of pit head run-of-mine (ROM) prices of all grades of non-coking coal. The price of thermal grade coal for supply to power sector has been increased by about 15-18 percent and this in turn is estimated to increase the cost of generation for coal-based power plants by about 9-10 paise per unit, as per ICRA estimates. (indiatoday.intoday.in)

KNPPs units 4 & 5 general framework to be signed this year

May 30, 2016. The general framework agreement for Kudankulam Nuclear Power Plants (KNPPs) Units 4 and 5 would be signed this year while negotiations were underway over configuration of Units 5 and 6, a Russian firm designing the Tamil Nadu-based atomic plant said. ASE Group President Valery Limarenko said that his company had "defined" the configuration for units 5 and 6 and that "negotiations are on." As far as unit 3 and 4 are concerned, the ground-breaking ceremony for which was held earlier this year, he said that the contract had been "concluded" and design and manufacture of the "main equipment" had been commenced. Earlier, fuel loading had been done in the second unit of the power plant early this month and according to the Nuclear Power Corporation of India Limited Ltd (NPCIL) it was expected to attain its first criticality in June. An Indo-Russian joint collaboration, KNPP has been opposed by local people, who had cited safety reasons for opposing the multi-million dollars project. India and Russia had agreed to set up six VVER-1000 type reactors of 1000 MW each at Kudankulam to be supplied by Rosatom State Corporation of Russia. (indiatoday.intoday.in)

NTPC opens Pakri-Barwadih coal mining project

May 26, 2016. NTPC announced the opening of its Pakri-Barwadih coal mining project in Jharkhand. NTPC had said that it was targeting to begin production at Pakri-Barwadih coal block in 2015. NTPC was reallocated five coal blocks that were cancelled earlier by the Supreme Court. The five blocks include Chatti-Bariatu, Chatti-Bariatu (South) and Kerandari in Jharkhand, Dulanga in Odisha and Talaipalli in Chhattisgarh. In the 12th Five-Year Plan, NTPC added 9,639 MW capacity, making it the company's highest capacity addition in a Plan period. In the last Plan period, it added 9,610 MW capacity. The company has set a target of adding 11,900 MW capacity during the current Plan period ending in 2016-17. It has set a target of installed power generating capacity of 1,28,000 MW by 2032. (www.moneycontrol.com)

BGR to cancel contract value of \$246 mn

May 28, 2016. BGR Energy Systems has said it has decided to cancel a carryover contract value of \$246 million from its order book. In 2013, the company entered a contract for \$246 million for AL Nasiriya 500 MW gas turbine power plant project with the electricity ministry of Iraq. The ministry provided a letter of credit for 50 percent of the contract value in favour of the company and the latter issued a performance bond. (www.business-standard.com)

BHEL commissions 800 MW supercritical thermal unit in Karnataka

May 25, 2016. Bharat Heavy Electricals Limited (BHEL) said it has commissioned the first 800 MW supercritical thermal unit in Raichur, Karnataka. The unit has been commissioned at the 2x800 MW Yeramarus Thermal Power Station (TPS) located in Raichur district of Karnataka, BHEL said. Yeramarus is being developed by Raichur Power Corp Ltd (RPCL) - a joint venture of Karnataka Power Corporation Limited (KPCL) and BHEL. The second unit of this project is in the advanced stage of construction and is expected to be commissioned shortly, BHEL said. The key equipment for the project has been manufactured by BHEL at its Haridwar, Bhopal, Ranipet, Hyderabad, Jhansi, Thirumayam and Bengaluru plants, while the construction of the plant has been undertaken by the company's power sector- southern region, BHEL said. In 2015-16, BHEL has been entrusted with orders for 12 supercritical steam generators and 10 supercritical steam turbine generators by various utilities. (economictimes.indiatimes.com)

UP to hike transmission capacity of power lines

May 30, 2016. Desperate to prevent the power crisis from becoming an issue in the election year, the Samajwadi Party government has stepped on the gas to increase the transmission capacity of UP's power lines. The energy department has asked the UP Transmission Corporation Ltd (UPTCL) to get the total transmission capacity (TTC) increased from the existing 6000 MW to over 7000 MW in the next couple of months. A key factor in wheeling power into the grid from sources outside the state, the TTC is limited to 6000 MW in UP. The state cannot bring more than that into the state from sources outside, including power exchange and bilateral trading. This capacity is proposed to be increased by 1200 MW to 7200 MW. UPTCL said that the corporation has completed the construction of the much-needed high-power substations to ease the congestion. The construction of new substations has essentially been ensured in West UP which registers the maximum load and therefore congestion. UPTCL managing director, Vishal Chauhan said that three 400 KV transmission substations have already been made functional in the West UP region- one each in Agra, Muradnagar and Muzaffarnagar. The substations will be linked further to the 220 KV substations to ease the congestion. A similar exercise is being planned in Central UP where 400KV substations have been planned in Lucknow (Kursi road) and Allahabad. Likewise, in case of Bundelkhand, two 400 KV substations- one in Banda and the other in Orai- are being constructed. The exercise to increase the transmission capacity comes in the wake of UP chief minister Akhilesh Yadav promising to increase the duration of power supply to the urban and rural areas respectively by October. This is proposed to be done by not only increasing generation within the state but also putting in place a setup for bringing in additional power from other states. (timesofindia.indiatimes.com)

Garhwal gropes in dark as storm plays havoc with power supply

May 29, 2016. The entire Garhwal region, including the state capital, plunged into darkness onwards after the Tehri grid which supplies electricity to the region tripped because of storm and rain. A number of high tension lines and cables were also broken in the region where power supply in some places was resumed only after around 12 hours. Hundreds of villages, however, were still facing a total blackout. According to the Uttarakhand Power Corp Ltd (UPCL), repair work on transmission lines was underway and efforts were ongoing to restore power supply at the earliest. Rain and storm hit Tehri region and several transmission lines tripped for over two hours. The damage to transmission lines and utility poles caused by uprooted trees could run into lakhs of rupees. In Dehradun, except for Canal road and IT park, the power situation was normal in most areas of the city. (timesofindia.indiatimes.com)

Power from Bawana to be sold to other States

May 28, 2016. With Delhi having a surplus of power, the government has decided to sell electricity generated by gas-based Bawana power station to other States. The plan, once in place, will help reduce power tariffs in the Capital as distribution companies could save up to ₹ 300 crore. After repeated pleas by the discoms that they have to pay 100 percent fixed costs for the under-performing Bawana plant, the Delhi government had convened a meeting to resolve the matter. According to power department, Bihar has already expressed interest in procuring all of the 250 MW of electricity generated by the 1,500 MW Bawana plant. Explaining the need for re-allocation of power from the underutilised plant, Tata Power Delhi Distribution (TPDDL) said. In the meeting, Principal Secretary (power) Suresh Jain mentioned that instead of relying on Power Purchase Agreements (PPAs) with Delhi discoms alone, Pragati Power Corp Ltd (PPCL) should at the earliest explore the possibility of selling their power to other States so that the burden of fixed costs does not pass on to the Delhi consumers. (www.thehindu.com)

CIL eyes export market in Bangladesh

May 26, 2016. Coal India Ltd (CIL) intends to export coal and is in talks with power companies in Bangladesh for striking supply deals. This is the first time CIL will be exporting the fossil fuel on a commercial basis. CIL subsidiaries, Bharat Coking Coal and North Eastern Coalfields, plan to supply coal to Bangladesh power companies. It is likely to be transported to Haldia port in West Bengal from where it could be forwarded through sea route to ports in Bangladesh. At present, power companies in the country are full-to-brim with 22 days of fossil fuel stocked and are going slow on fresh procurement. Having grown at around 10% last year, CIL is saddled with some 55 million tonnes of pit head stocks. Apart from local Bangladeshi companies CIL has also initiated talks with NTPC's joint venture in Bangladesh, the 1,320 MW Maitree Project

at Rampal in Bagerhat district. The project is a 50:50 JV between NTPC and the Bangladesh Power Development Board. (energy.economictimes.indiatimes.com)

PGCIL can diversify only if it loses central transmission utility status: Jha

May 25, 2016. Power Grid Corp of India Ltd (PGCIL) will be able to diversify into other businesses, including power distribution sector if it loses the status of central transmission utility, according to chairman IS Jha. The power ministry has approached the Union cabinet for separation of central transmission utility function from the company that mainly involves functions related to transmission planning and grant of open access in the interstate transmission system. Jha said this move will not affect the economic model of the company, which will continue to own the existing and under-construction assets as well as the transmission assets built by it under regulatory tariff mechanism and those won under tariff-based competitive bidding in future. If central transmission utility function is separated, the company will be free to diversify into other business areas such as distribution and generation, mainly renewable energy, Jha said. Companies designated as central utilities are barred from diversification into these areas. Jha said the company has been offering consultancy to various state power distribution companies on implementation of smart grid. However, it is not considering diversification to power distribution immediately as its order book stands tall at about ₹ 1 lakh crore in transmission business, he said. After the separation, an independent non-profit organisation will organise bidding process for projects under tariff-based bidding. (economictimes.indiatimes.com)

Policy / Performance.....

Now, discoms will pay you if they fail to fix outages in time

May 31, 2016. Delhi Electricity Regulatory Commission (DERC) made consumers entitled to compensation from distribution companies for outages beyond a stipulated time and other disruptions in supply that aren't fixed within the period spelled out by the regulator. Penalties can go up to ₹ 100 per hour. As per DERC's notification, the Delhi Electricity Supply Code and Performance Standard regulations will become effective immediately. The Delhi government had directed DERC, under section 108 of the Electricity Act, to finalise penalties in the regulations. The move followed frequent power cuts in the midst of an intense heatwave, which the discoms attributed to local faults. (timesofindia.indiatimes.com)

Gujarat govt decides to overhaul power generation technology

May 31, 2016. With an aim to improve its power generation efficiency, Gujarat government has decided to completely overhaul its power generation technology in state-owned power stations in the state. And as part of the plan, Gujarat State Electricity Corp Ltd (GSECL) is going to change the turbines of two of its thermal power units in Ukai of South Gujarat and Wanakbori of Central Gujarat at the cost of around ₹ 208 crore. The government said that the current turbine technology of Ukai and Wanakbori power stations was more than 25 years old and it had outlived its lifespan. And therefore, the Energy and Petrochemicals Department had initiated the move to overhaul the turbines in the thermal power stations. The Ukai Thermal Power Station has total six power generation units – two units of 120 MW, three units of 200 MW and one unit of 500 MW power generation capacity. The power station has total power generation capacity of 1,340 MW. Sources added that one of the three units of 200 MW capacity would be changed in the initial stage of the project to overhaul the power generation technology by retrofitting of new turbines. The Wanakbori Thermal Power Station, on the other hand, has total power generation capacity of 1,470 MW with total six units of power generation capacity of 210 MW each. One of the seven units will witness total overhaul of turbine technology along with the one unit of Ukai Thermal Power Station. The total cost of overhauling the two power generation units was estimated at around ₹ 208 crore and the contract for the same has already been awarded. Overhauling of the two power generation units will start in December this year and is likely to be completed within eight to ten months. During this period, the unit will witness shut down of around 100 days. (indianexpress.com)

India's power deficit may reach 5.6 percent in 2021-22

May 30, 2016. India's power deficit is likely to rise to 5.6 percent in 2021-22 as demand starts to outstrip supply, a joint study by industry body Associated Chambers of Commerce and Industry of India (Assocham) and consultancy firm PwC (PricewaterhouseCoopers) said. Considering an energy elasticity of 0.8, India is estimated to require seven percent annual growth in electricity supply to sustain annual gross domestic product (GDP) growth of around 8-9 percent, it said. In order to achieve the target of 1,800 kilowatt-hour (kWh) per capita consumption and electricity access for 300 million people by

2034, India will require an additional power supply capacity of 450 GW, the study said. Considering that coal-based generation accounts for about 70 percent of total installed capacity and over 80 percent of total units generated in India, the study said that such higher dependency on thermal generation sources pose a serious threat to energy security. (www.newindianexpress.com)

Coal and power ministries spar over Reliance power's plea

May 30, 2016. The coal and power ministries are at loggerheads over the rejection of a plea from Anil Ambani-led Reliance Power, which sought to mortgage coal blocks attached to its 4,000 MW Sasan Ultra Mega Power Project in Madhya Pradesh to lenders of the plant. In a rare case, the war of words between the two ministries began after the decision declining the company's request was made. The coal ministry, in a letter to Reliance Power and the Madhya Pradesh government, communicated its dissent in granting permission to assign mining lease of Moher and Moher Amlohri Extension coal blocks as security to lenders of the Sasan project. The letter said the decision was made based on the power ministry's view that the contract and power purchase agreements of Sasan plant do not provide for such mortgage. The power ministry has written to the coal ministry that it never communicated such view. The two ministries are at conflict over the minutes of a meeting that took place between senior officials early this month. The coal ministry said the minutes of the meeting noted power ministry officials' view, based on which the rejection took place. Reliance Power in 2012 approached the coal ministry seeking permission to assign the mining lease of Moher and Moher Amlohri Extension coal blocks. The mining leases for the blocks were executed between the state and Reliance Power in September 2011. The company told the central government that mortgage was a prerequisite for the ₹ 14,500 crore debt that the company took from a consortium of 14 banks, led by State Bank of India, in April 2009. (economictimes.indiatimes.com)

CIL hikes prices by 6.3 percent

May 29, 2016. Coal India Ltd (CIL) has raised prices by 6.29 percent across all its subsidiaries for both the regulated and non-regulated sectors. The higher prices will enable the company earn an additional revenue of ₹ 3,234 crore in 2016-17, but will increase the raw material cost for sectors such as power, iron and steel and cement. At present, CIL offers 17 grades of non-coking coal with the gross calorific value (GCV) ranging between 2200 and over 7000 kilo calorie per kg. CIL produced 165.24 million tonnes (mt) during the quarter (including 2.28 mt produced from Gare Palma IV) compared with 151.86 mt in the same quarter of the previous year. Off-take rose to 145.22 mt from 134.72 mt in the year-ago period. Net profit during the quarter stood at ₹ 4,247.93 crore compared with ₹ 4,238.55 crore a year ago. For the entire 2015-16, net profit was ₹ 14,274.29 crore against ₹ 13,726.62 crore in the previous year. On a standalone basis, the company's net profit during the January-March quarter grew 44.8 percent to ₹ 13,950.12 crore from ₹ 9,629.23 crore in the year-ago period. (www.telegraphindia.com)

India has a strong case for NSG membership: US

May 28, 2016. The United States (US) has strongly backed India's nuclear energy programme and the country's entry into the Nuclear Suppliers' Group (NSG), while maintaining a stoic silence on whether it also endorsed Pakistan's nuclear programme. White House Deputy Spokesperson Mark Toner recalled that President Barack Obama during his visit to India in January last year did affirm the US view that India met missile technology control regime requirements and was ready for membership of the NSG. He said deliberations about the prospects of new members joining the NSG were an internal matter among current members of the grouping. (www.centralchronicle.com)

Nepal, India plans setting up energy bank

May 28, 2016. India and Nepal are planning to setting up an energy bank so that they can help each other to overcome the problem of power shortage. The proposal was discussed at a meeting of the India-Nepal Joint Standing Committee, a bilateral technical mechanism on water resources, power and irrigation projects, which concluded. The two countries have conducted informal discussions regarding the energy bank before, but this is the first time that Nepal has made a formal proposal, Kathmandu Post reported. According to the energy bank concept, Nepal would export electricity to India during the summer season and import power from India in the winter when output drops sharply resulting in crippling power shortages. The Power Trade Agreement signed by Nepal and India in 2014 during Prime Minister Narendra Modi's visit to Kathmandu has opened the way for the two countries to establish an energy bank. Nepal has requested India to resume production from the 15 MW Gandak Powerhouse. The plant was constructed as per the Gandak Agreement. Similarly, Nepal has also requested India to build the Birpur Powerhouse as soon as possible. (www.business-standard.com)

Ujala Scheme launched in Gujarat

May 26, 2016. Gujarat Chief Minister Anandiben Patel launched the Central governments Ujala Scheme in the state and appealed power consumers to adopt for sustainable energy options like LED lightings. Under the scheme, which has been launched in many other states, domestic consumers will be provided LED bulbs at a subsidised rate of ₹ 80-85 per piece, while industries will be sold at ₹ 90 per piece.

The government will purchase the bulbs from Energy Efficient Services Ltd (EEEL) kiosks. Distribution of bulbs will take place through sub-division offices of DISCOM, DISCOM bill collection centres across the state. Consumers can purchase these bulbs by showing monthly electricity bill or ID cards. (indiatoday.intoday.in)

Coal ministry releases ₹ 6.7 bn as compensation to previous allottees

May 25, 2016. The coal ministry has released ₹ 677 crore as compensation to companies whose coal block allocations were cancelled by the Supreme Court in 2014. Compensation has been released by the nominated authority to companies including Hindalco, CESC, GVK Power, Jindal Steel and Power for 19 auctioned mines. Compensation has also been paid to NTPC, SAIL and DVC for 19 blocks owned by them and later allotted to various state government companies. The compensation is towards costs incurred by the previous allottees for obtaining geological reports and other essential surveys. About 25 cases are pending in the Delhi High Court related to lesser compensation. The high court has reserved the judgment since April last year. (economictimes.indiatimes.com)

Reverse e-auction may lower bilateral power prices: Ind-Ra

May 25, 2016. The price discovery for power through the recent e-auction mechanism has been lower than the bilateral power trade prices, thus pushing down reference prices for short-term power tariffs, India Ratings and Research (Ind-Ra) said. Ind-Ra said that the decline in bilateral power prices can impact the credit profiles of independent power producers (IPPs) with untied capacities which were trading through the bilateral route earlier. The other critical aspect of the e-auction tariff is that it is quoted by the IPPs at the delivery point of the respective state periphery of the procurer and hence includes the costs that the IPP will have to bear, including intra-state open access charges, transmission charges, point of connection injection charges and losses. Therefore, the net realisation to the IPP will be lower, which highlights the fact that the power market continues to be a procurers market and low net realisation for the IPPs can impact their cash flows. In fact, leveraged IPPs may need to look for refinancing of debt, it said. (www.business-standard.com)

[INTERNATIONAL: OIL & GAS]

Upstream.....

Statoil makes minor North Sea oil discovery

May 31, 2016. Statoil Petroleum AS has made a minor oil discovery through well 30/11-12 S in the North Sea. The objective of well 30/11-12 S was to prove petroleum in three sandstone layers in Middle Jurassic reservoir rocks. Well 30/11-12 S encountered a 121-foot oil column in the upper part of the Tarbert formation, of which about 100-feet had good to moderate reservoir properties. Preliminary estimates place the size of the discovery at between 24 and 88 million cubic feet of recoverable oil equivalents. The discovery will be included in the evaluation of a new field development, along with other earlier discoveries in the area. (www.rigzone.com)

SKE make gas discovery in SK408 PSC offshore Sarawak

May 31, 2016. SapuraKencana Energy (SKE), the upstream arm of integrated oil and gas services firm SapuraKencana Petroleum Berhad, reported that it has made a gas discovery in its 2015 three-well drilling campaign in SK408 Production Sharing Contract (PSC), offshore Sarawak, Malaysia. The drilling campaign targeted non-associated gas within the primary target Late Miocene Carbonate reservoirs and the first well, Jerun-1, is a significant gas find located 3.1 miles north of the 2014 Bakong gas discovery. The well has an interpreted gross gas column of approximately 2,625 feet in the primary target reservoir and is a multi-trillion cubic feet gas discovery. SapuraKencana Petroleum said that Jeremin-1, located about 9.3 miles west of the F9 gas field, encountered a 341 feet gross gas column but the Putat-1 prospect, which is located 12.4 miles north of the Cili Padi gas field, has been confirmed as a dry hole. All wells have been safely plugged and abandoned. (www.rigzone.com)

Kuwait to invest \$115 bn on oil projects

May 31, 2016. Kuwait is planning to spend KWD34.5 bn (\$115 bn) on oil projects over the next five years, according to a senior executive in the country. The move comes despite a prolonged slump in crude oil prices. Kuwait Petroleum Corp (KPC) said that two-thirds of the earmarked investment will be allocated for exploration and production purposes. Kuwait targets to increase its production capacity to 4 million bpd by 2020 from the current capacity of just over 3 million barrels per day. It plans to sustain the increased capacity for a decade. The important projects to be undertaken by the country include construction of four gathering centers, operating a key project to bolster heavy oil production and increasing the output of free natural gas to more than two billion cubic feet daily from 150 million cubic feet currently, KPC said. Apart from the upstream projects, Kuwait is currently undertaking three downstream ventures with a cost of over \$30 bn. (explorationanddevelopment.energy-business-review.com)

Saudi Aramco lifted 2015 oil output to record in market spat

May 27, 2016. Saudi Arabian Oil Co., the world's largest crude producer, increased output to an all-time high last year while keeping its reserves unchanged as the kingdom battles for market share. Saudi Aramco, as the state-owned company is known, produced 10.2 million barrels a day of crude in 2015, up from 9.5 million in 2014. Natural gas output rose to 11.6 billion standard cubic feet a day from 11.3 billion. The company discovered three oil deposits last year, the same as in 2014, while gas field discoveries declined to two from five. Saudi Arabia's rising production, along with increased output from shale plays in the U.S. last year, exacerbated a global supply glut that drove down benchmark prices by more than 30 percent in 2015. The Saudi company's oil reserves were unchanged at 261.1 billion barrels, while those of gas increased to 297.6 trillion standard cubic feet from 294 trillion. The company said it maintains an oil-production capacity of 12 million barrels a day. The company exported 2.6 billion barrels of crude in 2015, or 7.1 million barrels a day, up from 2.54 billion in 2014. Saudi Aramco's exports to major Asian markets increased "substantially" last year from a year earlier, with shipments to India jumping 18 percent. Exports to China grew 4.5 percent. (www.bloomberg.com)

Santos commences first production from GLNG Train 2 on Curtis Island

May 26, 2016. Oil and gas exploration and production company Santos Ltd disclosed that GLNG Train 2 has started producing liquefied natural gas (LNG) at the GLNG project on Curtis Island, Queensland, eastern Australia. The commencement of operations at GLNG Train 2 is another milestone for GLNG and marked the successful delivery of the two-train LNG project, which has already produced over 2 million tons of LNG and shipped 32 cargoes. (www.rigzone.com)

Chevron considers \$500 mn Thai gas field stake sale

May 25, 2016. Chevron Corp is weighing a sale of a roughly \$500 million stake in a gas field in Thailand as it seeks to divest some Asian assets in an effort to weather a global slump in energy prices. Chevron is considering options for its 16 percent holding in the Arthit field in the Malay Basin. The U.S. oil company has held preliminary talks about selling the stake to Thailand's PTT Exploration & Production Pcl, which owns 80 percent of the field and is the operator. Chevron, the largest U.S. oil producer after Exxon Mobil Corp, is selling assets, cutting headcount and cancelling drilling projects to conserve cash after oil prices last year fell to the lowest level in more than a decade. The San Ramon, California-based company is seeking buyers for its stake in an Indonesian oil and natural gas field, while a planned sale of its Asian geothermal assets could fetch as much as \$3 billion. Chevron produced 1 billion cubic feet of gas from all its fields last year in Thailand, the country with its biggest production volume after the U.S. It owns and operates fields in the Pattani Basin in the Gulf of Thailand. (www.bloomberg.com)

Crude output at Indonesia's Cepu block could reach 200k bpd: Exxon

May 25, 2016. Crude oil output from Exxon Mobil's Cepu block in Indonesia could reach 200,000 barrels per day (bpd) up from 185,000 bpd at present, if the government approves an increase, the company said. Output from the Banyu Urip project in the Cepu block in East Java province is crucial to Indonesia's long-term efforts to meet rising domestic oil demand as production declines at other ageing fields. Crude output from Cepu more than tripled throughout 2015 from a year earlier, hitting around 130,000 bpd in December when Exxon began operations at the project's central processing facility. Indonesia's upstream oil and gas regulator SKKMigas said the government needed to evaluate the potential production increase from the Cepu block, because it would involve an increase in costs. Indonesia's average daily crude output in the first quarter climbed to 835,000 barrels per day (bpd) from an average daily output of 786,000 bpd in 2015, largely due to increased output from Banyu Urip. (www.reuters.com)

Lukoil opens Russia's largest vacuum gasoil processing complex

May 31, 2016. Lukoil, Russia's No. 2 oil producer, opened the country's largest vacuum gasoil (VGO) hydrocracking facility at its Volgograd refinery, built as part of a sweeping modernisation of the country's refineries. The \$2.2 billion VGO complex, which also includes hydrogen and sulphur production, can process up to 3.5 million tonnes of VGO a year. It will help Lukoil improve overall fuel quality and increase output of ultra-low sulphur diesel by 1.8 million tonnes annually, from nearly 4 million tonnes currently, the company said.

Russian oil companies and the government agreed on plans to modernise refineries in 2011 after gasoline supplies almost ran dry due to a lack of modern refining capacity. The companies pledged to install 130 new facilities by 2020 that will enable Russia to increase production of higher-margin lighter products. Lukoil will use around 100,000-110,000 tonnes of VGO a month for making refined oil products at the plant, and the rest will be exported from Novorossiisk. Lukoil's Volgograd refinery has an annual capacity of 14.5 million tonnes, or 290,000 barrels a day. (af.reuters.com)

China adds pipelines, depots at 'teapot' oil hub to ease congestion

May 31, 2016. A group of Chinese companies plans to build new pipeline and storage facilities in eastern Shandong province, the hub for the country's independent refineries, providing much-needed infrastructure as crude oil imports into the region surge. Shandong, home to nearly 20 independent oil plants nicknamed "teapots" due to their relatively small processing capacity, posted a 65 percent increase in crude imports in the first four months of 2016 on a year ago, customs data showed. This equates to an extra 851,000 barrels per day.

The companies have started building an 11.3 million barrel crude oil storage site in Weifang, which is a transfer point and home to several teapots including the 100,000 barrel per day Sinochem Hunrun Petrochemical Corp. State-run oil group CNOOC completed construction of a terminal at Yantai port able to dock 300,000 tonnage very large crude carriers, due for operation end of June. (www.reuters.com)

Mexico's Pemex says Salamanca refinery operating normally

May 30, 2016. Mexico's state oil company Pemex said that the processing plants at its Salamanca refinery in the central state of Guanajuato had been restarted. Pemex said that the plants had resumed operation only hours after they were suspended due to an interruption in its steam supply. The Salamanca refinery processes 220,000 barrels per day. (www.reuters.com)

Rosneft signs agreement with Pertamina to build oil refinery in Indonesia

May 27, 2016. Russia's oil major Rosneft has entered into an agreement with Pertamina to construct a new oil refinery in Indonesia. The refinery project will come up at Tuban, East Java and the companies target to complete the construction of the project by the end of 2021. Pertamina said that the two companies could spend \$12 bn to \$13 bn in the refinery project that will come up at Tuban, East Java. Pertamina may take at least 55% stake in the refinery. Rosneft will own the remaining stake in the refinery that will be capable of processing 320,000 barrels of oil a day. (refiningandpetrochemicals.energy-business-review.com)

New oil refinery will cut government's import bill: Egypt's Qalaa

May 25, 2016. Egyptian investment firm Qalaa Holdings is confident its new refinery will cut the country's dependence on crucial oil product imports, particularly as a weaker currency and rising crude prices force the government to reduce its energy bills. The \$3.7 billion Egyptian Refining Co (ERC) will have the capacity to produce 4.2 million tonnes of refined products annually, which ERC will sell to Egyptian General Petroleum Corporation (EGPC) at international prices under a 25-year agreement. Qalaa owns a 19 percent stake in ERC, which is expected to become operational in the first quarter of 2017. Egypt, which has turned from a net energy exporter to an importer because of declining domestic production and the burden of costly subsidies, aims to end gasoline and possibly gasoil imports by 2019. ERC will convert 3.5 million tonnes of heavy residue from the refining process at the nearby CORC plant to higher-value products like diesel and gasoline. ERC will additionally import 10 million barrels of crude a year, with a preference for Saudi Arabia's Arab Medium. (www.reuters.com)

Asian traders unload floating gasoline as market flips

May 31, 2016. The number of tankers storing gasoline in waters off Singapore and Malaysia is dwindling as the fuel is sold off or shifted to cheaper onshore storage because of changes in forward delivery terms. With the economics of storing the fuel on tankers no longer viable due to a stronger forward market, there are now fewer than three long-range (LR) vessels holding gasoline in the area. The traders said all remaining tankers could be discharged as the fuel's owners seek to sell the gasoline or store it more cheaply onshore. Ships recently used to store gasoline were chartered by Statoil, Total, Vitol, Gunvor and Unipet, trading arm of China state refiner Sinopec, according to the traders. LR tankers can store 55,000 to 75,000 tonnes of gasoline, depending on the size of the ship. The gasoline market forward price curve will flip to backwardation from July, meaning lower prices for future deliveries than for those sold immediately. That contrasts with the contango structure for the first-half of the year, with future deliveries more expensive than prompt cargoes, making it attractive to store gasoline for sale at a later date. A month ago, April in the forward curve was about \$1 a barrel below May, with the June price about 30-40 cents below July. This contango will flip into backwardation from July. (www.reuters.com)

Oil tankers in limbo as Venezuela's PDVSA fails to pay BP

May 31, 2016. Four tankers carrying over 2 million barrels of U.S. crude are stuck at sea and cannot discharge at a Caribbean terminal because Venezuela's PDVSA has not yet paid supplier BP Plc, according to vessel tracking data. The cargoes are part of a tender Petroleos de Venezuela, known as PDVSA, awarded in March to BP and China Oil. The deal was to import some 8 million barrels of West Texas Intermediate (WTI) crude so Venezuela could dilute its extra heavy crudes and feed its Caribbean refineries. While three cargoes for this tender were delivered in April, seven other vessels, including BP's four hired ones, are waiting to discharge, leaving up to 3.85 million barrels of WTI in limbo. The company's cash crunch, which also affected its oil imports late last year, have added to a backlog of tankers since March due to malfunctioning loading arms at Jose, Venezuela's main crude port. PDVSA initially offered to pay for the imports with Venezuelan oil, but negotiations for those swaps failed as the proposed loading windows and crude grades did not work for BP. (www.reuters.com)

Saudi Arabia likely to hike Asia crude prices in July on strong Dubai

May 31, 2016. Top oil exporter Saudi Arabia is expected to raise the prices for most crude grades it sells to Asia in July to track a stronger Dubai benchmark, traders said. The July official selling price (OSP) for flagship Arab Light is expected to climb 25 cents to 50 cents a barrel, up for a second month after rising to the highest since September 2014 in June, a survey of five refiners and traders showed. Bigger-than-expected price hikes for June last month took some traders by surprise as they had expected state oil giant Saudi Aramco to keep its prices competitive against other Middle East producers in a battle for market share. The July price hikes come after Saudi Arabia offered more crude to some Asian buyers in June after it completed oilfield maintenances earlier than expected. The producer will also have more Arab Extra Light crude for sale once it ramps up expanded production from its Shaybah field. (www.reuters.com)

Iraq joins Mideast rivals raising oil exports ahead of OPEC meeting

May 30, 2016. Iraq will supply 5 million barrels of extra crude to its partners in June, joining other Middle East producers by lifting market share ahead of an OPEC meeting. Iraq, which is the second-largest producer in the OPEC, had already been targeting record crude export volumes from southern terminals next month of 3.47 million barrels per day. Saudi Arabia, Kuwait, Iran and the United Arab Emirates, also plan to raise supplies in the third quarter. A recovery in global oil prices from 12-year lows to above \$50 a barrel LCOc1 and rivalry between Saudi Arabia and Iran have dampened expectations that OPEC will rein in supplies at meeting. While additional exports could make up for shrinking output and supply disruptions elsewhere, the new supplies also risk delaying a re-balancing of a global market still awash with oil. Iraq's Oil Marketing Company (SOMO) allocated 5 million more barrels of Basra Light crude loading in June to upstream partners including PetroChina, Eni and Lukoil. Foreign companies are paid in oil under technical service contracts (TSCs) signed with SOMO, although payments have been delayed after the oil price drop squeezed Iraq's budget. The additional supplies come from an expansion of the Luhais and Artawi fields in southern Iraq. Iraq wants to increase its oil output by up to a third by 2020. (www.reuters.com)

France and Belgium inaugurate new 8 bcm per year gas transmission pipeline

May 30, 2016. Belgian gas transmission network operator Fluxys and its French counterpart GRTgaz have inaugurated a new gas transmission connection between France and Belgium, between Pitgam (Nord) and Maldegem (Belgium). The project opens the first ever route for shippers to transport gas from France to Belgium, offering the opportunity to transport up to an extra 8 billion cubic meters (bcm) per year and enhancing market integration as well as security of supply and diversification of sources. The interconnection is part of an extensive development programme in Northern France for GRTgaz, that includes the 23 km long Artère des Flandres gas pipeline, the €56 mn Hondschoote metering station on the French-Belgian border and the €30 mn reconfiguration of the Pitgam interconnection station. GRTgaz is working on the gas network around the new Dunkerque LNG import terminal, which was connected to the gas grid in November 2015 and is expected to be commissioned in the summer 2016. In Belgium, the project is supported by the construction of the Alveringem regulating station, a new interconnection station at Maldegem and a 75 km long pipeline worth €100 mn between these two sites. (www.enerdata.net)

Indonesia's Pertamina to buy 600k tonnes of LPG from Iran

May 30, 2016. Indonesia's state oil and gas company PT Pertamina has signed a deal with National Iranian Oil Company (NIOC) to buy 600,000 tonnes of refrigerated liquefied petroleum gas (LPG), Pertamina said. The first two cargoes of LPG are scheduled to be shipped by NIOC in the fourth quarter of this year, followed by 12 more cargoes in 2017, Pertamina said. The deal was signed during the Indonesian energy minister's visit to Tehran. (af.reuters.com)

Mitsui to supply Colombia its first LNG cargo

May 28, 2016. Mitsui & Co. has been chosen to deliver Colombia's first cargo of liquefied natural gas (LNG) later this year as the country prepares to place a floating import terminal into service, according to the terminal's developer. Mitsui will send the cargo to the gas storage complex that Sociedad Portuaria El Cayao SA ESP, owned in part by Colombia gas provider Promigas, is completing off Colombia's northern coast, the developer said. The site is scheduled to start commissioning in late September or early October and is expected to be fully operating by November, the developer said. Colombia is emerging as a potential bright spot for liquefied gas producers who've been battered in the past two years by weakening demand and a ballooning global supply glut. Countries including Australia have boosted exports, and the U.S. has been sending cargoes of shale gas abroad since February. The Hoegh Grace import terminal at Cartagena will be capable of unloading LNG from tankers and turning it back into gas at a rate of 400 million standard cubic feet a day, the developer said. The developer said 12 companies bid to supply the first LNG cargo to the terminal through a process run by Poten & Partners. White & Case served as legal adviser. He declined to identify the companies that submitted offers. (www.bloomberg.com)

Japan's Jera signs flexible LNG supply deal with EDF Trading

May 26, 2016. Japan's Jera Co said it had signed a contract to supply liquefied natural gas (LNG) to EDF Trading in Europe, marking the first deal where it can adjust sales volumes to match its own needs. Jera said it would sell up to 1.5 million tonnes of LNG to terminals in Europe including France and Britain between June 2018 and December 2020 under a deal with the London-based subsidiary of EDF. Jera will surpass Korea Gas Corp as the world's single biggest buyer of LNG with annual purchases of around 40 million tonnes once it fully integrates its parents' existing fuel procurement contracts from July. Jera said the EDF deal would give it more flexibility in an uncertain market and that its first overseas LNG sales would be a stepping stone for its global trading business. The deal is an example of the increased flexibility in the LNG market that Japan, the world's biggest importer of the fuel, has long been calling for after the Fukushima nuclear disaster in 2011 led to the shutdown of reactors and a surge in imports. When its own LNG demand is robust, Jera can lower supply volumes to EDF Trading and keep more of its purchases for its own use, Jera said. Conversely, when its own LNG needs are low, it can supply more to EDF Trading. Jera's parent firms consumed more than 33 million tonnes of LNG for power generation in the year to the end of March, according to trade ministry data. Jera's first LNG supplies to Europe would become possible because of access to cargoes from the U.S. Freeport LNG project in Texas which is set to start commercial operations in 2018. (af.reuters.com)

PETRONAS extends contract to supply LNG to China's JOVO Group

May 26, 2016. Malaysia's national oil company Petroliam Nasional Berhad (PETRONAS) announced it has extended a contract to supply liquefied natural gas (LNG) to China's JOVO Group, the owner and operator of the Dongguan LNG

terminal in Guangdong, South China. The contract extension will ensure a stable and significant increase of LNG supply to the Chinese firm up until at least 2023 as the latter seeks to expand its downstream market to meet end-users demand in China. PETRONAS has successfully delivered LNG into China, usually taking 5 days for transportation, through conventional and partial cargo deliveries into Dongguan and small vessel deliveries into Shanghai Wuhaogao and Hainan Macun. In recent years, PETRONAS has diversified its LNG supply portfolio with the addition of Gladstone LNG and the upcoming Floating LNG projects in offshore Malaysia in Sabah and Sarawak. PETRONAS intends to grow its footprint in China by increasing LNG supply to existing buyers and expanding its customer base. (www.rigzone.com)

Algeria's Sonatrach opens bids on \$1 bn compressor station deal

May 25, 2016. Algeria's state energy company Sonatrach launched a pre-qualification bidding round to choose firms that will build six compressor stations at an estimated total cost of \$1 billion, according to a Sonatrach document. The programme is part of a multi-billion dollar expansion of pipelines, compression and pumping stations to be built in the next four years to help the North African OPEC state pump more gas from new fields in the south. In 2014, Sonatrach short-listed 16 international firms including Bonatti, Techint Group, China Petroleum Pipelines, and Technicas Reunidas. (af.reuters.com)

Policy / Performance.....

Iran plans June oilfield tenders for international companies

May 31, 2016. Iran plans to invite international companies to bid for oilfield development rights in June. The Oil Ministry will solicit bids in a tender round starting June 21 and running for a month. National Iranian Oil Co. is working on a model investment contract for any development agreements. Iran is rebuilding its oil and natural gas industries and restoring sales of crude after international sanctions were lifted in January. The country, which will meet other OPEC members this week in Vienna, is targeting an increase in production and exports to pre-sanctions levels. It refused to join other producers in a push to freeze output at a meeting in Doha in April. Iran's oil exports have doubled since the Organization of Petroleum Exporting Countries (OPEC) last met in December, the Oil Ministry said. Iran needs about \$185 billion in investment to upgrade its oil, gas and petrochemicals industries by 2020, the Oil Ministry said. Iran's crude production rose to 3.38 million barrels a day in May from 3.35 million in April, JBC Energy GmbH said. The nation pumped 3.6 million barrels a day at the end of 2011, before the U.S. and European Union intensified their sanctions, according to data. Iran is currently the third-biggest producer in OPEC, after Saudi Arabia and Iraq. (www.bloomberg.com)

UAE Minister says happy with oil market

May 31, 2016. United Arab Emirates (UAE) Oil Minister Suhail bin Mohammed al-Mazroui said he was happy with the oil market, noting that prices had been correcting higher. Oil ministers from the Organization of the Petroleum Exporting Countries (OPEC) meet in the Austrian capital. Oil prices rose heading for the fourth straight monthly gain, with investors betting on higher U.S. fuel demand as peak driving season arrived in the No. 1 oil consumer. (www.reuters.com)

New diesel quality rules will challenge Mexico's Pemex: Regulator

May 31, 2016. Mexican state oil giant Pemex has until 2018 to meet new fuel quality standards that will affect 40 percent of its diesel production that does not yet comply, the energy regulator said. Guillermo Garcia, President of CRE, said the new rules, which should go into effect soon, will limit the sulfur content allowed in fuel, posing a challenge for Pemex, and tighten controls for everything from refining to sales. Garcia said that Pemex has projects ready to produce ultra low-sulfur gasoline throughout the country. That is not the case for diesel. The Energy Ministry has granted gasoline import permits, but Pemex is still the only producer in Mexico. Its six refineries produced 275,000 bpd of diesel and 381,400 bpd of gasoline per day last year. That is not enough for local consumers, so Mexico imports a growing amount of fuel each year, almost exclusively from the United States. The new quality standard will allow maximum ethanol content in gasoline of 5.8 percent as an oxygenate, a percentage that will likely be kept on hold for a while, Garcia said. (www.reuters.com)

Global glut to temper oil price gains this year

May 31, 2016. Global oversupply in crude oil is likely to limit price gains this year despite a series of unplanned outages and shrinking U.S. shale production, the poll showed. Wildfires in Canada, political unrest in Venezuela and supply disruptions in Nigeria and Libya have wiped out nearly 4 million barrels of daily production. That has soothed some of the concern about oversupply and helped push oil prices close to \$50 a barrel for the first time in seven months. But analysts do not expect annual prices to average much more than that before next year. In the latest monthly poll, the 33 analysts

surveyed forecast a 2016 Brent crude LCOc1 average price of \$43.60 per barrel, up \$1.30 from a forecast of \$42.30 a month earlier. That marked a third consecutive monthly rise in forecasts for Brent prices, which have averaged about \$39 so far this year. But record-high global oil inventories were expected to curb any major gains for some time. Brent futures were expected to average \$56.40 per barrel in 2017 and rise to \$64.30 in 2018, the poll showed. Analysts expressed surprise at the pace at which Iran has increased production and forecast a return to its pre-sanctions level of output by the third quarter of this year at the latest. Most analysts expect supply to match demand next year, but agreed that it could take much longer for the market's overhang of unused inventories to clear. (www.reuters.com)

Thailand to auction petroleum concessions held by Chevron, PTTEP

May 30, 2016. Thailand's military government plans to put up for auction petroleum concessions held by Chevron Corp and PTT Exploration and Production Pcl (PTTEP), Energy Minister Anantaporn Kanjanarat said. Chevron's Thai unit holds concessions to operate the Erawan gas field, while PTTEP operates the Bongkot gas field. The two have combined production of 2.2 billion cubic feet per day, or 76 percent of output in the Gulf of Thailand. The auction for the contracts, due to expire in 2022-2023, is expected to be completed within a year, Anantaporn said. He gave no details of auction timing. If there are no interested bidders, the government will negotiate extensions with the existing holders, Anantaporn said. The two companies are allowed to join the bidding. PTTEP said the company was ready to join the bidding and urged the government to give clear terms of the auction. The military government is struggling to implement a draft energy law approved in late 2015 that will enable it to open a bidding round for new petroleum exploration concessions expected in the second half. (www.reuters.com)

Indonesia offers 15 O&G blocks in first tender for 2016

May 30, 2016. Indonesia's Ministry of Energy and Mineral Resources (MEMR) announced that the government is offering 15 oil and gas blocks, comprising 14 conventional and 1 unconventional, in its first tender for 2016. MEMR said new concepts were introduced in the tender to offer investors greater flexibility, with bidders allowed to propose contract terms and conditions for the blocks subject to the economic viability of the project for the government. MEMR said that the government expects bidders to possess the requisite financial and technical capabilities, with the capacity to execute their work commitments for the blocks in the first three years. The sole unconventional block offered through a regular tender is Batu Ampar in onshore East Kalimantan. Under regular tender, investors can collect bid documents from June 15 to August 19, with clarification forum planned for June 20 to October 19, MEMR said. Bids have to be submitted by October 20. Meanwhile, investors keen on blocks listed under direct proposal can obtain bid documents from June 15 to August 5, while clarification forum has been set for June 20 to August 5 and bid submission will close August 8. (www.rigzone.com)

Vietnam's January-May crude oil exports drop 20.6 percent y/y: Govt

May 27, 2016. Vietnam's crude oil exports during January-May fell 20.6 percent from the same period last year to an estimated 3.06 million tonnes, or 148,000 barrels per day (bpd), the government said. Crude oil export revenues in the five-month period plunged 49.2 percent from a year ago to \$883 million, the government's General Statistics Office said in its monthly report. Oil product imports rose 27.6 percent in the same period to an estimated 5.4 million tonnes, while the value dropped 21.2 percent to \$1.9 billion, it said. Vietnam's liquefied petroleum gas imports during the five-month period advanced 3 percent from a year ago to 473,000 tonnes, it said. Vietnam, Asia's third-largest holder of crude oil reserves after China and India, produces an average 350,000 bpd of crude oil, or around 40 percent of that by Indonesia, the sole OPEC member in Southeast Asia. (af.reuters.com)

Cyprus expects to receive new offshore natural-gas bids in July

May 26, 2016. The Cypriot government will receive bids on July 22 under the latest round of licensing for offshore oil and natural-gas exploration and expects any agreements with companies to be struck by early next year, Energy Minister Georgios Lakkotrypīs said. The timetable concerns the third licensing round in Cyprus's exclusive economic zone and relates to Blocks 6, 8 and 10. The Cypriot energy ministry announced the round in March, driven by Eni SpA's discovery of a big gas field known as Zohr in Egyptian territorial waters just six kilometers from Cyprus's maritime border. Lakkotrypīs said that Cyprus intends to open another licensing round for the parts of Block 12 outside the Aphrodite field that Noble and its partners, which include Israel-based Delek Group Ltd., have returned to the government as the contract stipulates. Because Zohr marked the first time that gas had been found in carbonate rocks in the eastern Mediterranean rather than in porous sands, it offers the hope that searches with the different geological focus will produce more finds in Block 12 as well as discoveries in Blocks 6, 8 and 10. (www.bloomberg.com)

Nigerian Petroleum Minister calls for changes to Delta amnesty

May 26, 2016. Nigeria's amnesty program for armed militants in the country's key oil and gas producing Niger River delta region needs restructuring, Petroleum Minister Emmanuel Kachikwu said. The delta has been rocked by attacks since February that have cut Nigeria's oil output to the lowest in almost three decades. A previous outbreak of violence abated in 2009 after the then government offered an amnesty program including monthly stipends to fighters willing to disarm. President Muhammadu Buhari has reduced those payments as part of an anti-corruption drive, prompting militants, now calling themselves The Niger Delta Avengers, to retaliate. There is an "urgent need" to create business opportunities for residents of the delta region, Kachikwu said, asking that state governors be involved in providing a lasting solution to the unrest. (www.bloomberg.com)

China to raise retail fuel prices by up to \$32 per ton: NDRC

May 25, 2016. China's state planner will raise the retail price of gasoline by 210 yuan (\$32) per ton and diesel by 200 yuan per ton. The increases are the third upwards adjustment since the National Development and Reform Commission (NDRC) introduced a new pricing mechanism in January. Gasoline prices were last increased by 120 yuan per ton on May 11, when diesel prices were also hiked by 115 yuan per ton. The NDRC said that it would not lower domestic fuel prices while oil prices are below \$40 a barrel. (www.reuters.com)

[INTERNATIONAL: POWER]

Generation.....

Salini Impregilo to build 2.2 GW hydroelectric plant in Ethiopia

May 30, 2016. Italian construction major Salini Impregilo has secured a €2.5 bn contract from Ethiopian Electric Power (EEP) to build a 2,200 MW hydroelectric plant in country's southern Koysha area. The dam will be built on the lower bank of the Omo River and it is part of the Ethiopian government's plan to raise power generation capacity to 17,346 MW. The hydroelectric project includes construction of a 170m high rolled compacted concrete (RCC) dam with a reservoir volume is 6000 million cubic metres. It will annually produce 6,460 GWh of power. Salini Impregilo had received a \$575 mn contract from JSC Nenskra Hydro for the construction of 280MW Nenskra hydroelectric project in Georgia. Under the contract, Salini Impregilo was responsible for the engineering, procurement and construction of the hydroelectric power plant in Svaneti region. (hydro.energy-business-review.com)

Incident at nuclear power plant still under investigation

May 30, 2016. Taiwan Power Co (Taipower) said that it is still investigating what damaged a surge protection device at the Guosheng Nuclear Power Plant in New Taipei City's Wanli District. Three surge arresters of the generator at the plant's No. 2 reactor — which is undergoing annual maintenance — burned down for unknown reasons on May 16, an incident that was publicized by New Power Party Executive Chairman Huang Kuo-chang. Local residents had reported a fire at the plant, and the Atomic Energy Council told New Power Party Executive Chairman Huang Kuo-chang the incident was only a "tripping event," but failed to explain what caused the event. (www.taipeitimes.com)

New milestone completed at Ostrovets-2 nuclear project

May 30, 2016. Rosatom's subsidiary Atomenergomash Technology has completed assembly of the reactor vessel for the second unit of the Ostrovets nuclear power project in Belarus. The Ostrovets nuclear power plant will consist of two 1,109 MW pressurized water reactors that are already in construction in Ostrovets. The first reactor is expected to be commissioned in November 2018 and the second one in July 2020. (www.enerdata.net)

Iberdrola aims to nearly double power generation in Mexico by 2020

May 27, 2016. Spanish utility Iberdrola plans to nearly double its electricity generation capacity in Mexico to almost 10,000 MW by 2020, taking advantage of its new plants and the country's energy overhaul, the company said. Iberdrola Mexico, which generates 15 to 20 percent of all Mexico's electricity, is making about \$5 billion in investments in the country through the end of the decade, about half of which will go to new projects. (af.reuters.com)

Indonesia says coal output will fall next year as smaller miners struggle

May 30, 2016. Indonesia expects its coal production to edge down in 2017, as smaller miners cut output due to a plunge in prices for the commodity. Reduced output from the Southeast Asian nation could provide some support to prices that hit their lowest in 10 years earlier in 2016 due to slowing demand, new supply from South America and depressed oil prices. Indonesia will churn out 419 million tonnes of coal this year and 409 million tonnes in 2017, Bambang Gatot, director-general of coal and minerals, said. That compares with "above 400 million" in 2015, Gatot said. Government said that Indonesia produced 392 million tonnes of coal last year. Meanwhile, Fabio Gabrieli, a trade analyst at Mercuria Energy Trading, said Indonesia's coal exports could drop by 22 million tonnes this year, hit by waning appetite in key market India. That country is looking to buy higher quality coal more cheaply from sources such as Australia, South Africa and Colombia. According to data presented by Gabrieli, Indonesia shipped 350 million tonnes of thermal coal in 2015, a significant portion of the total 880 million tonnes of seaborne thermal coal traded last year. Global thermal coal trade is expected to drop by a further 30 million tonnes in 2016, Gabrieli said. That would follow a 45-million tonne fall in 2015. (www.reuters.com)

Ukraine to build power transmission line to Europe

May 26, 2016. Ukraine's Minister of Energy and Coal Mining Ihor Nasalyk outlined the country's priority to beef up the electricity export from Ukraine and proposed to complete two units of the Khmelnytskyi Nuclear Power Plant. He supported the idea of constructing a centralized nuclear fuel storage with American company Holtec as a condition of energy security of Ukraine and strengthening the independence from Russia. (uatoday.tv)

Policy / Performance.....

Japan to cut emphasis on nuclear in next energy plan

May 26, 2016. Japan will cut reliance on nuclear power when it releases an updated energy plan as early as next year, reflecting public opposition and a recognition that current policy is unrealistic. The move is expected to boost the country's use of renewable energy, but will also likely cement its drive towards cheaper coal-fired generation following the 2011 Fukushima nuclear crisis and the shutdown of reactors. Public resistance to nuclear has remained strong in Japan, and a target by the pro-nuclear industry ministry for nuclear to provide about a fifth of the country's electricity provoked widespread criticism when it was finalized in 2015. At the same time, only two of the country's 42 reactors are currently operating following safety shutdowns, and the industry faces a raft of constraints including aging units and legal challenges. A target of 10-15 percent for nuclear by 2030 has been mooted down from 20-22 percent under current policy. (www.reuters.com)

Tanzania plans to invest \$1.9 bn in year in energy projects by 2025

May 25, 2016. Tanzania plans to invest \$1.9 billion each year by 2025 in energy projects in a bid to end power shortages and boost industrial growth in East Africa's second-biggest economy, Prime Minister Kassim Majaliwa said. Tanzania aims to boost power generation capacity to 10,000 MW from around 1,500 MW at present, using natural gas and coal and reducing its dependence on hydro power sources. Majaliwa said the government wants to see more private capital investment in the energy sector. Investors have long complained that lack of reliable power was one of the obstacles of doing business in Tanzania. (www.reuters.com)

China to replace direct coal combustion with electricity in new plan

May 25, 2016. China will reduce the amount of coal burned directly in industrial furnaces and residential heating systems in order to tackle a major source of smog, the country's energy regulator said. The National Energy Administration (NEA) said in a joint announcement with other government bodies that around 700 million to 800 million tonnes of coal is burned directly in China every year, much of it in the countryside, where access to electricity is limited. Directly burned coal amounts to about 20 percent of China's total coal consumption volume, much higher than the 5 percent rate in Europe and the United States. China will aim to replace direct burning with electricity, including renewable power as well as ultra-low emission coal-fired generators, the NEA said. China currently relies on coal for around 64 percent of its total primary energy needs and for three-quarters of its total power generation. During the 2016-2020 period, China plans to raise electricity's share of the country's overall energy mix to 27 percent, up about 1.5 percentage points from now and raising total power consumption by around 450 billion kilowatt-hours a year, the NEA said. Experts have estimated that China will need an additional 600 GW of coal-fired power capacity over the 2015-2030 period in order to replace direct coal combustion. (www.reuters.com)

[RENEWABLE ENERGY / CLIMATE CHANGE TRENDS]

National.....

New wind power capacity may decline to 2.5 GW in FY17: ICRA

May 31, 2016. New capacity addition by the wind power sector may decline to 2,500 MW in current fiscal against that of 3,415 MW in last fiscal due to challenges faced by the segment in the two states of Madhya Pradesh (MP) and Maharashtra, rating agency ICRA said. It said that the long-term outlook for the wind sector remains strong given the favourable government support and large untapped wind power potential. Wind energy sector is facing headwinds in the near term arising out of the substantial reduction in preferential tariff for new wind energy projects to be commissioned in Madhya Pradesh, the agency said. In Maharashtra, the sector is facing challenges of slowdown in signing of fresh power purchase agreements (PPAs) and reported delays in payments by state-owned utility. In FY2016, the wind power sector witnessed a record capacity addition of 3415 MW, an increase of 48 percent over the capacity addition of 2,308 MW achieved during FY2015. A major portion of this capacity addition was accounted for by new projects in MP, given the attractive tariff (i.e. at ₹ 5.92 per unit) being offered in the state in the period leading up to March 31, 2016. (energy.economictimes.indiatimes.com)

Metro Rail projects need environmental clearance: NGT

May 31, 2016. The National Green Tribunal (NGT) held that all Metro Rail projects need environmental clearance after conducting proper Environment Impact Assessment. NGT said Noida Metro Rail, whose construction was challenged in the plea before it, fell under Schedule 8(b) of Environment Impact Assessment Notification, 2006, relating to buildings, construction and development projects which are mandated to get prior environmental clearance. The green panel directed upcoming Noida-Greater Noida metro project to obtain environmental clearance from State Level Environment Impact Assessment Authority (SEIAA). The order was passed on the plea filed by environmentalist Vikrant Tongad seeking directions to Noida Metro Rail Corporation (NMRC) to obtain environmental clearance for its project from Noida to Greater Noida after conducting proper Environment Impact Assessment of the project. (indiatoday.intoday.in)

SoftBank's investments in India may surpass \$10 bn

May 31, 2016. Japanese telecom and Internet giant SoftBank has already made a number of investments in different startups in India, and has said that its investments in the country will top \$10 billion in 5-10 years. SoftBank is said to have planned its first \$350 million investment in a solar project in India, its Chief Executive Officer (CEO) Masayoshi Son said. (economictimes.indiatimes.com)

NLC to set up 20 MW solar project in Andaman & Nicobar

May 30, 2016. Neyveli Lignite Corp (NLC), a Navratna Public Sector Enterprise, will set up a 20 MW solar project in Andaman and Nicobar Islands. The Ministry of New and Renewable Energy (MNRE) has picked NLC to establish solar-based power plants in Andaman with a view to phase out the usage of the diesel generator sets. MNRE has proposed to install solar power plants of about 50 MW at Attam Pahar, South Andaman and at Kishorie Nagar, North Andaman. These projects will be established by NLC under an MNRE scheme, wherein the latter provides 40% of the capital cost as subsidy. As a part of the actions initiated jointly by NLC and Andaman & Nicobar Administration, the requisite land has been identified in Attam Pahar, Garacharma and the site preparation activities are under way for installing 20 MW solar power project. (www.business-standard.com)

UPPCB directs coal-based plants to shift to CNG

May 30, 2016. Uttar Pradesh Pollution Control Board (UPPCB) has asked 281 coal-based and solid-based industries in Ghaziabad and 36 more in Hapur to switch to CNG or PNG within three months. The industries have been issued notices for the same on the basis of a directive issued by the Central Pollution Control Board (CPCB). In December, the CPCB, while exercising powers under Section (18)(B) of the Air (Prevention And Control Of Pollution) Act 1981, had directed the UP Pollution Control Board to ensure that all coal-based and solid-based industries switch over to CNG/PNG energy sources to check deteriorating air quality in NCR. In Ghaziabad, there are already 172 industries which run on CNG and use nearly 62,000 standard cubic metre per day. The move has been welcomed by environmentalists. (energy.economictimes.indiatimes.com)

Govt offers online facility for installing solar rooftops

May 30, 2016. Government has put in place a centralised facility which will enable consumers to apply online for installation of solar rooftops on their premises. Given lack of clarity on how to go about installation of solar rooftops, many consumers have shown little interest. The link is available on the website of the Ministry of New and Renewable Energy (MNRE). Anyone interested can use http://solarrooftop.gov.in/interest_form.html for the purpose. The government has set an ambitious target of having 100 GW of solar power generation capacity by 2022, including 40 GW from solar rooftops. India has a potential to install 124 GW of solar rooftop projects. The Centre has already approved ₹ 5,000 crore subsidy for solar rooftops from the Clean Energy Fund over the next five years. These projects size can vary between 25 KW and 500 KW. (indiatoday.intoday.in)

India engaging with US on visa, solar issues: Commerce Secretary

May 30, 2016. India is holding consultations with the United States (US) to resolve the issues relating to visa fee and the solar power case at the World Trade Organisation (WTO), Commerce Secretary Rita Teotia said. India would take up the matter further appropriately if the issues do not get resolved at the consultation level, she said, but did not elaborate further. India had earlier said that it would file 16 cases against the US for violating WTO treaties as certain programmes of the western country in the renewable energy sector are "inconsistent" with global norms. It has also stated that the country would appeal against WTO's panel ruling that the country's power purchase agreements with solar firms are inconsistent with the international norms. Ruling against India, WTO had said the government's power purchase agreements with solar firms were inconsistent with international norms. The US had dragged India to the WTO on this issue in 2014, alleging that the clause relating to domestic content requirement in the country's solar power mission was discriminatory in nature and "nullified" benefits accruing to the American solar power developers. (economictimes.indiatimes.com)

Govt to unveil policy for solar zones in June

May 29, 2016. To encourage solar power generators and equipment manufacturers, the new and renewable energy ministry will unveil a policy on solar zones that would be spread over one or more districts of a state. Under the policy, the developer will be provided with inputs like land availability and power evacuation locations for planning his project, the Ministry of New and Renewable Energy (MNRE) joint secretary Tarun Kapoor said. Unlike solar parks, the developer would have to acquire land for the project and the ministry in collaboration with the states will provide input about availability of land. The developer will be free to arrange land for the projects as he would have option of either buying or getting land on lease for the purpose. Government would develop transmission network in each solar zone for evacuation of power at different points to facilitate the developers, Kapoor said. He said that each solar zone would have a central office, which will be set up with the support of state governments to guide the developers. Government plans to add 10,500 MW of solar power generation capacity during the current fiscal. Besides it wants to encourage solar equipment manufacturing capacity in the country. At present the solar module manufacturing capacity is 5 GW every year. Similarly the solar cell manufacturing capacity is about 2 GW. India plans to have 175 GW renewable power capacity by 2022, including 100 GW of solar and 60 GW of wind. (timesofindia.indiatimes.com)

Solar initiative of Bengaluru Metro gets praise

May 28, 2016. Prof. Krishna Gowda, honorary director of the School of Planning and Architecture, University of Mysore, said the rooftops of tall buildings are propitious for solar power generation and should be used to achieve self-sufficiency in electricity provisioning. This will reduce dependence on thermo, nuclear and hydroelectricity, he said. Speaking at a workshop on 'Green Buildings' he welcomed the decision to harness solar energy from the rooftops of metro stations in Bengaluru. He said more and more buildings are sure to come up in small and big towns as well as cities and these buildings would, in due course, contribute to decentralised production of electricity. (www.thehindu.com)

Clean energy to be discussed during PM visit to US next month

May 27, 2016. Clean energy will be discussed at length during the visit of Prime Minister (PM) Narendra Modi to the US next month apart from talks on strategic affairs and trade. Earlier, trade and strategic affairs used to dominate the Indo-US discussion, but this time clean energy will be in focus and discussed, US Ambassador Richard R Verma said. He said the government does not have all the answers and cannot solve all the problems. PACEsetter Fund awards are given to projects

focused on improving the commercial viability of off-grid renewable energy businesses and organisations. Verma announced the launch of second round of the PACEsetter Fund. (timesofindia.indiatimes.com)

4k households in Jharkhand to get power via solar energy: CM

May 27, 2016. Four thousand households in Jharkhand will get electricity through solar energy this fiscal, Chief Minister (CM) Raghubar Das said. To make the villages prosperous and self-sufficient, every household would be electrified by 2019, Das said while inaugurating 132/33 KV grid sub-station at Tamad. (www.thehindu.com)

Cooking with kerosene, dried dung ups cataract risk in women by 50 percent

May 26, 2016. Women in India who cook using fuels such as wood, crop residues, kerosene and dried dung are nearly 50% more likely to have cataracts than those who use clean fuels such as gas, new research warns. The study, believed to be the largest such, was conducted by the All India Institute for Medical Sciences (AIIMS), Aravind Eye Hospitals and London School of Hygiene & Tropical Medicine. The population-based study involved nearly 6,000 people aged 60 and over from randomly chosen rural villages and small towns in India. Participants were interviewed at home on their use of cooking fuel over their adult life, and on a range of socioeconomic and lifestyle factors. After taking into account other risk factors including indicators of poor nutrition, sun exposure, smoking and chewing tobacco, the researchers found that women who cooked with biomass fuels were 46% more likely to have nuclear cataracts compared to those who used gas. Furthermore, the researchers found that cataracts were more likely with increasing length of time the women had used biomass fuels - from 50% more likely for 20 years use rising to 90% after 30 years. Biomass cooking fuels are particularly common in India, especially in poorer communities, as they are generally cheap and easily accessible. Recent estimates suggest that 83% of rural households and 19% of urban households in India use them. However, they are typically burnt in open stoves exposing households to high levels of health damaging pollutants including small respirable particulates. (www.business-standard.com)

'India's installed solar capacity reached 6 GW in 6 yrs'

May 26, 2016. India is on track to become one of the largest installers of solar power globally as its installed solar capacity has reached 6,000 MW from 10 MW in less than six years, according to a solar power manufacturer. Kolkata-headquartered Vikram Solar believes the government's ambitious International Solar Alliance (ISA) reflects India's strong commitment towards the sector. The company has presence in more than 32 countries. It claims to be India's only Tier 1 Photovoltaic module manufacturer as per a Bloomberg quality ranking with a track record of 120 MW installed solar project capacity in India. India launched ISA at the Paris Climate Conference in December last year, inviting all countries located fully or partly between the tropics of Cancer and Capricorn to join for accelerating solar energy. (www.businesstoday.in)

Cabinet clears India, Japan pact on thermal power

May 25, 2016. The Cabinet gave ex-post facto approval to a pact between India and Japan for promoting sustainable and low-carbon thermal power development. The Union Cabinet chaired by Prime Minister Narendra Modi granted ex-post facto approval to the Memorandum of Understanding (MoU) between India and Japan for promoting sustainable, stable and low-carbon thermal power development in India. It also provides for consideration of justifiability and feasibility of individual cases of power development based on thermal power generation technologies in terms of funding from the existing financial instruments and/or other available bilateral financial schemes. Both nations will consider the possibilities for acquisition of carbon credits with bilateral/multilateral offset schemes that are anticipated to be materialised in the future upon consideration of financial side of individual cases of power development. (www.businesstoday.in)

Global.....

Germany ends row with states over green energy roll-out

May 31, 2016. Chancellor Angela Merkel hammered out the framework for a deal with state premiers on reforms to Germany's renewable energy law aimed at curbing the costs and controlling the speed of the future roll-out of green power sources. The government agreed to limit the expansion of onshore wind at 2.8 GW in capacity per year, equivalent to about 1,000 wind turbines. The latest reforms are aimed at slowing the growth in renewables, which accounted for around a third of Germany's electricity last year. With the government sticking to its target for an increase in the share of renewable sources to 40 to 45 percent of total electricity production by 2025, it will have to put the brakes on growth to avoid overshooting. One of the biggest sticking points in the talks were plans to limit the amount of onshore wind, with

critics saying that would endanger Germany's long-term energy goals and put jobs in the sector at risk. The government wants to move away from guaranteed set payments to a competitive auction system where green energy producers only receive payments for their power if they win a tender. According to the proposals, an upper limit of 600 MW will be placed on solar power expansion. Installations that are smaller than 750 KW of capacity will continue to receive support so as not to discourage rooftop solar panels. The government and states failed to agree on upper limits for biomass, which is important in the southern state of Bavaria, while questions remain over the future expansion of offshore wind plants. The government hopes to approve the proposals in the Cabinet. The draft law is due to come into force at the start of 2017. (www.reuters.com)

More carbon-market cuts eyed as EU parliament starts debate

May 31, 2016. The European Parliament will consider enabling faster carbon reductions in Europe's emissions market after an assessment in 2023, the strongest signal to date that a global climate deal may prompt tougher caps on companies. Ian Duncan, the European Union (EU) assembly's lead lawmaker on a reform of the world's biggest cap-and-trade program, made the proposal in a draft report that kicks off legislative work on the post-2020 overhaul. The law, proposed to adjust the Emissions Trading System to EU climate goals for 2030, needs majority backing from the Parliament and weighted majority support from national governments to take effect. The EU, which wants to lead the global fight against climate change, submitted its 2030 goal to cut carbon by at least 40 percent from 1990 levels under a United Nations deal reached by more than 190 nations in December in Paris. The countries agreed to meet in 2023 to assess how to step up ambitions toward capping global temperature increases since pre-industrial times to 2 degrees Celsius (3.6 degrees Fahrenheit). Prices in the EU carbon market, which imposes decreasing pollution caps on more than 11,000 facilities owned by utilities and manufacturers, have fallen more than 70 percent in the past eight years as an economic crisis aggravated a surplus of emission permits. Amid sluggish economic growth in Europe, splits exist among EU governments and the bloc's Parliament members over further tightening of the program after policy makers last year agreed a supply fix that will take effect in 2019. To help strengthen the market, Duncan proposed an option to increase after 2023 the annual pace of carbon reductions in the ETS from the 2.2 percent agreed by EU leaders in 2014. Such a change would need a political nod from those same leaders and a separate legislative proposal by the European Commission, the EU regulatory arm. (www.bloomberg.com)

UK GIB and Equitix to fund biomass plant in Wrexham

May 30, 2016. UK Green Investment Bank (GIB) and Equitix have agreed to provide £25 mn funding for the construction of a biomass plant in Wrexham Industrial Estate, north Wales. The plant is being developed by Liverpool-based Green Plan Energy and will generate 5.4 MW of green energy. Expected to be completed in March 2017, the plant will be the second one to be developed by Green Plan Energy, which will generate about 34 GWh of energy per year, enough to meet the power needs of 2,400 homes. (biofuelsandbiomass.energy-business-review.com)

World's biggest mall solar power plant rises in Pampanga

May 30, 2016. The World's largest solar power plant installed on the rooftop of a shopping mall has been switched on by Gokongwei-led property developer Robinsons Land Corp. in its sprawling shopping hub in San Fernando, Pampanga. The 2.88 MW solar plant atop Robinsons Starmills was inaugurated, breaking existing records on such a renewable energy generator installed for a shopping mall's own consumption. The facility is seen to cut carbon dioxide emission by 2.25 million kilograms – comparable to the planting of 100,000 trees or removing 5.5 million miles worth of vehicular carbon emissions. Robinsons Starmills thus set a new global milestone for having the biggest solar plant on its rooftop, beating SM City North which earlier held the record with its 1.5 MW installation which was inaugurated in 2014. (business.inquirer.net)

Vietnam unveils details of renewable energy Strategy to 2030

May 30, 2016. The government of Vietnam has unveiled details of its Renewable Energy Development Strategy (REDS) to 2030, aiming at reducing the country's dependence on fossil fuels by promoting renewable energy sources and energy efficiency. Vietnam targets a strong reduction in coal and oil imports to cut greenhouse gas emissions by 5% by 2020, 25% by 2030 and 45% by 2050. Vietnam will create a Sustainable Renewable Energy Fund, financed by the state budget and environmental fees for fossil fuels. Renewable energy projects connected to the national grid will benefit from investment guarantees and isolated power renewable energy projects will benefit from subsidies from this Sustainable Renewable Energy Fund. (www.enerdata.net)

German reserve for dirty coal plants seen hurting carbon demand

May 27, 2016. Germany's plan to place lignite-burning power plants into a reserve from later this year may cut demand in Europe's carbon market, Franzjosef Schafhausen, a former director-general for climate policy, European and international policy at the nation's environment ministry, said. The € 1.6 billion (\$1.8 billion) coal reserve may reduce demand for carbon allowances because it would lower total emissions and trim the need for utilities buying permits in advance, Schafhausen said. The plan for assets owned by utilities including RWE AG and Vattenfall AB was approved by the European Commission, 11 months after it was first proposed. The German government is pressing for additional cuts beyond those provided by the carbon market in a bid to reduce emissions by 40 percent by the end of the decade from 1990 levels. Levels were 27 percent lower by the end of last year. The preferred solution for emission cuts is a higher EU carbon price, which is unlikely even after the region agreed to install by 2019 a reserve for permits to deal with a glut equivalent of a full year of supply, Schafhausen said. (www.bloomberg.com)

Brigg Renewable Energy Plant in UK opens

May 27, 2016. BWSC North Lincs, a joint venture between PensionDanmark, Burmeister & Wain Scandinavian Contractor and Copenhagen Infrastructure Partners (CIP) has opened 40 MW Brigg Renewable Energy Plant in the UK. The straw powered biomass plant located near the town of Brigg, North Lincolnshire will generate 40 MW of electricity every hour which will be sufficient to meet the energy needs of 75,000 homes. The £162 mn plant is based on the biomass energy technology supplied by BWSC under a turnkey engineering, procurement, and construction contract while boiler of the plant has been supplied by the Danish high-tech company BWE. Brigg Renewable Energy Plant will help in cutting down over 250,000 tons of CO₂ every year. The plant is located on a 13-acre site which was previously a sugar plant. After completion, BWSC will operate and maintain the plant for 15 years, under a long-term Operation and Maintenance (O&M) contract. (biofuelsandbiomass.energy-business-review.com/news)

California sells 11 percent of carbon permits offered at May auction

May 25, 2016. California sold just 11 percent of the carbon emission permits it offered at auction. California and trading partner Quebec hold the quarterly auctions as part of their cap-and-trade program, which puts a price on carbon by requiring large emitters like manufacturers and oil refineries to either cut their output or obtain a steadily declining number of emissions permits. California carbon allowances have been trading about 30 cents below the auction price floor of \$12.73 per tonne in the secondary market for weeks, pressured by concerns about a lawsuit against the program and questions about its political support. Some market sources had expected the state to sell at least half of its offering, and were surprised that it sold just 7.3 million of the 67.7 million permits covering 2016 emissions and 9 percent of the permits offered to cover 2019 emissions. Since California only managed to only sell permits consigned to it by utility companies at the May auction, it will be required to hold back about 36 million state-owned permits until it conducts two consecutive sell-out auctions. (www.reuters.com)

Dear Reader,

You may have received complimentary copies of the ORF Energy News Monitor. Our objective in bringing out the newsletter is to provide a platform for focused debate on India's energy future. You could be a partner in this effort by becoming a subscriber. You could also contribute recommendations for India's energy future in the form of brief insightful articles.

We look forward to receiving your patronage and support.

ORF Centre for Resources Management

ABOUT ENERGY NEWS MONITOR

This is a weekly publication of the ORF Centre for Resources Management that covers analysis articles as well as national and international news on energy categorised in a more useful manner. The year 2015 is the 12th continuous year of publication of the Newsletter.

*ORF objective
in bringing out the newsletter is to
provide a platform for focused debate on
India's energy future*

Subscription rate (for soft copy): ₹ 1000 per annum

To subscribe please visit [here](#) OR

SMS <ENERGY> <Your Name> <Organisation> <Mobile No.> <Email Id> to 9871417327

Registered with the Registrar of News Paper for India under No. DELENG / 2004 / 13485

Published on behalf of Observer Research Foundation, 20 Rouse Avenue, New Delhi-110 002.

Disclaimer: Information in this newsletter is for educational purposes only and has been compiled, adapted and edited from reliable sources. ORF does not accept any liability for errors therein. News material belongs to respective owners and is provided here for wider dissemination only. Sources will be provided on request.

Publisher: Baljit Kapoor

Contact: Vinod Kumar Tomar

ORF Centre for Resources Management,

20 Rouse Avenue, New Delhi - 110 002,

Phone +91.11.4352 0020, Extn 2120,

Fax: +91.11.4352 0003,

E-mail: vinodtomar@orfonline.org

Editorial Adviser: Lydia Powell

Editor: Akhilesh Sati

Content Development:

Ashish Gupta,

Dinesh Kumar Madhrey

About Observer Research Foundation

Observer Research Foundation was established on September 5, 1990 as non-profit public policy think-tank. It provides informed and viable inputs for the policy and decision-makers in the government and to the political and business leadership of the country by providing informed and productive inputs, in-depth research and stimulating discussions.

ORF Mission: Building partnerships for a Global India

ORF Objectives:

- *Aid and impact formulation of policies and evolve policy alternatives.*
- *Create a climate conducive to effective implementation of these policies.*
- *Strengthen India's democratic institutions to enable coherent, reasoned and consistent policy-making.*
- *Provide reasoned and consensual inputs representing a broad section of opinion to improve governance, accelerate economic development, and ensure a better quality of life for all Indians.*
- *Monitor strategic environment*
- *Work towards achieving international peace, harmony, and co-operation.*
- *Give direction to India's long-range foreign policy objectives.*