ENERGY NEWS MONITOR

Energy News

[GOOD]

The women centric LPG scheme will move them away from the fireplace; hopefully it will also move them away from the kitchen and into the job market!

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[BAD]

India has built an economy based on inefficiency of the muscle over machine; as long as this continues coal unions' opposition to efficiency drives cannot be challenged!

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

[*NATIONAL: POWER*]..........................

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

[*INTERNATIONAL: POWER*]..........................

[UGLY]

India's number centric electrification drive serves instrumental needs of politics not intrinsic needs of people!

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ANALYSIS / ISSUES | ***DATA INSIGHT***

Volume XII
Issue 47

6 May 2016

[APRIL 2016: SAUDI ARABIA DECIDES TO GO INTO REHAB]

"The world waited for Saudi Arabia and Iran to make statements on whether or not they will cut oil production to boost prices. Eventually Saudi Arabia declared that it will cut production only if Iran agrees to do likewise and Iran said that it will freeze production only after production reaches pre-sanction levels…"

[*RENEWABLE ENERGY / CLIMATE CHANGE TRENDS*]

OBSERVER RESEARCH FOUNDATION

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[NATIONAL: POWER]

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- Jayalalithaa is making 'false claims' on power generation in Tamil Nadu: Ramadoss
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- Coal India's supply to power utilities dips 6.8 percent in April

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- Cabinet may take up flexible domestic coal use policy
- Parliamentary panel picks holes in govt's electrification drive
- Delhi Court orders framing charges in coal block case against Jindal
- No Indian thermal power plant facing coal shortage: Goyal
- Govt to set up n-plants in Uttarakhand, north India
- Uttarkhand to be first state to buy short-term power through e-auction
- Short-term power to be cheaper by 13 percent under reverse e-auction: ICRA

[INTERNATIONAL: OIL & GAS]

Upstream.......................

- Devon Energy raises 2016 oil output forecast
- Venezuela 2016 oil output seen down at 2.3 mn bpd
- Russian April oil output edges down to 10.8 mn bpd
- Samsung Heavy loses $4.6 bn Royal Dutch Shell order on oil
- Libya outlines ambitious plans to restore oil output
- Husky expects Madura BD field off Indonesia to commence production in 2017
- Mubadala completes drilling 2 development wells in Thailand's Manora field

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- China's first private-led mega-refinery planned off east coast
- Bechtel's ThruPlus technology selected for $1.5 bn refinery upgrade project in Egypt
- Lyondell Houston refinery expects to boost production

Transportation / Trade…………

- Abu Dhabi said to delay Fujairah LNG-import plant construction
- Iran and South Korea sign gas agreements
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- US net gas imports reached record low in 2015
- Noble Energy to sell some O&G assets in Colorado
- Japan aiming to set up LNG trading hub by early 2020s
- TransCanada says delays to Energy East has cost Canada billions
- Arbitration court fines YPF $500 mn in gas export case

Policy / Performance………………

- Cambodia decision on first oilfield development by year end
- Low oil prices offer chance to spur G7 energy transition: Canada
- Angola reshapes its oil sector organisation
- South Korea cuts retail gas prices by 5.6 percent
- European Commission takes Poland to court of justice for shale gas law
- IEA chief says oil price bottoming depends on global growth
- Husky clashes with Cnooc as China gas policy ripples globally

[INTERNATIONAL: POWER]

Generation…………………

- ETA-Zuma plans to build a 300 MW coal-fired power plant in Nigeria
- Two Iraqi power plant project receive $375 mn loan
- Vietnam to augment power generation
- Southern sees $6.7 bn Kemper plant using coal this summer
- German nuclear plant infected with computer viruses

Transmission / Distribution / Trade……

- Ivory Coast opens power distribution sector to competition
- China-funded power transmission lines inaugurated in southern Cambodia

Policy / Performance………………

- Brazil energy regulator awards 529 MW of projects at A-5 auction
- German utilities will pay €23.3 bn for nuclear exit
- French plans for a nuclear plant begin to look like a bad deal for Britain

[RENEWABLE ENERGY / CLIMATE CHANGE TRENDS]

NATIONAL…………

- Suzlon commissioned 900 MW wind energy projects in FY16
- Tata Power set to buy Welspun’s wind, solar assets valued at $1.4 bn
- On track to add 10.5 GW solar power: Goyal
- BEL’s canteen waste returns as cooking gas
- Tata Power commissions 44 MW Lahori wind farm project
- Indian Railways to harness 1 GW solar power by 2020
- NTPC invites bids from consultants for 100 MW wind project

GLOBAL………………

- Slovakia leads European increase in emissions from energy use
- QSP fails to achieve power generation objectives
- ARENA supports development of $800 mn bio-energy project
- EU carbon drops most in two months as ruling sparks uncertainty
- Stanford University rejects demand to divest from fossil fuels
- Half of US conservatives say climate change is real
- UK must seek 57 percent carbon dioxide cut by 2030

COMMENTS……………..

International monthly energy briefing

April 2016: Saudi Arabia decides to go into Rehab

Lydia Powell, Akhilesh Sati and Ashish Gupta, Observer Research Foundation

Conventional Fuels

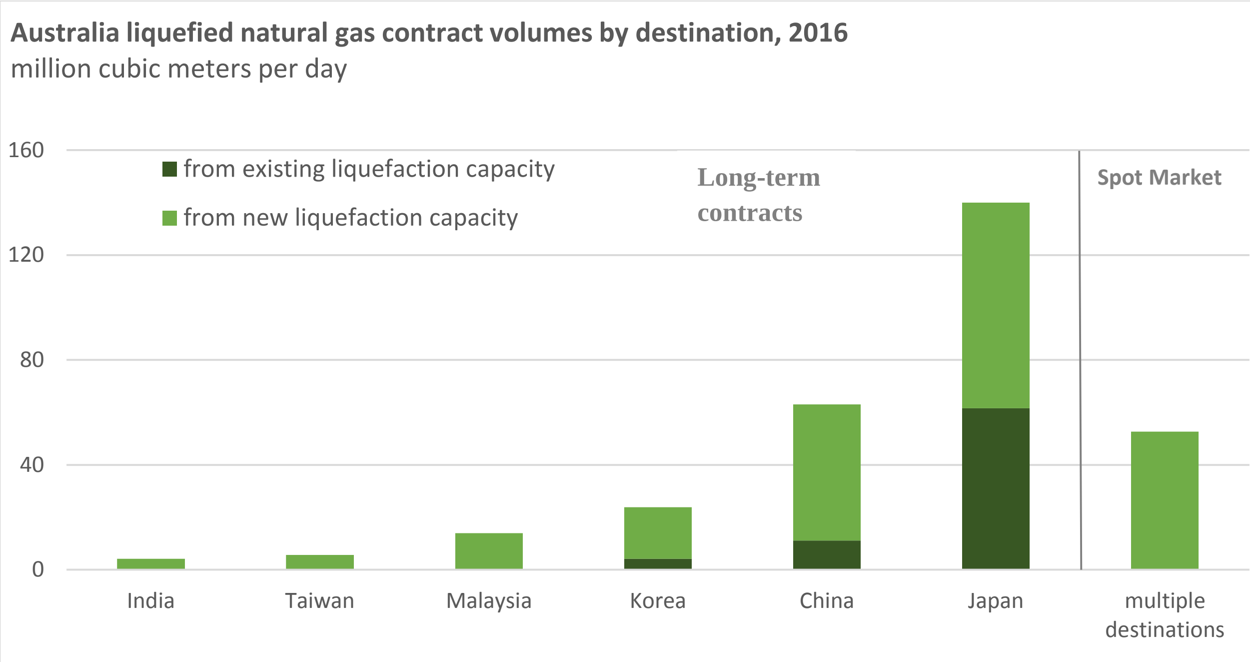
Oil & Gas

The announcement by Prince bin Salman of Saudi Arabia that Saudi Arabia will be going into rehabilitation for oil addiction in preparation for a post oil economy took everyone by surprise. The Prince said that Saudi Arabia hopes to set up a sovereign wealth fund that has $2 trillion in assets to help the country make the transition. An IPO of a small fraction of Saudi Aramco is expected to provide some funds as early as 2017. Saudi Arabia wants to wean itself away from oil by reducing subsidies to oil and imposing value added tax among other things. But the oil market did not show any panic from this renunciation from its chief beneficiary. Oil prices stayed at around $40/bbl in before and after the announcement. The world waited for Saudi Arabia and Iran to make statements on whether or not they will cut oil production to boost prices. Eventually Saudi Arabia declared that it will cut production only if Iran agrees to do likewise and Iran said that it will freeze production only after production reaches pre-sanction levels.

Meanwhile in the US the department of justice halted the merger of the world's second and third largest oil services companies Halliburton and Baker Hughes when it filed a lawsuit on antitrust grounds. Both companies said that they will fight it out in court. BP must have heaved its sigh of relief when the final settlement of $20 billion between BP and five states of the Gulf of Mexico was approved by a federal judge in the United States. BP's shareholders rejected the proposal to increase the pay package of the CEO by 20%. The move is understandable given the company had registered a record loss of $5.2 billion (in 2015). The decision is non-binding. Norway's hopes of drilling in the Arctic suffered a blow when Shell withdrew its application in the latest licensing round. Libya is reported to be poised to export oil for the first time through the newly set up state owned oil company.

OPEC, IEA and EIA released monthly reports with relatively optimistic predictions for oil prices. IEA in particular said that oil surplus will shrink from 1.5 million bpd to 0.2 million bpd by the end of 2016. An IMF report released in April found that major Middle Eastern oil exporting countries lost $360 billion in oil revenue in 2015 on account of low prices. The figure is expected to increase to $500 billion in 2016. While there is definitely a sense of bullishness rising in the oil sector captured by prices that stayed in the region of $40/bbl in April, the rising number of oil tankers holding crude at sea seem to be signalling that the glut is yet to clear up. As per some reports 7 million barrels of North Sea crude and 10 million barrels of Nigerian crude have been spotted. Europe's seven oil major oil companies have posted a 22 % drop in profit which is not good news even for anti-fossil fuel activists.

On the natural gas side surplus supplies entering the market has continued to exert downward pressure on prices. The $54 billion Gorgon LNG export terminal in Australia was shut down temporarily due to technical problems less than a month after its first shipment. Australia's current LNG export capacity stands at about 168 million cubic meters per day (mcm/d) and it is expected to increase to over 322 mcm/d by 2019.



Source: IEA.

Chinese loans for Russia's Yamal LNG was reported to be unlikely. Those who were predicting a Russia-China energy nexus will probably be disappointed. Though Chinese shale gas output lags target its shale gas reserves supposedly jumped fivefold. We can now look forward to reading stories on how China is going to take over the shale gas sector. Investors in the infamous TAPI gas are reportedly spending $200 million on studies. Consultancies will be laughing all the way to the bank.

Coal & Power

April began with Tesla's flamboyant CEO Elon Musk rolling out a mass market electric car. Millions were reported to have queued up at dealerships in the USA to secure a booking. Chevrolet's Volt a luxury version of the electric car is also slated for release soon. Whether or not the rise of the electric car will end the rein of oil in transportation is not clear. The electricity for the electric car is likely to come largely from coal and natural gas which may not be what the anti-fossil fuel lobby ordered from the car industry. Tesla cars are reported to have contributed to a substantial increase in carbon di oxide (CO_2) emissions in Hong Kong as Hong Kong relies on coal for power generation. The shift from oil to coal means a 20% increase in CO_2 emissions compared to petroleum driven cars.

Venezuela which is reeling under the weight of its energy subsidies has introduced 4 hour daily power cut to deal with power shortage. India is more or less in the same situation but India imposes power cuts on its powerless and the voiceless poor and so no one hears about it.

A rally in European coal prices narrowed the discount to Asian benchmarks as a cold spell pushed up energy demand at a time when Europe usually starts moving towards milder spring weather with prices around $47/tonne. However the hope of a revival in coal price faded amid reality of slowing Asia demand.

China, the world's largest coal consumer, is stepping up efforts to shrink both oversupply and a worsening pollution crisis in its major cities by reducing the number of working days for its coal miners to 276 a year from 330. China which has also halted the approval of new coal mines over the next three years expects to remove outdated production capacity of 700 million tonnes and redeploy around 1 million workers. The Chinese government is reported to have announced a ban on new coal fired power plants in regions that have over-capacity. The decision could have an impact on international coal prices. Two major coal exporters Russia and Australia are reportedly banking on China imposing a ban on North Korean coal exports to boost their own export volumes. The 'on now', 'off now' saga approvals from the Australian government for Adani's Carmichael coal mine continued with April saying 'on now'. Japan is reported to have decided to open its electricity market and end power utilities' monopoly. This may not be good news for its nuclear power plants. On the Asian sub-continent Bangladesh is said to be set on pursuing its coal-power push despite opposition. Most small poor nations in South Asia with a significant number of their population without electricity are looking at coal as an option because they have either run out of gas or because their hydro power resources are proving to be inadequate to meet growing demand.

The assault on coal from anti-fossil fuel activists continued. The latest was the Norwegian wealth fund which decided to exclude 52 coal-related groups. The irony is that this looks more like the pot calling the kettle black. All the wealth that Norway generated and continues to generate is from the sale of oil, a close cousin of coal.

Moody's cautioned that low natural gas prices could force the closure of both coal and nuclear power plants in unregulated markets.

Climate Change & Renewables

The solar industry appears to be in good health compared to other energy industries even though one of its largest companies Sun Edison filed for bankruptcy. The company is expected to restructure its debt and re-emerge soon. San Francisco passed an ordinance requiring roof top solar panels on all new and medium sized buildings. Solar power is said to be taking off in the Middle East with recent bidding rounds in Jordan at $59.8/MWh which is close to levels achieved in Dubai bidding rounds. Saudi Arabia is said to be targeting 9.5 GW of renewable by 2030. Debt pricing is seen as key to Middle East's cost advantage. Overall global renewable capacity additions is reported to have reached 152 GW in 2015.

The Paris Climate Change agreement opened for signature in April in New York at a ceremony convened by the UN Secretary General. The Paris Agreement will enter into force on the 30th day after the date on which at least 55 Parties to the Convention accounting in total for at least an estimated 55% of total global greenhouse gas emissions have deposited their instruments of ratification, acceptance, approval or accession with the depositary.

In the United States Presidential candidate Hillary Clinton is reported to have promised to get India and China to commit to reductions in GHG emissions. The baseless vilification of the Indian and Chinese as carbon gluttons by the western media needs to be challenged. If all the Indians and Chinese stop emitting carbon overnight it will bring down global emissions by less than 10%. Even the richest Indians do not emit as much carbon as the poorest Americans. People in India (and perhaps one day in the distant future China too) must hope for the day when their politicians can win elections on the promise that they will get Americans to cut carbon emissions!

Views are those of the authors

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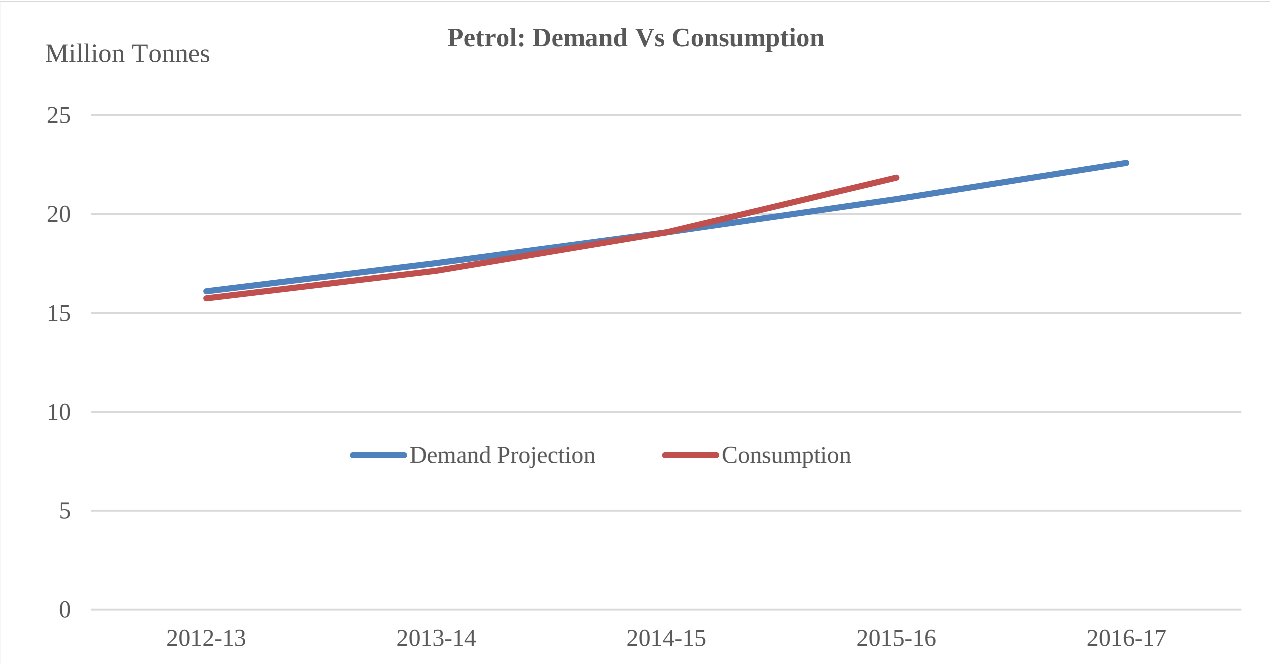
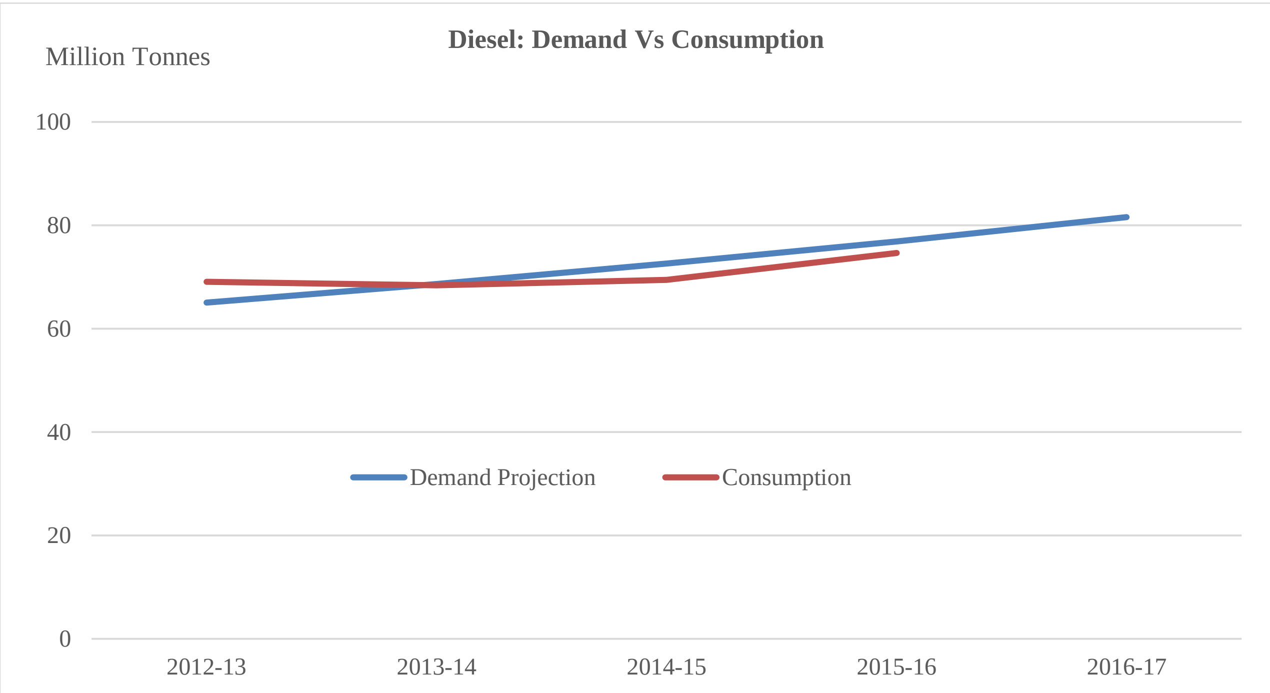
DATA INSIGHT..............

Petroleum Products: Actual Consumption versus Demand Projections

Akhilesh Sati, Observer Research Foundation

Name of the Petroleum Product	2016-17	
	12th Five Year Plan Projection	Budgeted Estimates
Diesel	81599	78116
Petrol	22588	24146





Source: PPAC & 12th Five Year Plan Document

NEWS BRIEF

[NATIONAL: OIL & GAS]

Upstream……….

ONGC, Oil India may seek cost recovery on marginal fields

May 2, 2016. State-owned energy explorers that surrendered 69 inoperative oilfields to the government in 2014 want to be paid for the initial exploratory work they did before these fields are put up for auction. The 69 so-called marginal fields were discovered and granted to Oil and Natural Gas Corp (ONGC) and Oil India Ltd (OIL) but were not developed due to factors such as small reserve size, economic unviability and lack of infrastructure. The government plans to auction these fields—63 surrendered by ONGC and six by OIL—under a Marginal Fields Policy it announced in October, hoping to bring into production reserves worth ₹ 75,000 crore. The fields together hold 89 million tonnes in reserves. Nominated blocks are granted by the government unlike others, which are won in auctions. Winners of marginal fields get a single licence to explore conventional and non-conventional hydrocarbons and are exempted from oil cess and customs duty on machinery and equipment. Also, contractors will be free to sell crude oil exclusively in the domestic market through a transparent bidding process on an arm's length basis. Both ONGC and OIL will also participate in these auctions. However, ONGC and OIL want the cost-recovery issue settled first. According to the Directorate General of Hydrocarbons, the upstream advisory and technical regulatory body under the ministry of petroleum and natural gas, ONGC and Oil India are eligible to recover cost on the marginal fields, though the value to be realized would be subject to depreciation. (www.livemint.com)

Essar to double CBM production this year

April 30, 2016. Essar Oil & Gas is planning to ramp up its coal-based methane (CBM) production to a minimum of 1.8 million standard cubic metres per day (scmd) by the end of the current financial year from the existing 0.85 scmd and scale it up further to 2.5 million scmd during 2017-18. In this endeavour, it will increase the number of its wells in the Raniganj East block coalfields from around 300 to 363 this year. Essar Oil & Gas has a revenue-sharing contract with the government for the 260-acre Raniganj CBM project, where it has been granted mining rights for 500 sq km. So far the company has made an investment of ₹ 3,300 crore in this project. Land acquisition approval for the Sohagpur minefield is pending from the Chhattisgarh government and the Petroleum Exploration Licence for the Talcher and Ib Valley coalfields is pending from the Odisha government. All these coalfields have combined reserves of 12 trillion cubic feet (Tcf) of CBM, of which Raniganj has reserves of 1.1 Tcf. To extract CBM from these coal mines, Essar Oil & Gas has employed six drilling rigs of which two have been procured from Greka drilling on contract. Besides, Essar Oil & Gas, which is expecting the global crude scenario to remain buoyant at a maximum of $ 50 per barrel of oil till mid-2017 is also planning to aggressively increase its count of petrol pumps from over 2,000 outlets to 5,000 outlets by 2018. (www.business-standard.com)

GSPC to start operations from KG discovery

April 30, 2016. Gujarat State Petroleum Corporation (GSPC) has initiated production from its Deen Dayal West (DDW) block located in the Krishna-Godavari basin off the coast of Andhra Pradesh. While the experimental well is undergoing clean-up through hydro-fracturing, by first week of May, DDW will produce an estimated 40 million cubic feet of gas per day. For the first time, GSPC would be using the hydro-fracturing (HF) technology for gas production at a ultra deep high pressure high temperature (HPHT) block. According to GSPC, with a reserve of 1.6 trillion cubic feet (tcf), production at the high pressure high temperature (HPHT) DDW could go upto 200 million cubic feet per day with more wells being built going forward. According to the government guidelines, GSPC would be supplying the gas hence produced to Nagarjuna Fertilizers even as it looks to close the bidding process for further agreements. GSPC has hired services of international HF firms like Haliburton, Barry & Associates, E-Frac and Xodus for the process. (www.business-standard.com)

RIL entitled to recover costs on unviable gas finds: PAC

April 28, 2016. Parliament's Public Accounts Committee (PAC) holds Reliance Industries Ltd (RIL) is entitled to recover all costs incurred on unviable gas discoveries since the government's Directorate General of Hydrocarbons had allowed the company to retain the entire KG-D6 block area in the first place. The PAC report has thus gone against India's official auditor, which in 2011, had criticised the petroleum ministry for allowing RIL to retain its entire eastern offshore KG-D6 block, in contravention of the production sharing contract (PSC) under which only the area where discovery is made is permitted to be retained after the exploration period. It said that management committee of the block in question comprising of officials of both the ministry and its technical arm, DGH, had on the request of the company allowed it to retain the entire block area as discovery area. The petroleum ministry had disallowed RIL $2.3 billion of expenditure as penalty for gas output from KG-D6 falling behind targets owing to non-drilling of number of wells earlier committed by the operator. The union cabinet approved the new policy for oil and gas exploration that will now be based on a revenue-sharing model, as opposed to the existing cost-and-output-based norms. (www.business-standard.com)

Downstream………….

IGL sets up record 72 CNG stations in 4 months

May 2, 2016. Indraprastha Gas Ltd (IGL), the sole retailer of CNG to automobiles in the national capital, said it has set up a record 72 CNG filling stations in first four months of 2016, to meet the rising demand for the fuel. The CNG filling facilities have been set up at the retail outlets of oil marketing companies (OMC) like Indian Oil Corp (IOC), Bharat Petroleum Corp Ltd (BPCL) and Hindustan Petroleum Corp Ltd (HPCL) since January 2016, the company said. IGL, a joint venture of GAIL (India) Ltd and BPCL, is the largest CNG distribution company in the country. The company said another 18 CNG fueling facilities will be set up within May to meet the Supreme Court set target of setting new facilities to cater to growing demand. As per directions of the Supreme Court, 104 new CNG fuelling stations were to be set up in Delhi and NCR, out of which IGL had been assigned the task of setting up 90 new facilities. While all the taxis running in Delhi and NCR have been mandated to run on CNG by Supreme Court, there has also been a spurt in conversion of private cars to CNG mode in last few months due to initiatives aimed at curbing pollution in the region. IGL is currently selling CNG to over 8 lakh CNG driven vehicles, while catering to the largest road based public transport fleet of buses in the world. With the recent expansion of IGL's CNG refuelling infrastructure at a cost of over ₹ 250 crore, its installed compression capacity has crossed 70 lakh kg per day, which is enough to dispense over 35 lakh kg per day. With the objective of incentivising CNG refueling during non-peak hours, IGL has already introduced differential pricing by offering a discount of ₹ 1.50 per kg on the selling price CNG for filling between midnight and 0500 hours at its select 230 outlets. Apart from being a clean fuel, CNG also offers economical fuel solutions for the transport sector. At the current level prices in Delhi, CNG offers over 57 percent savings towards the running cost when compared to petrol driven vehicles. When compared to diesel driven vehicles, the economics in favour of CNG at revised price would be over 28 percent, IGL said. (www.ndtv.com)

IOC investing ₹ 450 bn to expand refining capacity to meet demand

April 29, 2016. Indian Oil Corp (IOC) is preparing for a future when batteries will increasingly replace car fuel tanks but for the moment is investing ₹ 45,000 crore to expand its refining capacity to meet the rapidly rising fuel consumption in the country. With a capacity of 80 million tonne, 35% of India's total, IOC is the country's largest refiner. It also has 25,000 filling stations, nearly half of the nation's total. The company plans to raise its refining capacity by a quarter with an investment of ₹ 45,000 crore in brownfield expansion, debottlenecking and fuel quality upgrade projects in the next five to seven years. Under this, its freshly-built Paradip refinery will expand to 20 million tonne from 15 million tonne, so will its Panipat facility. The company plans to invest heavily in fuel marketing and distribution infrastructure as well as exploration and production. India's fuel consumption grew 11% in 2015-16 and is expected to rise more than 7% in the current fiscal. While big investments are underway at IOC, what has changed is the way the projects are evaluated. (economictimes.indiatimes.com)

Govt allows BPCL to pump in more equity into Bina refinery

April 27, 2016. With Oman Oil Company (OOC) reluctant to put more money, the government allowed Bharat Petroleum Corp Ltd (BPCL) to fund the ₹ 3,000 crore expansion of Bina refinery in Madhya Pradesh by putting in more equity. BPCL, India's second-biggest state refiner, plans to raise Bina refinery capacity in two phases - to 7.8 million tonnes a year from current six million tonnes at a cost of ₹ 3,072 crore by 2018 and then to 15 million tonnes at an additional investment of ₹ 18,000-20,000 crore in five-six years. The Cabinet chaired by Prime Minister Narendra Modi gave its approval to enhance investment by BPCL in Bharat Oman Refineries Ltd (BORL) for the first phase of expansion. The expansion will enhance the availability of petroleum products in the northern and central parts of the country. OOC, which holds 26 percent stake in the Bharat Oman Refineries Ltd (BORL) -- the firm that built the refinery -- is unwilling to participate in the expansion. OOC in 2009 paid a 50 percent premium for a re-entry into the ₹ 11,397 crore Bina refinery project. The project was originally conceived through a joint venture company, BORL but the OCC did not contribute equity beyond the initial ₹ 75 crore. The expansion will help the refinery to produce petrol and diesel confirming to Euro-VI norm. BPCL also operates a 12 million tonnes a year refinery at Mumbai and 9.5 million tonnes Kochi unit. It also has majority stakes in the three million tonnes Numaligarh refinery in Assam. (economictimes.indiatimes.com)

Transportation / Trade…………

UN blacklists Indian-flagged cargo vessel illicitly carrying Libyan oil

April 28, 2016. An Indian-flagged cargo ship has been blacklisted by the UN Security Council for transporting crude oil illicitly exported from Libya. The UN Security Council's committee concerning Libya added the vessel 'Distya Ameya' to its sanctions list that includes names of individuals and entities subject to assets freeze, travel ban and other measures relating to attempts to illicitly export crude oil from Libya. The listing makes the vessel prohibited to load, transport or discharge and enter ports. The designation is valid till July 26 unless terminated earlier by the Sanctions Committee. As of April 26, the vessel was north of Al-Bayda, Libya, heading for Malta. Being an Indian-flagged ship, the owner of the ship is registered in India but is doing work for a UAE-based company. India is already in touch with the ship and has told it to talk to the UAE entity about the UN decision and see how to address the issue. Libya's National Oil Corporation had said that it had notified the Libyan authorities of an attempt by the parallel administration in Beyda to export oil illicitly from Libya.

Iran seeks interest on $6.5 bn due from Indian oil refiners

April 27, 2016. Iran has asked Indian refiners like Essar Oil and MRPL to pay interest rate of Libor-plus 0.75 percent on the $6.5 billion they owe it in past oil dues, to make up for the foreign exchange losses. Iran is insisting on interest being paid after differences cropped up over foreign exchange rate. Iran sold oil to refiners like Essar Oil and Mangalore Refinery and Petrochemicals Ltd (MRPL) in US dollar per barrel. 45 percent of the oil bill was paid in rupees in a UCO Bank account while the rest 55 percent was to be cleared whenever banking channels open. Now with lifting of sanctions, Iran has presented its unpaid bill. But Essar Oil and other refiners want to pay Iran at the exchange rate prevalent at the time of buying crude oil in the last three years. Rupee to a US dollar was under 55 in February 2013 when the 45:55 payment system became operational. Rupee to a US dollar is nearing 67 now. India is agreeable to paying some interest rate even though the 'Bilateral Payment Agreement' entered into in August 2012 does not provide for payment of interest. Iranian Central Bank officials will shortly visit India to further discuss the modalities. Ideally, if refiners had kept dollar equivalent to their purchase in separate account over the years they could have readily paid Iran now. But for a barrel of oil they bought in February 2013 at say $80, they would now have to pay ₹ 5,360 instead of ₹ 4,400 then. Tehran has told India that the three-year old mechanism of paying 45 percent of oil import bill in rupees and keeping the remaining 55 percent pending for payment channels to clear, has come to an end. It will be opening or re-activating euro accounts with Indian banks and would like to have the past money transferred from refiners into these accounts. (timesofindia.indiatimes.com)

Policy / Performance………

Won't succumb to pressure in resolving oil disputes: Govt

May 2, 2016. The government will not succumb to any pressure in resolving pending arbitration disputes with companies such as Reliance Industries Ltd (RIL) over KG-D6 gas fields, Oil Minister Dharmendra Pradhan said. Pradhan said the NDA government has inherited some problems from the previous UPA dispensation which had led to delay in resolving the disputes. The Minister said the government has in the recently approved gas pricing policy offered to give higher rates to undeveloped gas discoveries provided they withdraw arbitrations they had initiated. RIL had initiated as many as four arbitrations against the government including one seeking higher gas price for its existing flagging fields in KG-D6 block in Bay of Bengal. Another arbitration pertains to slapping of penalty in the form of disallowance of cost recovery and one for taking away of KG-D6 area upon expiry of contractual timelines, the Minister said. Pradhan said the Directorate General of Hydrocarbon (DGH) had given various suggestions to improve the dispute resolution mechanism such as encouraging conciliation proceedings, examination by multi-disciplinary teams and executive committee of DGH on potential litigations, timely appointment of arbitrators by the government. Pradhan said arbitrators and counsels are being timely appointed, contractors are being provided a forum in the Ministry for resolving disputes and meetings are being held at various levels to sort out the issues related to gas balancing abandonment obligations etc. Good International Petroleum

Industry Practices have been codified and Guidelines for Site restoration have been prepared to reduce ambiguity on these aspects, thereby reducing the possibility of litigation, he said. (www.businesstoday.in)

India keen on setting up LNG terminal at Iranian port

May 2, 2016. India has expressed interest in setting up an LNG terminal at Chahabar port in Iran to ship back home natural gas from Persian Gulf nation, Oil Minister Dharmendra Pradhan said. India is keen to set up its engagement with hydrocarbon- rich Iran, which has recently come out of western sanctions, and is lining up $20 billion of investment in oil and gas as well as petrochemical and fertiliser projects. Pradhan conveyed interest of Indian companies in setting up fertiliser and petrochemical plants, including in the Chahabar SEZ. He asked Iran to allocate land in SEZ for the project but no MoU has so far been sized on this. Also, he expressed India's interest in importing LPG from Iran and proposed to set up an extraction plant in Chahabar. India is also keen on importing natural gas from Iran either in ships (LNG) or through the proposed Iran-Pakistan-India pipeline, he said. (timesofindia.indiatimes.com)

PM Modi launches LPG scheme for poor women

May 1, 2016. Prime Minister (PM) Narendra Modi launched the Pradhan Mantri Ujjwala Yojana, which aims to provide five crore LPG connections to women in Below Poverty Line (BPL) households over the next three financial years, at a cost of ₹ 8,000 crore. The scheme, launched at Ballia in Uttar Pradesh, is to be partially funded from the savings accruing to the government from LPG users who gave up their subsidy as part of the Give It Up programme. Finance Minister Arun Jaitley had, in his Budget speech in February, announced a provision of ₹ 2,000 crore this financial year to provide LPG connections to 1.5 crore women from BPL households. The new users who receive LPG connections under the scheme will not have to pay the security deposit, while the ₹ 1,600 administrative costs, cost of pressure regulator booklet and safety hose will be borne by the government. Consumers will have the option to purchase gas stove and refills on EMI. The Prime Minister said nearly 10,000 new distributorships and infrastructure expansion plans were in the works to cater to the increased demand arising out of the new connections. The households will be selected using the socio-economic and caste census data. Currently, India has 16.64 crore active LPG consumers with a requirement of about 21 million tonnes per annum. Providing LPG connections to BPL households will ensure universal coverage of cooking gas in the country and this will empower women and protect their health, he said. India’s demand for LPG is expected to see a double-digit growth over the coming years, the government said. Towards this, several steps have been taken to increase infrastructure in order to meet the demand. Apart from those who voluntarily gave up their LPG connections, those earning ₹ 10 lakh or more a year have been deemed ineligible for the subsidy. The recently-released income tax data shows that there were 13.3 lakh individuals who declared an income above ₹ 10 lakh a year in assessment year 2012-13. Using that number, back-of-the-envelope calculations show removing the LPG subsidy from these people would save the government ₹ 173 crore a year. (www.thehindu.com)

After petrol & diesel hike, non-subsidised LPG, kerosene, ATF prices increased too

May 1, 2016. After petrol and diesel, rates of non-subsidised cooking gas, non-PDS kerosene and aviation turbine fuel (ATF) were raised in line with global trends. Petrol price was late last night hiked by ₹ 1.06 a litre to ₹ 62.19 per litre in Delhi and diesel by ₹ 2.94 to ₹ 50.95 a litre. The increase was followed up with nearly ₹ 3 per litre hike in price of non-PDS kerosene, according to state- owned oil companies. Kerosene sold to non-ration card segment outside the subsidised public distribution system (PDS) will cost ₹ 49,109.05 per kilolitre (kl) or ₹ 49.1 a litre in Delhi as against ₹ 46,172.13 per kl previously. Simultaneously, the oil firms raised prices of non- subsidised LPG, which consumers buy after exhausting their quota of 12, by ₹ 18 per 14.2 kg cylinder. Non-subsidised cooking gas (LPG) now costs ₹ 527.50 in Delhi as against ₹ 509.50 previously. The hike comes on back of three straight monthly reductions. Prices were last cut by ₹ 4 on April 1. Rates were reduced by ₹ 61.50 on March 1 and ₹ 82.5 per 14.2 kg bottle on February 1. Subsidised LPG costs ₹ 419.15 per 14.2 kg cylinder in Delhi. Aviation Turbine Fuel (ATF), or jet fuel, price was today hiked by 1.5%. ATF price in Delhi was raised by ₹ 627 per kilolitre, or 1.48 percent, to ₹ 42,784.01 per kl. The hike comes on the back of a steep 8.7% or ₹ 3,371.55 per kl hike on April 1. Prior to that, rates were hiked by steep 12%, or ₹ 4,174.49, on March 1. Rates vary at different airports because of differential local sales tax or value-added tax (VAT). Jet fuel constitutes over 40% of an airline's operating cost and the price increase will add to the financial burden of cash-strapped carriers. (www.business-standard.com)

SC stays Gujarat HC ₹ 100 bn VAT order on ONGC, OMCs

April 30, 2016. The Supreme Court (SC) stayed the Gujarat High Court (HC) order that asked state-owned Oil and Natural Gas Corp (ONGC) and other oil marketing companies (OMCs) to pay value-added tax (VAT) of around ₹ 10,000 crore on

LPG and superior kerosene oil (SKO) supplied as part of public distribution system (PDS) in the state. The LPG and SKO were supplied to OMCs in terms of guidelines issued by the petroleum ministry and this was to ensure that these essential commodities reach the consumers at affordable prices. (www.financialexpress.com)

More than 58k families in Kolhapur give up LPG subsidy

April 27, 2016. The number of households that have voluntarily given up their LPG subsidy in Kolhapur district has crossed the 58,000 mark. Prime Minister Modi had launched the 'Give It Up' campaign on March 27, 2015. While inaugurating Urja Sangam, a global energy meet, he appealed to economically well-off people to voluntarily surrender subsidy and promised to give back LPG connections to poor households. Moreover, over 21,000 families belonging to the below poverty line (BPL) category have received LPG connections without submitting any deposit amount. Three state run companies - Bharat Petroleum Corp, Hindustan Petroleum Corp and Indian Oil Corp - are supplying cylinders in Kolhapur. Cumulatively, these companies are supplying cylinders to 7,39,256 families of which 58,729 have stopped buying subsidized cylinders. All these customers are purchasing cylinders at market rate after joining the Centre's campaign at various times in the last financial year (2015-16). Vivek Agawane, district supply officer said as many as 21,974 families belonging to the BPL category in the district have been given LPG connections without charging any deposit. There are 1,47,868 BPL card holders in the district, according to the economic survey of Maharashtra (2015-16). Simultaneously, the state government has also stopped the usage of kerosene in the district. In the recently concluded financial year, the district supply officer has stopped 47 tankers supplying kerosene in the rural areas. (timesofindia.indiatimes.com)

[NATIONAL: POWER]

Generation……………

Essar Mahan plant's 600 MW unit resumes power generation

May 3, 2016. Essar Power said its first unit of 600 MW capacity at Mahan project in Madhya Pradesh (MP) has resumed commercial production after a gap of 17 months after the company made available 3 lakh tonnes of coal through e-auction. Mahan's Unit-I began commercial operations in April 2013 but had to suspend operations because of non-availability of coal. The Mahan plant was linked to the Mahan Coal Block, and the company had applied for tapering coal linkage in May 2011 an issue that was taken up in the SLC (Standing Linkage Committee) meeting in August 2014. However, after the de-allocation of the Mahan Coal Block and subsequent allocation of Tokisud North under the auction route, the company has now requested for grant of tapering linkage from the nearest colliery, Northern Coalfields Ltd. Essar Power MP won a captive coal mine in Tokisud in Jharkhand state in the recent coal auction. Essar has invested over ₹ 10,000 crore in the 1200 MW Mahan plant which requires an estimated 5.5 million tonnes of domestic coal per year and the Tokisud captive coal mine. (timesofindia.indiatimes.com)

BHEL commissions thermal power plant in MP

May 3, 2016. Bharat Heavy Electricals Ltd (BHEL) announced commissioning of a 600 MW coal-based thermal power plant in Madhya Pradesh (MP). The project has been developed by Jhabua Power Ltd (JPL), a subsidiary of Avantha Power & Infrastructure Ltd (APIL). This is the second project of APIL commissioned by BHEL after the 1x600 MW Avantha Bhandar TPP at Raigarh in Chhattisgarh, it said. BHEL is currently executing two supercritical units of 800 MW for NTPC at Gadarwara in Madhya Pradesh. (profit.ndtv.com)

Reliance Power's Sasan power plant runs at 100 percent in April

May 2, 2016. Reliance Power operated its 4,000 MW ultra-mega power project at Sasan in Madhya Pradesh at 100 percent capacity - called plant load factor in industry parlance - in April, indicating a robust offtake by consumer states. The plant achieved the highest PLF of 90% in 2015-16 against 62% nationally on the back of its captive coal mine producing 17 million tonnes coal, making it the largest coal producer among private players. The Sasan project serves a population of nearly 42 crore spanning Madhya Pradesh, UP, Haryana, Punjab, Rajasthan, Uttarakhand and Delhi. (timesofindia.indiatimes.com)

Jayalalithaa is making 'false claims' on power generation in Tamil Nadu: Ramadoss

May 2, 2016. PMK founder S Ramadoss criticised Tamil Nadu chief minister and AIADMK chief J Jayalalithaa for making "false claims" that the state has achieved 7,485 MW of additional power generation during her tenure. He said after assuming office in 2011, Jayalalithaa had promised to stabilise the power situation in the state in three months. However, the number of shutdowns had increased since then, he said. He said in May 2011, the state's total power demand was 12,000 MW and power generation was at 8,000 MW. Production by Tamil Nadu Electricity Board was only 2,883 MW, while power from thermal plants was at 2,050 MW, and 2,225 MW was purchased from central thermal units, he said. Around 2,800-3200 MW of electricity was purchased from private units at high prices, he alleged. The state purchased more than double of the power produced, he said. As on date, he said, the total power demand was about 15,500 MW while generation was at 14,500 MW. From all its sources, Tamil Nadu Electricity Board produces 4,713 MW. The state received 4,442 MW power from central units and Neyveli while the remaining 5,426 MW of electricity was purchased from private sources at ₹ 15.14 per unit, he said. When a third of the state's power was purchased, it was absurd to say that the state was having a power surplus situation, he said. (timesofindia.indiatimes.com)

Power generation hit at Kudankulam first reactor

May 1, 2016. Power generation in the first reactor of Kudankulam Nuclear Power Project (KKNPP) was hit following a "minor fault" in a level control valve in the turbine section. The KKNPP said the turbine section of the first unit tripped following the minor fault in one of the level control valves. However, the reactor continued to function normally and there was no problem in the reactor. (www.thehindu.com)

Power generation resumes at NTPC

April 30, 2016. The Rajiv Gandhi Combined Cycle Power plant of the National Thermal Power Corp (NTPC) at Kayamkulam has resumed power generation after a gap of six months after the Kerala State Electricity Board (KSEB) has given orders for electricity. Power generation, which started, is based on daily orders being given by the board. Orders have been received and it is expected that demand from the KSEB may continue for a while as the power situation in the State remained grim. The naphtha-based unit is generating 150 MW daily for the KSEB at ₹7.27 a unit. The rates have been fixed on the basis of the price of naphtha. The naphtha stored at the unit is utilised. The stock will last for about 20 more days. About 20,000 kilolitres of naphtha was available at the unit. Each day's production required about 900 kilolitres of the fuel, NTPC said. The KSEB had not been sourcing power from the NTPC owing to higher production charges. The board has been sourcing power from other sources at lesser rates. Interestingly, the State government has to provide about ₹ 20 crore a month to the unit irrespective of power generation, in order to honour a contract made at the time of installation of the plant at Kayamkulam. The NTPC has already made alterations in machinery to make use of natural gas in place of naphtha for power generation. Liquefied natural gas (LNG) is sought to be brought from the Petronet LNG terminal in Kochi. The KSEB has not entered into a power purchase agreement with the NTPC, apparently due to uncertainties over the prices of LNG as well as the cost of generation of electricity by making use of natural gas. (www.thehindu.com)

Power production of NLC to reach 5.6 GW by 2025

April 28, 2016. Increasing lignite production would result in the total lignite based power generation capacity of Neyveli Lignite Corp (NLC) to rise to 5,640 MW level by 2025, the government has estimated. Power Minister Piyush Goyal said that concerted efforts were being made for timely implementation of ongoing projects and taking up new projects. Unlike coal, gap in supply and demand for lignite is not material as most of lignite production is linked to downstream pithead power stations and power stations are synchronised with mining operations in such a way that required quantities of lignite is timely available for power generation, he said. Government has allotted three lignite blocks to Gujarat Mineral Development Corporation in August 2015, of which one was meant for power generation and the other two for commercial mining, the Minister said. Goyal said coal gasification projects have become successful only in two countries - China and the United States - and hence government is taking precautions before allowing large investments in the area at this stage. (economictimes.indiatimes.com)

JSW Energy to buy JSPL Chhattisgarh unit

April 27, 2016. Sajjan Jindal's JSW Energy looks set to acquire a 1,000 MW power plant in Raigarh, Chhattisgarh from Jindal Steel and Power Ltd (JSPL), in a deal that involves takeover of the project's debt. The transaction is expected to be finalised followed by a formal announcement. The others, however, said JSW is likely to pay only ₹ 4,000-4,500 crore initially, which would include a bridge loan of ₹ 3,500 crore and the rest as upfront cash consideration. Upon the completion of certain preagreed milestones like formalisation of power purchase agreements, JSW may pay a second tranche. The company will also take over the project's debt of around ₹ 4,000 crore. The two companies had signed a

Memorandum of Understanding (MoU) and finalised most of the terms of a shareholders agreement 10 days ago. The acquisition will give JSW a footprint in the East while JSPL will get to lighten up its debt burden. The proposed divestment will help to bring down JSPL's consolidated debt that at the end of FY16 is expected to cross ₹ 48,000 crore. Under the proposed deal, Jindal Power is likely to split vertically so that the Raigarh plant will be owned directly by JSPL, and the proceeds from its divestment will accrue directly to the parent company. On a standalone basis though, Jindal Power has a better debt-equity profile than most of its peers. With an installed capacity of 3,400 MW, its total debt at the end of FY16 is expected to be at ₹ 6,708 crore. Ratings agency Crisil Ltd has rated Jindal Steel and Power's debt as default, citing delayed payment of interest on term loans due to weakened liquidity. Credit Analysis and Research Ltd (CARE) downgraded JSPL's debt instruments to a default rating. This would be the second major acquisition by JSW Energy that has an installed capacity of 4,531 MW. Last year, it had acquired two hydro power plant with installed capacity of 1,391 MW from Jaiprakash Power Ventures (JPVL) for ₹ 9,275 crore. Additionally, it has signed a non-binding agreement with JPVL for its 500 MW Bina thermal power plant. It has also signed a non-binding MoU to acquire 75% of Monnet Power, which is developing two coal-fired thermal power plants with a total capacity of 1,050 MW in Odisha. Jindal Power, the first domestic private sector player to commission an independent power plant (IPP) in 2007, has total installed capacity of 3,400 MW set up at coal pitheads. This includes a 1,000 MW plant (250 MWx4) located in Raigarh, and another plant of 2,400 MW (600 MWx4) capacity, located at Tamnar, again in Chhattisgarh. JSPL has been in discussions with Adani Group and Singapore's Sembcorp for its power portfolio, either as a whole or piece meal. (economictimes.indiatimes.com)

Transmission / Distribution / Trade…

India's coal efficiency drive risks ire of powerful unions

May 3, 2016. Plans by India's coal monopoly to buy billions of dollars of new machinery and outsource work are facing resistance from powerful unions worried about job losses, in a potential blow to Prime Minister Narendra Modi's promise to bring electricity to all. Coal India Ltd (CIL) has already doubled output growth since Modi came to power two years ago, owing to the removal of hurdles to production like environmental clearances and land acquisition. The increase turned coal shortages at India's power plants to oversupply, making it one of the administration's biggest successes. The next phase of restructuring the notoriously inefficient behemoth is likely to be harder, however, and is crucial to the government's ambition to sell 10 percent of the $27 billion company to raise funds for further growth and investment. New Delhi also wants to double annual output to 1 billion tonnes by 2019/20 to meet future demand, and to do that it must radically increase productivity. Coal India's output-per-man shift is estimated at one-eighth of Peabody Energy Corp, the world's largest private coal producer that recently filed for bankruptcy protection. Baij Nath Rai, president of Bharatiya Mazdoor Sangh (BMS), said Piyush Goyal, minister for power, coal and renewable energy, had been trying to convince unions to play along with the reforms. Early last year, the unions planned a strike to protest against moves to open up the coal sector to private firms and sell a 10 percent stake. Coal India's equipment orders, some already placed, are a bright spot for machinery makers such as U.S. firm Caterpillar, Japan's Komatsu and India's Larsen & Toubro, at a time when most miners are scaling back production amid a global supply glut. (in.reuters.com)

PTC India wins bid to supply electricity in first e-bidding

May 2, 2016. Power trading firm PTC India Ltd has emerged as the most successful bidder in the 'Discovery of Efficient Electricity Price (DEEP)' e-bidding for short term power procurement by electricity distribution utilities held. In the first such bidding to be held after the Ministry of Power revised the guidelines for short term power procurement effective April 1, PTC India became the sole successful bidder in Kerala's tender for supplying 100 MW of supply during peak hours and 50 MW during day time in the month of May 2016. PTC also bagged the contract for more than half of the quantum offered by Uttarakhand Power Corp Ltd to supply 150 MW round the clock during July 2016. It also will supply power to Uttarakhand during the peak hours in July and August. The company did not disclose the price of power supply and said it was at 'competitive rates'. The DEEP portal was launched in April by Power Minister Piyush Goyal. Apart from Kerala and Uttarakhand, two more states — Andhra Pradesh and Bihar — are likely to finalise procurement through the e-reverse auctions soon. (www.newsjs.com)

Coal India's supply to power utilities dips 6.8 percent in April

May 2, 2016. Coal India dispatched 30.99 million tonnes of coal to power utilities in April this year, a fall of 6.8 percent over that in the same month of 2015 which suggest a slowdown in demand for the dry fuel from the power sector.

Company sources told that dispatch of coal and coal products to "power utilities" came down by 2.28 million tonnes (mt) or 6.8 percent compared to 33.27 mt in the same period of 2015-16. The dispatch figure for March, however, was marginally lower by 1.8 percent at 36.1 mt compared with 36.8 mt during the same month a year ago. Coal India said coal-fired power utilities across the country were comfortably sitting over around 36 mt of coal in April 2016 against 29 mt last year. Coal India supplied 407.9 mt of fuel to the power sector in 2015-16, up by 5.8 percent compared to the previous year's dispatch of 385.4 mt of the fossil fuel in 2014-15. Total coal dispatch by the miner was 42.46 mt for April, 2016 to its consumers, which is lower by 1.06 mt compared to 43.52 mt in the corresponding month of 2015-16. Coal production by Coal India was at 40.09 mt for the month under review, a decline of 3.4 percent over its target, the company informed the bourses. The company's production grew at 8.5 percent to 536 mt in 2015-16 but missed the target of 550 mt. (timesofindia.indiatimes.com)

Policy / Performance............

Govt prepares framework to boost hydropower projects in country

May 3, 2016. Power Ministry is preparing a new framework to boost hydropower development in the country by lowering the cost and removal of long-drawn clearances. Hydropower is much cleaner, greener and sustainable option, Additional Power Secretary B P Pandey said. Highlighting that reducing the cost of hydroelectric power is one of the major challenges in the hydropower sector, he suggested for financial restructuring together with innovative financing instruments. Chief Minister of Arunachal Pradesh Kalikho Pul invited private players to install hydropower plants in his state and assured all necessary support. (www.business-standard.com)

Cabinet may take up flexible domestic coal use policy

May 3, 2016. Union Cabinet is likely to consider a proposal to ease norms for utilisation of domestic coal so that cost of power generation can be reduced. Earlier, the government has allowed swapping of coal mines by users so that transportation cost of coal can be reduced for generation of power. According to the coal ministry, government has allowed coal swapping in 19 blocks which actually reduced the cost of power generation as the users were able to source the dry fuel from miner located nearer to them. The flexibility in utilisation of domestic coal is also required at this point of time as per experts because the international price of coal has been at lower side. The option of cheaper coal imports and increase in production by Coal India and its arms have led to a situation where stocks of the dry fuel is piling up in the country. The proposal is also aimed at improving the consumption of domestic coal by industry mainly power sector in the backdrop of cheaper imports and high production of dry fuel in the country. (timesofindia.indiatimes.com)

Parliamentary panel picks holes in govt's electrification drive

May 2, 2016. In a sharp criticism of the government's village electrification drive, a Parliamentary panel said the number of un-electrified villages is much more than the official number. The panel has also picked holes in the electrification of villages, saying that there are cases where electrification of the villages has been done only in records but in reality they are still deprived of the same. The number of villages that are yet to be electrified are much more than the official figure (of 11,344 as on March 31, 2016), the Parliamentary Standing Committee on Power said in its report. There are cases where electrification of the villages has been done only in records but in reality they are still deprived of the same, the report said. It also said that the definition of electrification of villages may be revisited and concepts like intensive electrification of partial electrified villages be done away with. As per the data, as many as 10,459 villages in the country are yet to be electrified as against 18,452 villages in April 2015. The government had set a target of providing power to all 18,452 un-electrified villages by May 1, 2018. Since April 2015, as many as 7,549 villages have been connected to the power supply. (economictimes.indiatimes.com)

Delhi Court orders framing charges in coal block case against Jindal

April 29, 2016. A Delhi court ordered the framing of charges in a coal block case involving the Jindal Group. The court was hearing a case related to the allocation of Jharkhand's Amarkonda Murgadangal coal block to Jindal Steel and Gagan Sponge. The Central Bureau of Investigation in April last year filed a chargesheet against Jindal, Koda, Rao, former coal secretary HC Gupta with six other individuals. Five private companies -- four based in Delhi and one in Hyderabad -- have also been named in the chargesheet. The companies are Jindal Steel and Power Ltd, Gagan Sponge Iron Pvt Ltd, Jindal Reality Pvt Ltd, New Delhi Exim Pvt Ltd and Sowbhagya Media Ltd. (www.hindustantimes.com)

No Indian thermal power plant facing coal shortage: Goyal

April 28, 2016. Coal and Power Minister Piyush Goyal said that none of the thermal power plants in the country have reported any loss of generation due to shortage of coal during the last fiscal. He said that, as on April 21, the coal stock at power plants was at more than 37 million tonnes (mt), which was sufficient for operating the plants for about 25 days. He said the government has sanctioned a scheme for utilising the gas-based power generation capacity in the last and current fiscals. (www.newkerala.com)

Govt to set up n-plants in Uttarakhand, north India

April 27, 2016. The government is exploring avenues to expand nuclear energy programme and set up plants in north India, including in Uttarakhand, Punjab and Uttar Pradesh. Minister of State in Prime Minister's Office Jitendra Singh said that the government is serious about nuclear energy programmes but is also committed to ensure maintaining their safety standards. Such nuclear power plants could come up in states like Uttarakhand, Uttar Pradesh, Haryana and Punjab, he said. (www.newkerala.com)

Uttarkhand to be first state to buy short-term power through e-auction

April 27, 2016. The government will kick-start short-term power procurement through e-auction with nine biddings for Uttarakhand. The state has sought 100-200 MW short-term power for July, August and September. Power procurement ranging from a day to a year is considered short term. Soon after the launch of the e-auction portal last month, bidders including power generators, traders and even distribution companies with surplus power had registered to take part in the bidding. A bidder can offer a minimum of 25 MW power and the buyer, in this case Uttarakhand, has the option of choosing more than one supplier. At present, the portal will only facilitate short-term power procurement. Once this is operational, the government will think at providing medium and long-term power pacts through e-auction. The process will involve multi-stage bidding like online requests for quotations, request for proposal and reverse bidding via e-auction. Currently, power purchase agreements (PPAs) are signed with power producers through negotiations on a nomination basis. (economictimes.indiatimes.com)

Short-term power to be cheaper by 13 percent under reverse e-auction: ICRA

April 27, 2016. The state-owned power distribution companies (discoms) can save up to 50-60 paise per unit of electricity procured under short-term contracts through reverse e-auction, as mandated by the central government. However, given that the average mix of short-term power for discoms is only 11%, the actual benefit to the consumers would be 4-5 paise per unit or 0.8%, Investment Information Credit Rating Agency (ICRA) has said in its report. Until now, discoms could enter into bilateral contracts for short-term power (for a period of up to a year) either through cost-plus mechanism or the bidding route. However, with the government notification in March, all such transactions will take place on an electronic platform via reverse e-auction from April 1. ICRA said procurement through such mode would result in a competitive price discovery in a more transparent manner. The new method will bring relief to the debt-laden discoms and their consumers, but it could squeeze the power developers' margin, according to ICRA. (www.financialexpress.com)

[INTERNATIONAL: OIL & GAS]

Upstream...............

Devon Energy raises 2016 oil output forecast

May 3, 2016. Devon Energy Corp's oil output exceeded its expectations by 5,000 barrels per day (bpd) in the first quarter, the company said, prompting it to raise its 2016 production forecast. The Oklahoma City-based company produced 285,000 bpd in the quarter, with output from its core assets up 10 percent year-over-year, Devon said. Devon said it expected to produce 253,000-268,000 bpd in 2016, 3 percent more than its prior estimate, without additional capital spending. (www.reuters.com)

Venezuela 2016 oil output seen down at 2.3 mn bpd

May 3, 2016. Venezuela's oil output may fall to average some 2.35 million barrels per day (bpd) this year, as the South American OPEC country's cash crunch and shortages weigh on production, according to energy consulting firm IPD Latin America. IPD's prediction comes on the heels of its quarterly sector survey, which estimated Venezuela's oil output tumbled 6.8 percent to 2.59 million bpd in the first quarter compared with the same period of 2015, due to drilling delays, insufficient maintenance, theft, and diluent shortfalls. That estimate is a whisker above the 2.53 million bpd Venezuela produced in the first quarter, according to OPEC numbers. But it marks the first time since the third quarter of 2008 that production fell in all districts, including the extra-heavy crude Orinoco Belt, IPD said. Given the operational woes, IPD has revised its 2016 output estimate for Venezuela, the country with the world's largest oil reserves to 2.35 million bpd. PDVSA said that it was installing three new loading arms to speed up operations at the oil port of Jose in eastern Venezuela, which loads some 70 percent of Venezuela's crude exports. (www.reuters.com)

Russian April oil output edges down to 10.8 mn bpd

April 29, 2016. Russian oil production edged lower in April 1-28 to 10.86 million barrels per day (bpd) from a record 10.91 million in March, the energy ministry said. The preliminary statistics show Russia is determined to keep oil output high after the world's leading crude producers failed to clinch a deal to freeze output to support weak crude prices. The energy ministry said seasonal maintenance at oilfields and refineries brought production down. Production still running above the 2015 average of 10.73 million bpd, however, which was the highest yearly output for nearly three decades. Russian oil output has repeatedly surprised on the upside over the past decade, rising from as low as 6 million bpd at the turn of the millennium. Oil experts have repeatedly predicted a decline but it has yet to happen. (af.reuters.com)

Samsung Heavy loses $4.6 bn Royal Dutch Shell order on oil

April 28, 2016. Samsung Heavy Industries Co., the world’s third-largest shipbuilder, said an order to build three floating liquefied natural gas production facilities was canceled after the energy development project was scrapped amid a plunge in oil prices. The contract, valued at 5.27 trillion won ($4.6 billion), from Royal Dutch Shell Plc was voided because of the current difficult market conditions, the Sungnam, South Korea-based company said. The shipbuilder won the deal in June on the condition that the project will start only after the client is ready to proceed. Woodside Petroleum Ltd scrapped plans in March to develop the Browse LNG project in Australia with partners, including Shell and BP Plc, saying it won’t go ahead with the floating LNG development after completing detailed engineering and design work. The Browse partners will prepare a new plan and budget for developing the gas resources, it said. Samsung Heavy is currently building two other floating LNG facilities for Shell and Petroliam Nasional Bhd. of Malaysia. The first project is expected to complete work at the shipyard in the second half of this year, the company said. (www.bloomberg.com)

Libya outlines ambitious plans to restore oil output

April 28, 2016. Libya's National Oil Corp (NOC) has ambitious plans to restore output to pre-2011 levels after years of violence and disruption. Oil output is now less than a quarter of the 1.6 million barrels per day (bpd) Libya pumped before Muammar Gaddafi fell in 2011, and the NOC in Tripoli hopes to ramp it up swiftly with the backing of a new unity government. NOC said that at least 200,000 bpd of capacity had been damaged in attacks on oil fields in the western Sirte basin, Libya's most prolific. It may take the NOC until late 2017 or 2018 to bring those fields back to full capacity, if it can afford the repairs. Earlier this year militants attacked Ras Lanuf and Es Sider, which can handle 600,000 bpd of crude exports. (www.reuters.com)

Husky expects Madura BD field off Indonesia to commence production in 2017

April 27, 2016. Husky Energy Inc. expected the Madura BD field in the Madura Strait offshore Indonesia to commence production in 2017 as development work on the project continues, the Canada-based company revealed in its release of financial results for the first quarter of 2016. Construction of a leased floating production, storage and offloading (FPSO) vessel is about 65 percent complete. The vessel, named FPSO Karapan Armada Sterling III, is undergoing conversion at Keppel Shipyard in Singapore. The floating production facility, which will process gas and liquids production from the liquids-rich BD field in the Madura Strait, is expected to sail away from the shipyard in the third quarter of this year. Meantime, Husky Energy reported that development drilling is underway. The firm said that the Indonesian project, when fully ramped up in the 2018-19 timeframe, would provide combined net sales volumes from the BD, MDA-MBH and MDK fields of approximately 100 million cubic feet per day of gas and 2,400 barrels of oil equivalent per day of associated liquids. (www.rigzone.com)

Mubadala completes drilling 2 development wells in Thailand's Manora field

April 27, 2016. Tap Oil Ltd provided the following update on the Manora Oil Development in the Northern Gulf of Thailand. Mubadala Petroleum, Operator of the Manora Oil Development joint venture, has advised that drilling of the

MNA-15 and MNA-16 development wells has now been completed. Both development wells were targeted to the east fault block of the Manora oilfield. The MNA-15 well found 144 feet of oil pay in three separate reservoirs. The MNA-16 well found 121 feet oil pay in four separate reservoirs. Production from the two wells is expected to return Manora to its plateau rate of 15,000 barrels of oil per day (bopd) gross (4,500 bopd net to Tap). Tap has 2P reserves of 4 million barrels (13.2 million barrels gross) as at Dec. 31, 2015 booked for Manora. Tap will review these reserves and contingent resources following development drilling and production performance. (www.rigzone.com)

Downstream…………

China's first private-led mega-refinery planned off east coast

May 3, 2016. A private-led Chinese group is planning to build a $15 billion mega-petrochemical complex on an island near Shanghai, in what would be the country's first and largest energy installation to be built by a non-state investor. Zhejiang Petrochemical, 51 percent owned by textile giant Rongsheng Holding Group, awarded a key design contract for the project, which could compete head-to-head with state-owned firms such as Sinopec that dominate the market. Rongsheng has partnered with local firms, including a state-owned chemical producer, to build the complex, which would include a 400,000 barrels per day refinery and a 1.4 million tonnes a year ethylene plant. The project, which needs Beijing's approvals including environmental clearances, is likely to start up around 2020. Beijing has since July 2015 allowed more than 20 small independent refineries, nicknamed "teapots", to import crude oil for the first time, leading to refining overcapacity that has resulted in China exporting record volumes of oil products. (af.reuters.com)

Bechtel's ThruPlus technology selected for $1.5 bn refinery upgrade project in Egypt

May 3, 2016. Assiut Oil Refining Company (ASORC), a subsidiary of Egyptian General Petroleum Corp (EGPC), has selected Bechtel for the process design of a delayed coking unit at the Assiut refinery in Egypt. As part of the license agreement, Bechtel will implement ThruPlus delayed coking technology for the $1.5 bn refinery modernization program. The new delayed coking unit is intended to upgrade heavy oil into high-value, light hydrocarbon liquids while increasing the efficiency of the refinery. The Assiut Refinery upgrade program is aimed at increasing the production of petroleum products to meet Upper Egypt's growing demands while maintaining environmental standards. In 2015, Technip signed a joint agreement with EGPC and ASORC for the modernization of the Assiut refinery. The modernization program is intended to maximize diesel production using modern refinery technologies in order to meet the rising petroleum products demand. (refiningandpetrochemicals.energy-business-review.com)

Lyondell Houston refinery expects to boost production

May 2, 2016. Lyondell Basell Industries expects to boost production at the 263,776 barrel per day (bpd) Houston refinery following the restart of a vacuum distillation unit (VDU) attached to the large crude unit. The refinery has been running at 32 percent, or 85,000 bpd, since April 15 when the 91,000 bpd VDU was shut, the last of a string of four major production unit outages last month that began with an April 8 fire on a coking unit. Energy industry intelligence service Genscape said Unit 537's VDU restarted after repairs. The refinery began restarting the VDU. A 57,000 bpd coker remains in operation at the refinery. Cokers refine residual crude coming from the VDU or convert it into petroleum coke, a coal substitute. (www.reuters.com)

Transportation / Trade……….

Abu Dhabi said to delay Fujairah LNG-import plant construction

May 3, 2016. Abu Dhabi is indefinitely delaying construction of the first land-based facility for importing liquefied natural gas (LNG) into the United Arab Emirates (UAE) after it contracted a floating supply terminal. EmiratesLNG LLC is looking at other options for the planned onshore facility in the UAE port of Fujairah, including storing gas at the site, reloading it on ships for sale elsewhere and providing LNG as marine fuel. Kuwait and Dubai, the UAE's second-largest emirate, both import LNG via floating terminals, and Oman is in talks to buy gas by pipeline from Iran. EmiratesLNG plans to build an onshore facility in Fujairah capable of importing 9 million tons of gas year. Using the plant to store or resell LNG cargoes would allow Abu Dhabi to make use of any excess capacity, according to the two people. EmiratesLNG was planned for completion in 2018. Abu Dhabi National Oil Co. will boost the emirate's gas purchases by hiring a vessel known as a floating storage and regasification unit, which will begin importing LNG later this year. The vessel will be based at Ruwais, an industrial town on the Persian Gulf coast that also has an oil refinery and crude-loading port. Fujairah, which is an emirate as well as a port, is the only sheikhdom on the Gulf of Oman, which lies outside the Strait of Hormuz. The Strait at the mouth of the Persian Gulf is the world's most important choke point for crude exports, with about 17 million barrels of oil passing through it daily, according to the U.S. Energy Information Administration. (www.bloomberg.com)

Iran and South Korea sign gas agreements

May 3, 2016. Iran and South Korea have signed several agreements in the field of energy on 1 May 2016, including one relating to the development of the Balal gas field, in the Persian Gulf, by South Korean's company Korean Gas Corporation (KOGAS). The Memorandum of Understanding (MoU) signed by the two countries includes the possibility of using the gas from the field to produce LNG. Other agreements have been signed between the National Iranian Oil Company and the National Iran Gas Exports Company and KOGAS over the production of LNG and over the provision of engineering services for the construction of Iran Gas Trunk-Line 7 (IGAT 7) and Iran Gas Trunk-Line 9 (IGAT 9) gas pipelines. IGAT 7 is planned to take natural gas from the energy hub of Assaluyeh in southern Iran to the southeastern province of Hormozgan and Kerman as well as the southeastern province of Sistan-Baluchestan. IGAT 9 is planned to take the gas from Assaluyeh to Iran's border with Turkey in the northeast for future exports to Europe. (www.enerdata.net)

EQT to buy Statoil gas assets in US east for $407 mn

May 3, 2016. U.S. energy explorer EQT Corp is buying $407 million worth of acreage and natural gas production from Statoil ASA, becoming the latest driller to take advantage of historically low gas prices by buying land in shale plays on the cheap. The assets are primarily in Wetzel, Tyler, and Harrison counties, West Virginia, adding a "sizeable amount of acreage" to EQT's core area, the company said. The acquisition, expected to close in July, includes existing gas output in the Marcellus formation of the eastern U.S. The rout in oil and natural gas prices amid a glut of supply is allowing some explorers to boost market share by snapping up acreage from struggling peers. (www.bloomberg.com)

US net gas imports reached record low in 2015

May 3, 2016. According to the United States (US) Energy Information Administration (EIA), US net gas imports reached a record low level in 2015, to 2.6 billion cubic feet per day (bcf/d), their lowest level since 1986. Net gas imports started to decline in 2007, when net gas imports exceeded 10 bcf/d, and have been progressively offset by a rising domestic gas production. The bulk of gas imports (around 7.5 bcf/d) comes from Canada by pipeline with only a low share imported as LNG, mainly from Trinidad and Tobago. The EIA expects that the US will become a net exporter of gas by mid-2017, thanks to its new LNG export infrastructures. (www.enerdata.net)

Noble Energy to sell some O&G assets in Colorado

May 3, 2016. Noble Energy Inc said it would sell some of its oil and gas (O&G) assets in Colorado. The sale includes about 33,100 primarily undeveloped net acres in the DJ Basin to Synergy Resources Corp for $505 million, Noble said. Noble said it had announced asset sales of more than $775 million this year. (www.reuters.com)

Japan aiming to set up LNG trading hub by early 2020s

May 2, 2016. Japan aims to become an international trading hub for liquefied natural gas (LNG) by the early 2020s. Japan will open access to receiving terminal and beef up large-scale LNG storage facilities to make active LNG trading possible, the country's trade ministry said. Japan's trade ministry made the announcement at a meeting of energy ministers from G7 countries - Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States. Global LNG buyers, including in the two biggest, Japan and South Korea, have long said the LNG market needs to be more flexible in terms of breaking the pricing link to crude oil benchmarks and in doing away with the single destination clauses that are part of most long-term supply contracts. Japan, which buys about a third of global LNG shipments, is trying to cut fuel costs and gain more control over prices after the shutdown of the country's nuclear plants in the wake of the 2011 Fukushima disaster pushed demand for gas to record levels. The G7 ministers said they supported moves in the direction of creating LNG trading hubs to improve market transparency and liquidity. Japan's Tokyo Commodity Exchange in 2014 opened an over-the-counter LNG trading system. Japan and the CME Group said they would join forces to develop a Japan-based LNG contract to help break the decades-long reliance on oil-link pricing, foster spot trade and establish a benchmark answerable to regional fundamentals. (af.reuters.com)

TransCanada says delays to Energy East has cost Canada billions

April 30, 2016. Delays in approving TransCanada Corp's Energy East pipeline have cost Canada's struggling economy billions of dollars, the company said. Last November U.S. President Barack Obama rejected TransCanada's controversial Keystone XL pipeline to the United States after a seven-year delay. TransCanada is pressing ahead with its 1.1 million barrel per day Energy East project from Alberta's oil sands to Canada's Atlantic coast, which is also facing environmental opposition and regulatory headwinds. Interim rules for environmental reviews from the new Liberal government introduced January imposed a delay on Energy East, and the National Energy Board released a preliminary timeline for its review of the project, which should be finished by March 2018. (in.reuters.com)

Arbitration court fines YPF $500 mn in gas export case

April 28, 2016. Argentine state explorer YPF has been fined around $500 million by an international arbitration court over contract cancellations relating to natural gas exports to Brazil in the last decade, the company said. The International Chamber of Commerce (ICC) has ruled that YPF should pay Transportadora de Gas del Mercosur (TGM) $319 million and AES Uruguaiana (AESU) $185 million, YPF said. Argentina suspended sales of natural gas to neighbouring Brazil and Chile in 2004, when its production began to fall. TGM operates an Argentine pipeline that runs up to the border with Brazil. The ruling comes the same week as YPF has returned to exporting crude oil for the first time in years.

Policy / Performance............

Cambodia decision on first oilfield development by year end

May 2, 2016. Cambodia is expected to make a decision on the development of the country's first oilfield project at offshore Block A in the Gulf of Thailand, which is being developed by Singapore-based KrisEnergy Ltd, by year end, the Ministry of Mines and Energy (MME) said. The government is holding off on a decision on Block A as it is currently in the midst of setting up a national authority to oversee the domestic energy sector, including oil and gas, the MME said. The MME said the process is likely to take around four months, with another month required to set up the regulatory body. The new organization will perform the role similar to that of Malaysia's national oil company Petroliam Nasional Berhad (PETRONAS), one of Southeast Asia's more successful stated-owned petroleum companies. KrisEnergy took over operatorship of Block A, after acquiring Chevron Corp.'s 27.5 percent stake for $65 million in August 2014. The company has already submitted the development plans to the government and have reached an agreement on its fiscal and technical terms. KrisEnergy indicated that first oil is expected 24 months after the final investment decision. The MME terminated a petroleum agreement with CPHL (Cambodia) Co. Ltd to explore and develop offshore Block D, which the associated firm of Singapore-based Mirach Energy Ltd had held since 2006. The MME said Cambodia's onshore petroleum acreages appears to hold larger potential than its offshore blocks. The MME said onshore assets hold 3 times more than potential petroleum resources than offshore blocks. (www.rigzone.com)

Low oil prices offer chance to spur G7 energy transition: Canada

May 2, 2016. Energy ministers of the leading Western economies are discussing ways to create opportunities from the oil slump that include a push for more electric vehicles, Canadian Natural Resources Minister Jim Carr said. Members of the G7 include major auto-producing countries such as Japan and Germany, which benefit from cheaper oil but have been hit by fuel consumption and emissions scandals. In a push to regain the initiative, Germany announced the launch of a 4,000-euro-per-electric-vehicle subsidy. For G7 member Canada, a major oil and natural gas producer, an oil price fall of some 70 percent since mid-2014 means economic pain, but the Canadian energy minister said that the slump also opened up an opportunity. Canada still plans to export liquefied natural gas (LNG) despite low energy prices, a current abundance and the delay and cancellation of some projects. Canada has said it wants to sell oil to Asian economies but has faced difficulty getting crude pipelines built to the Pacific coast. Carr said that the government is trying to turn that around. (www.reuters.com)

Angola reshapes its oil sector organisation

May 2, 2016. The Government of Angola considers to restructure the oil sector to increase efficiency and profitability. Activities of the State-owned oil company, Sonangol, which has the responsibility to represent the State in the oil sector and to produce oil as an operator, are to be separated and split into three different organisations: Sonangol will keep focusing on exploration and production, while two new entities will be created, namely the Agency and the Superior Council, to deal with regulation and administration. The Agency will be responsible for contract negotiations with international oil and gas majors, while the Superior Council, which will report directly to the President of Angola, will manage the State's shareholding in Sonangol. (www.enerdata.net)

South Korea cuts retail gas prices by 5.6 percent

May 2, 2016. The Ministry of Energy of South Korea's has announced it will cut gas prices for both household and industrial customers by 5.6% on average as of 1 May 2016. Further to the 9% cut in January and the 9.5% reduction in March, the gas price move will be the third cut since the beginning of 2016 as a result of falls in global LNG price. South Korea was the world second largest LNG importer in 2014 behind Japan. (www.enerdata.net)

European Commission takes Poland to court of justice for shale gas law

May 2, 2016. The European Commission announced it is referring Poland to the European Court of Justice for failing to comply with European Union (EU) environment law when exploring for shale gas. Poland only requires impact assessments for drilling to a depth of more than 5,000m, while the EU rules require assessing the risks to water, air quality and biodiversity when drilling to a depth of more than 1,000m in the shale and mining sector. (www.enerdata.net)

IEA chief says oil price bottoming depends on global growth

May 1, 2016. International Energy Agency (IEA) chief Fatih Birol said that oil prices may have bottomed out, providing that the health of the global economy does not pose a concern. A decline in non-OPEC production amounting to more than 700,000 barrels per day this year, and production outages such as in Nigeria and Kuwait, have driven the rally, Birol said. He hopes to see a rebound in upstream oil investments next year, following a 40 percent curb in investments over two years. Non-OPEC output is set to fall by more than 700,000 barrels per day this year, the biggest decline in around 20 years, he said. He said a third year of decline in investments would be problematic for oil markets as it could cause oil price spikes and increase volatility, which would not be good for consumers. With global oil demand seen growing by 1.2 million bpd this year, the draw in global oil stockpiles will start soon, which will help push up oil prices, he said. He said that despite the recent rally in oil prices, it will take a while to change the direction of falling U.S. oil production. (www.reuters.com)

Husky clashes with Cnooc as China gas policy ripples globally

April 27, 2016. The Chinese government’s efforts to shift consumption from coal to less polluting natural gas are being felt on the other side of the world by Canadian oil and gas producer Husky Energy Inc. Husky, controlled by Hong Kong billionaire Li Ka-Shing, was pummeled on the stock market after saying it plans to defend the contract for its biggest energy project amid attempts from China to lower natural gas prices for consumers. Cnooc Ltd., Husky’s partner in the Liwan development in the South China Sea, warned about lower prices to come, Husky said. Husky threatened to take legal action if it can’t find a solution with the Chinese state-controlled producer, given its Liwan agreement guarantees fixed prices for about another three years. Cnooc buys gas from the Liwan joint venture and resells it to the customer as an agent. The Chinese government adjusted gas prices twice last year to stoke demand and shift consumption from coal, which makes up 64 percent of the country’s energy mix. Gas demand expanded 3.3 percent in 2015, while coal consumption dropped 3.7 percent, according to the National Bureau of Statistics. (www.bloomberg.com)

[INTERNATIONAL: POWER]

Generation……………

ETA-Zuma plans to build a 300 MW coal-fired power plant in Nigeria

May 3, 2016. The Nigerian mining company ETA-Zuma announced that it plans to build a coal-fired power plant of 300 MW capacity in Itobo, Kogi state. ETA-Zuma has obtained a license to build a 1,200 MW thermal power plant but it would start with 300 MW facility due to the huge investment required for the project. The company expects to start construction before the end of 2016, while works should last 13 months. ETA-Zuma signed a 20-year long Power Purchase Agreement (PPA) in September 2015. (www.enerdata.net)

Two Iraqi power plant project receive $375 mn loan

May 2, 2016. International Finance Corp (IFC), the World Bank's private sector investment arm, announced it has arranged a US$375 mn financing package for a leading private Iraqi power company, Mass Global Energy Sulimaniya. Mass Global Energy Sulimaniya will use the funds to add 500 MW of capacity to the 1,000 MW Sulimaniya power plant in the Kurdistan Region of Iraq and to help complete a new power plant near Baghdad that will supply about half of the Iraqi capital's electricity needs. (www.enerdata.net)

Vietnam to augment power generation

April 30, 2016. A new master plan in Vietnam has mapped out medium-term objectives for investment and development in the power sector to meet the goal of advancing industrial capacity. The plan foresees $148 bn worth of investments in generation and distribution capacity through to 2030, with installed capacity to rise to more than 135 GW. According to the plan, around $40 bn will be invested between 2016 and 2020, of which 75% will be allocated for increasing power generation and 25% will go towards network development. The remaining $108 bn, to be invested between 2021 and 2030, will be similarly apportioned. Vietnam has about 34 GW of generation capacity, and while this is sufficient for current needs, it is expected to be outpaced by demand in the near term. (www.oxfordbusinessgroup.com)

Southern sees $6.7 bn Kemper plant using coal this summer

April 28, 2016. Southern Co. said its low-emission, $6.7 billion power plant in Mississippi will use coal for the first time this summer after more than two years of delays and cost overruns. The facility in Kemper County will begin to convert coal into a gas for power generation in the third quarter, Chief Executive Officer Tom Fanning said. Southern has spent the past six years working to build the first large-scale power plant in the U.S. to gasify coal and capture carbon before it is released into the atmosphere. The company is using natural gas at the plant while it prepares the switch to coal, which will be completed in the third quarter. Southern took a $33 million charge to its first-quarter earnings for expenses related to delays and equipment repairs at the Kemper plant, the Atlanta-based company said. Southern sees additional costs of at least $25 million to $35 million a month if it cannot get the facility in service by Sept. 30. (www.bloomberg.com)

German nuclear plant infected with computer viruses

April 27, 2016. A nuclear power plant in Germany has been found to be infected with computer viruses, but they appear not to have posed a threat to the facility's operations because it is isolated from the Internet, the station's operator said. The Gundremmingen plant, located about 120 km northwest of Munich, is run by the German utility RWE. After Japan's Fukushima nuclear disaster five years ago, concern in Germany over the safety of nuclear power triggered a decision by the government to speed up the shutdown of nuclear plants. (www.reuters.com)

Transmission / Distribution / Trade…

Ivory Coast opens power distribution sector to competition

May 3, 2016. The President of Ivory Coast has announced it will end the situation of monopoly held by the Companie Ivoirienne d'Electricite (CIE) for electricity distribution and introduce competition to reduce prices amid growing public concern over price increases. Indeed, the government decided in June 2015 to increase electricity prices by 16% over three years to keep pace with production costs. Under the arrangement electricity prices were scheduled to rise by 5% in January but some customers saw rates increase applied by the CIE by as much as 40%. The CIE, a subsidiary of Eranove Group, is linked to the State by a concession agreement that was renewed in 2005 for another 15 years, until 2020. It is unclear how the market will be liberalised or if the agreement between CIE and the State will be broken before 2020. (www.enerdata.net)

China-funded power transmission lines inaugurated in southern Cambodia

April 28, 2016. A China-funded power transmission system in the length of 100 km was inaugurated after four years of construction. According to Cambodia's state-owned Electricite du Cambodge, the project included two substations and a 230-kilovolt transmission line and a 115-kilovolt line, which stretch across southern Kandal Province, southwestern Kampong Speu Province and Phnom Penh capital. Cambodian Minister of Mines and Energy Suy Sem said the development of electricity sources and power grids was a key element for boosting economic growth and reducing poverty. Chinese Ambassador to Cambodia Bu Jianguo said the power transmission lines would benefit tens of thousands of families in these provinces. (news.xinhuanet.com)

Policy / Performance…………

Brazil energy regulator awards 529 MW of projects at A-5 auction

May 3, 2016. 29 generation projects with total installed capacity of 529 MW have been awarded during the power generation A-5 auction held on 29 April 2016 by the National Electric Energy Agency, including 158 MW of security capacity. All the projects are due to be commissioned in 2021. The average price of energy sold in the auction was R$198.6 per MWh (US$57 per MWh) for a total investment of R$1.887 bn (US$540 mn). (www.enerdata.net)

German utilities will pay €23.3 bn for nuclear exit

April 29, 2016. The 19 members of the nuclear commission (KFK) tasked with securing funds for the country's nuclear exit have estimated that costs to be covered by the four German nuclear power plant operators (E.ON, RWE, Vattenfall and EnBW) will amount €23.3 bn. The payments will be paid into a state-owned fund in several tranches over the next few years and will cover the full costs of comprehensive safety, decommissioning and waste disposal processes. The four companies had already set aside provisions of €17.2 bn. Therefore, they will have to pay an additional €6.1 bn while their financial health has been under heavy pressure in recent years due to the drop of wholesale electricity price. In exchange, the German state will take on all the residual financial risks associated with radioactive waste storage, and then limit the nuclear phase-out burden to be attributed to power plant operators to €23.3 bn. (www.enerdata.net)

French plans for a nuclear plant begin to look like a bad deal for Britain

April 29, 2016. As Britain races to replace its aging nuclear reactors and coal generators, it's hoping to team up with France to build the most expensive power plant in history—a massive atomic facility with two reactors at Hinkley Point on England's southwestern coast. It could provide 7 percent of the country's electricity by 2025. But the design, intended to showcase the latest French reactor technology, poses engineering and financial problems that could create a costly morass for both countries. State utility Électricité de France (EDF) is expected to build the plant and finance two-thirds of the estimated £18 billion ($26.2 billion) cost. That price tag assumes the Evolutionary Power Reactor (EPR), the next-generation model planned for Hinkley Point, will be delivered on time and on budget. But that hasn't been the case in France and Finland, where EPRs under construction have run into multiyear delays and billions in cost overruns. Plans for Hinkley Point are creating turmoil within EDF, which also needs to spend €50 billion ($56.5 billion) to renovate its network of French nuclear reactors by 2025. (www.bloomberg.com)

[RENEWABLE ENERGY / CLIMATE CHANGE TRENDS]

National…………………

Suzlon commissioned 900 MW wind energy projects in FY16

May 2, 2016. Suzlon Group has commissioned 900 MW wind energy projects during the financial year 2015-16, of which 520 MW was commissioned in Q4 FY16. The projects were executed for a variety of customers including Independent Power Producers (IPPs), Public Sector Units (PSUs) and Small and Medium Enterprises (SMEs). With the commissioning in FY16, Suzlon's installations cumulative installations in India reached 9.50 GW. Suzlon Group said that the commissioning of 900 MW amounts to a more than 100% increase in installations compared with 442 MW installed during the financial year 2014-15 (FY15). The year also marked the debut of Telangana in the wind energy sector with its maiden capacity addition of 78 MW installed by Suzlon. (www.business-standard.com)

Tata Power set to buy Welspun's wind, solar assets valued at $1.4 bn

May 2, 2016. Tata Power, the country's largest integrated power utilities company, looks set to acquire the renewable energy assets of the diversified Welspun Group, valuing the 1152 MW or 1.15 GW portfolio of operational and almost ready solar and wind farms at close to $1.45 billion, inclusive of its debt. The Tata offer has trumped the closest competing proposal from a consortium of IDFC Private Equity and Finnish clean energy multinational Fortum by at least 15-20%. The other serious contender in fray was Greenko Group Plc, a Hyderabad based renewable company controlled by GIC, the sovereign wealth fund of Singapore. Welspun Renewables Energy Pvt Ltd, part of the $3 billion Welspun Group, is one of the largest renewable energy firms in India, operating 685 MW of wind and solar energy projects across eight states. Another 200 MW is expected to get commissioned by this June end while a further 257 MW is due by October-November of this year. Last year, Tata Power created a separate 100% arm Tata Power Renewable Energy Ltd to own and operate all green energy assets of the parent company. The current installed non-fossil fuel capacity is 1674 MW, about 18% of its total portfolio. This includes 573 MW of hydro, 555 MW of wind, 60 MW of solar and a potential 240 MW of geothermal power. India currently has 22 GWs of ready wind energy and over 5 GW of solar capacity. But the Narendra Modi government has set an ambitious target of setting up 100 GW of solar and 60 GW of wind energy capacity by 2022 to lower the country's dependence on coal fired electricity. (economictimes.indiatimes.com)

On track to add 10.5 GW solar power: Goyal

April 30, 2016, India will definitely achieve the target for enhancing solar power capacity and add 10,500 MW in the current fiscal, New & Renewable Energy Minister Piyush Goyal said. India has set an ambitious target of adding one lakh MW of solar power generation capacity by 2022 which is five times more than the earlier target of 20,000 MW under National Solar Mission. Some experts and consultancies have expressed apprehension about huge targets of solar power capacity addition during the current fiscal. The minister said that India has exceeded solar targets by 116 percent this year in comparison to last year and already had awarded solar projects of 11,000 MW. (economictimes.indiatimes.com)

BEL's canteen waste returns as cooking gas

April 30, 2016. Defence electronics major Bharat Electronics Ltd (BEL) says it has started converting several kilos of canteen waste into biogas every day for cooking, which equals 70 kg of LPG. The canteen prepares food for approximately 10,000 employees. The plant uses an anaerobic biomethanation technology called 'Upflow Anaerobic Sludge Blanket' to convert discarded food into sustainable, clean energy. It supplies biogas back to the canteen at LPG-like pressure. Installed at a cost of ₹ 40 lakh, the plant can potentially digest two tonnes of waste a day to produce 160 cubic metres of biogas. (www.thehindu.com)

Tata Power commissions 44 MW Lahori wind farm project

April 28, 2016. Tata Power has commissioned its 44 MW Lahori wind farm project, located in Shajapur district of Madhya Pradesh. It has developed this project through its 100 percent subsidiary, Tata Power Renewable Energy Limited (TPREL), the company said. Tata Power's total installed capacity stands at 9,183 MW, besides 2 million customers it serves through retail power distribution, it said. The 44 MW Lahori wind farm project is expected to generate about 84 million units per year. TPREL also has a further 500 MW of wind capacity under development and construction in the states of Gujarat, Andhra Pradesh, Madhya Pradesh and Karnataka. The company continues to pursue avenues to add clean and renewable energy generation capacities to increase its portfolio. TPREL proposes to grow its capacity through organic and inorganic means over the next few years. TPREL's strategy emphasizes the development of clean energy generation from non-fossil fuel and renewable energy sources to balance the carbon emissions from fossil fuel based generation capacity while contributing towards energy security of the country. (profit.ndtv.com)

Indian Railways to harness 1 GW solar power by 2020

April 27, 2016. The Indian Railways proposes to harness 1000 MW solar and 150 MW wind energy by 2020. A total of about 50 MW renewable energy capacity has been installed till date, including approximately 11 MW solar power and 37 MW wind power, minister of state for railways Manoj Sinha said. For harnessing renewable energy sources for its requirements, Sinha said the mechanism put in place include signing of memorandum of understanding between railways and ministry of new and renewable energy (MNRE), finalization of model bid documents for rooftop solar power plants with the financial support of MNRE. Based on these model bid documents, zonal railways have floated tender documents for installation of solar rooftop plants at railway premises. Such renewable energy plants are being put up in railways in an economical manner to reduce the cost of energy with viable gap funding from ministry of new and renewable energy. (timesofindia.indiatimes.com)

NTPC invites bids from consultants for 100 MW wind project

April 27, 2016. NTPC is entering the wind energy segment and has invited bids from management consultants for setting up of a 100 MW project in the country. NTPC floated a tender to hire a consultant for the project. According to the tender document, the project may consist of one single site of 100 MW or two sites of 50 MW each. NTPC, which has a total installed capacity of 46,653 MW with 18 coal-based and seven gas-based plants, is looking at 1,000 MW power generation via renewable resources by 2017. The firm has already commissioned 110 MW solar projects. (www.moneycontrol.com)

Slovakia leads European increase in emissions from energy use

May 3, 2016. European Union (EU) emissions of heat-trapping carbon dioxide rose 0.7 percent last year, according to early estimates by the bloc's statistical office Eurostat. The biggest increase of greenhouse gas discharges was in Slovakia, where emissions rose 9.5 percent compared with 2014, Eurostat said. Portugal and Hungary ranked next, with emissions from fossil fuel combustion rising 8.6 percent and 6.7 percent, respectively. Out of the EU's 28 member states, pollution rose in 17, fell in eight and was unchanged in two. Data from Sweden is still under revision and was not included in the statistics. The EU, which wants to lead the global fight against climate change, has a binding target to cut carbon by 20 percent by 2020 compared with 1990 levels. The region's leaders agreed to reduce pollution by at least 40 percent by 2030, a goal that EU lawmakers are now translating into legislation. The largest fall in emissions occurred in Malta, where carbon dioxide from fossil fuel combustion fell 26.9 percent. It dropped 16 percent in Estonia and 9.9 percent in Denmark, according to Eurostat. (www.bloomberg.com)

QSP fails to achieve power generation objectives

May 2, 2016. Quaid-e-Azam Solar Park (QSP) has failed to achieve its objectives as electricity is being generated just 18 MW against the capacity of 100 MW. The government of Pakistan Muslim League Nawaz (PML-N) has launched the Quaid-e-Azam Solar Park project with the cost of billions of rupees to end the power cuts in the country. This project was planned to generate approximately 1,000 MW of electricity and 100 MW in first phase. Now the government has decided to sale this project. When Prime Minister Nawaz Sharif inaugurated this project, it was generating about 50 MW of power on daily basis and the government sources claimed that approximately 80 MW electricity would be generated soon. But after sometimes, the project did not show remarkable performance and now it is generating only 18 MW. The sources said that this problem is created due to solar plates used in this project, which are of low quality. Some researchers are of the view that mercury of the area should be 45 centigrade for the best performance of the solar power. (dailytimes.com.pk)

ARENA supports development of $800 mn bio-energy project

May 2, 2016. Renewable Developments Australia (RDA) has secured $3 mn from the Australian Renewable Energy Agency (ARENA) to support the development of a renewable biofuel production facility. The funding will be used by RDA to develop the business case for the proposed $800 mn bio-energy project at Pentland, near Charters Towers in North Queensland. The renewable biofuel production facility is designed to produce up to 350 million liters of fuel grade bio-ethanol per year while increasing Australia's biofuel production by 80%. ARENA said that the project is expected to become landmark development for Australia's bioenergy industry. (refiningandpetrochemicals.energy-business-review.com)

EU carbon drops most in two months as ruling sparks uncertainty

April 28, 2016. Permits to emit greenhouse gases under the European Union (EU) cap-and-trade program had the biggest drop in two months after the region's top court told regulators to correct mistakes in the way they calculate the allocation of free allowances to companies. Exxon Mobil Corp., Dow Chemical Co. and OMV AG lost a challenge to a EU decision to cut the number of free emission permits they receive under Europe's Emissions Trading System (ETS), the EU Court of Justice in Luxembourg said. In the same ruling, it gave the commission 10 months to rectify errors in the existing regulation. The final number of permits that companies get for free could be higher or lower, the court said. The court said that when calculating the maximum annual amount of permits, the commission is required to refer only to the installations included in the ETS starting in 2013. Instead, the regulator used data from some countries that communicated information on emissions by new activities carried out in installations subject to the program before 2013. The court declared the commission's decision invalid in that respect. (www.bloomberg.com)

Stanford University rejects demand to divest from fossil fuels

April 27, 2016. Stanford University has rejected a proposal to divest from fossil-fuel companies. The decision by the university's board of trustees comes almost two years after it said its endowment would divest from direct holdings in coal companies. Student activists have been pushing Stanford to expand the blacklist to include many of the largest publicly traded oil and gas companies as well. The Stanford board said that it was open to divesting from oil-sands extraction companies but the endowment management company said it has no direct exposure to any in its $22.2 billion endowment. It didn't say how it has invested in oil and gas companies. Fossil-fuel divestment has been a popular issue in recent years among college students, who have protested at campuses around the country. Yet even with the movement spreading to more than 1,000 campuses, only a few dozen schools have placed some restrictions on their commitments to the energy sector. Cornell University, Massachusetts Institute of Technology and Harvard University are among the largest endowments to reject demands to divest. (www.bloomberg.com)

Half of US conservatives say climate change is real

April 27, 2016. The percentage of conservative Republicans who consider global warming a threat shot up 19 points in two years, to 47 percent, according to public opinion researchers at Yale University and George Mason University. Overall, 56 percent of Republicans agree that it’s happening. Including Democrats and independents, the national average for the U.S. is 73 percent. The survey confirms that while only liberal Democrats put climate change near the top of their agenda, it remains a litmus test for credibility among many registered voters. Respondents were more likely to pick a candidate who strongly supports fighting climate change, 43 percent to 14 percent. They also reported feeling less likely to vote for an opponent to climate policy. The issue is generational as well as partisan, according to the University of Texas-Austin Energy Poll. Younger Americans are much likelier to understand climate change—but that doesn't mean they'll vote. The biggest surprise is just how tenacious far left Democrats have become about the issue. The survey asks liberals and conservatives within each party to rank 23 issues by importance. Global warming, environmental protection, and clean energy all appear among the top eight issues for liberal Democrats—higher than their traditional bread-and-butter topics such as gun control, reproductive rights, and Wall Street reform. Climate change is also the most divisive of the 23 issues—a fact the researchers will look at in more detail, when it reports on what each presidential candidates' supporters think about the issue. (www.bloomberg.com)

UK must seek 57 percent carbon dioxide cut by 2030

April 27, 2016. The U.K. government should adopt the advice of its climate-change adviser and seek to cut carbon dioxide emissions by 57 percent in the four decades through 2030, a panel of lawmakers said. Ministers should also limit the so-called carbon intensity of Britain’s power plants to 100 grams of carbon dioxide per kilowatt-hour of electricity, down from about 450 grams now, the cross-party Energy and Climate Change Committee said in a report. Britain is struggling to spur construction of new reactors and gas plants to replace the more heavily polluting coal plants scheduled to shut by 2025. Energy Secretary Amber Rudd said. Rudd must decide by June 30 whether to adopt the “carbon budget” for Britain of 1.765 billion tons of emissions for the five years from 2028 through 2032 recommended in November by a different panel, the Committee on Climate Change. (www.bloomberg.com)

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